

TVS MOTOR COMPANY LIMITED

Board of Directors

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN

T. KANNAN

C. R. DUA

K. S. BAJPAI

R. RAMAKRISHNAN

PRINCE ASIRVATHAM

Audit Committee

T. KANNAN
Chairman
C.R. DUA
R. RAMAKRISHNAN
PRINCE ASIRVATHAM

Investors' Grievance Committee

T. KANNAN
Chairman
VENU SRINIVASAN
R. RAMAKRISHNAN

President & CEO

K.N. RADHAKRISHNAN

Executive Vice President - Finance

S.G. MURALI

Secretary

K.S. SRINIVASAN

Auditors

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

Listing of shares with

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

Share Transfer Agent

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

Bankers

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

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

Registered office

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

Factories

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

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

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

Subsidiary Companies

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

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TVS MOTOR COMPANY LIMITED

Financial Highlights

Rupees in crores

DETAILS	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Sales and other income	4,485	3,741	3,310	3,921	3,306	2,955
Profit before interest, depreciation and tax	242	189	132	203	275	291
Profit before tax	76	31	35	91	168	200
Profit after tax	88	31	32	67	117	138
Net fixed assets	983	1,036	1,043	1,003	794	770
Share capital	24	24	24	24	24	24
Reserves and surplus	842	786	798	786	742	655
Networth	835	735	769	751	673	614
Total borrowings	1003	906	666	634	385	187
Earnings per share (Rs.)	3.71	1.31	1.34	2.80	4.93	5.79
Dividend per share (Rs.)	1.20	0.70	0.70	0.85	1.30	1.30
Book value per share (Rs.)	34.79	30.63	32.04	31.29	28.04	25.58

Notice to the Shareholders

NOTICE is hereby given that the eighteenth annual general meeting of the Company will be held at 'Sathguru Gnanananda Hall', Naradha Gana Sabha Trust, No. 314, T.T.K. Road, Chennai 600 018 on Wednesday, the 8th day of September 2010, at 10.00 A.M to transact the following business:

ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31st March 2010 and the profit and loss account of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and the same are hereby, approved and adopted.

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

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

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

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

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

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

SPECIAL BUSINESS

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

RESOLVED THAT subject to the provisions of Sections 198, 269 read with Schedule XIII, 309, 310, 316(2), 317 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), (including any statutory modification or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded for re-appointment of Mr Venu Srinivasan as chairman and managing director of the Company for a further period of five years from 24th April 2010 on a remuneration payable by way of a commission not exceeding 5% of the net profits of the Company, computed in accordance with the provisions of Section 349 of the Act and as determined by the board or a committee thereof for each financial year within the maximum permissible limit, notwithstanding his holding the position of a managing director in the holding Company,

namely Sundaram-Clayton Limited (SCL) and drawing remuneration as approved by its shareholders, from time to time, provided that the total remuneration drawn by him from the Company and SCL does not exceed the higher maximum limit admissible from any one of these companies, in terms of Section III of Part II of Schedule XIII of the Act.

RESOLVED FURTHER THAT Mr Venu Srinivasan as chairman and managing director shall be subject to the superintendence, control and direction of the board and shall have all the powers and duties as set out in the board resolution dated 24th April 2000 and such other powers as may be vested in him, from time to time.

By order of the board

Bengaluru
July 21, 2010

K.S. SRINIVASAN
Secretary

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

Notes :

- 1) **A member, entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting.**
- 2) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business as set out in the Notice, is annexed hereto.
- 3) The register of members and the share transfer register will remain closed for a period of 3 days from 28th July 2010 to 30th July 2010 (both days inclusive) for the purpose of payment of second interim dividend declared by the board of directors at their meeting held on 21st July 2010.
- 4) In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on corporate governance, forming part of the annual report.
Members who have not encashed their dividend warrants in respect of the above periods are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company.
- 5) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

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- 6) Members are requested to notify any change in their address to the Company immediately. Members holding shares in electronic form are requested to advise change of address to their depository participants.
- 7) As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
- 8) Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall.
- 9) In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors who are proposed to be re-appointed in this meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationships between directors *inter se* are given below:

I. Mr Venu Srinivasan

Born on 11th December 1952, Mr Venu Srinivasan is a Bachelor of Engineering from Madras University and holds M.S degree in Management from Purdue University, U.S.A. Mr Venu Srinivasan has been associated with CII for nearly 18 years in various capacities. He was the President of CII during the financial year 2009-2010.

Mr Venu Srinivasan has been conferred in January 2010 'Padma Shri', a prestigious adoration by Government of India in appreciation of his significant contribution for the promotion of trade and industry. He also received the distinguished civilian honour "Order of Diplomatic Service Merit" from the President of the Republic of Korea in the year 2010 in recognition of his valuable contribution in promoting Korea-India bilateral relations.

He was also conferred the honorary doctorate degree in science by the University of Warwick, UK in the year 2004 for his excellence in manufacturing and contribution in the field of technology and research and development. He is the first Indian industrialist to be honoured by the Warwick University. He has been conferred with the highest honour, Doctor of Science (Honoris Causa) for his outstanding contribution to the field of Quality Movement and Manufacturing Excellence in India by IIT Kharagpur in the year 2009.

Mr Venu Srinivasan has been appointed as Vice Chairman of State Manufacturing Competitiveness Council by the Government of Tamil Nadu. He has also been appointed by the President of India as Chairman of the re-constituted board of governors of National Institute of Fashion Technology. He is an Honorary Consul General of Republic of Korea in Chennai.

He is a member of:

1. Prime Minister's Council on Trade and Industry;
2. Prime Minister's National Integration Council; and
3. Prime Minister's Scientific Advisory Council

He was the past President of Automotive Research Association of India, Pune, Society of Indian Automobile Manufacturers and Association of Indian Automobile Manufacturers, Delhi.

Mr Venu Srinivasan is the managing director of the Company

from 1986. Since July 2002, he has been the chairman and managing director of the Company. He has also been serving as the managing director of Sundaram-Clayton Limited since May 1979.

Mr Venu Srinivasan was re-appointed as chairman and managing director of the Company, effective 24th April 2010 by the board at its meeting held on 21st April 2010 on such terms and conditions to be approved by the shareholders at the ensuing annual general meeting of the Company. He is a member of the administrative committee and investors' grievance committee of directors of the Company.

He is holding 11,60,000 equity shares in the Company and he is not related to any other director of the Company.

Details of his other directorships and memberships/ chairmanships of committees are given below:

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	Sundaram-Clayton Limited	Managing Director	(a) Member - Investors' Grievance Committee (b) Member-Administrative Committee
2.	Harita - NTI Limited	Chairman	(a) Chairman - Audit Committee. (b) Member - Remuneration Committee
3.	Lucas -TVS Limited	Director	-
4.	T V Sundram Iyengar & Sons Limited	Director	Member - Audit Committee
5.	Sundaram Textiles Limited	Director	-
6.	Southern Roadways Limited	Director	-
7.	Sundram Fasteners Limited	Director	-
8.	Cummins India Limited	Director	(a) Chairman- Compensation and Management Development Committee (b) Member- Operations Committee
9.	Sundram Non-Conventional Energy Systems Limited	Director	-
10.	TVS Investments Limited	Director	-
11.	TATA Coffee Limited	Director	-
12.	Oriental Hotels Limited	Director	-
13.	TVS Energy Limited	Director	Member - Audit Committee
14.	TVS Credit Services Limited	Chairman	-
15.	TVS Lanka (Private) Limited	Director	-
16.	TVS Motor (Singapore) Pte Limited	Director	-
17.	TVS Motor Harita Employees Welfare Foundation Private Limited	Director	-

II. Mr H Lakshmanan

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

He is holding 28,435 equity shares in the Company and he is not related to any other directors of the Company. Details of his other directorships and memberships/chairmanships of committees are given below:

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	Harita Seating Systems Limited	Chairman	(a)Chairman-Audit Committee (b)Chairman-Investors' Grievance Committee
2.	Anusha Investments Limited	Whole-time Director	Member - Audit Committee
3.	Sundaram Auto Components Ltd	Chairman	Chairman - Audit Committee
4.	TVS Electronics Limited	Director	(a)Member - Audit Committee (b)Member - Investors' Grievance Committee
5.	TVS Finance and Services Limited	Director	Member - Audit Committee
6.	TVS Investments Limited	Director	Chairman - Audit Committee
7.	TVS Capital Funds Limited	Director	-
8.	Harita- NTI Limited	Director	-
9.	Harita Techserv Limited	Director	Chairman - Audit Committee
10.	TVS Motor Services Limited	Director	-
11.	Harita Fehrer Limited	Director	Member - Audit committee
12.	TVS Energy Limited	Director	-
13.	TVS Housing Limited	Director	-
14.	TVS Motor (Singapore) Pte Limited	Director	-
15.	TVS Motor Company (Europe) B.V, Netherlands	Director	-
16.	PT.TVS Motor Company Indonesia	Commissioner	-
17.	Harita Properties Private Limited	Director	-
18.	Harita Interiors Private Limited	Director	-
19.	TVS Motor Harita Employees Welfare Foundation Private Limited	Director	-
20.	Harita Srinivasa Educational Foundation Private Limited	Director	-

III. Mr R Ramakrishnan

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

He was appointed as Sherriff of Madras in 1974-75. He enjoys the distinction of having been invited to address the 40th General Assembly of United Nations in 1985. He was a member of several Parliamentary Committees including the prestigious COPU (Committee of Public Undertakings), Joint Select Committee of Chit Funds etc. He was also a member of the Press Council of India for two terms and also Coffee Board of India (2 terms) and he represented India at the World Coffee Conference held in September 2005.

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

He was the Chairman of Madras Race Club and he still continues to serve in the Committee of Madras Race Club. He had been the Governor for Rotary Club of Rotary District 3230, (the largest District in India extending from Hosur, Chennai to Vedaranyam (Sri Lankan Coast). He is a recipient of several awards including the highest Rotary "**Service Above Self**".

He is holding 45,000 equity shares in the Company and he is not related to any other director of the Company in terms of the Companies Act, 1956. Details of his other directorships / memberships / chairmanships of committees are given below:

S. No.	Name of the Company	Position held	Committee memberships/ chairmanships
1.	Madras Race Club	Director	-
2.	Ennore Coke Limited	Director	Chairman - Audit Committee
3.	TVS Credit Services Limited	Director	a) Member - Audit Committee b) Member - Remuneration Committee
4.	Swetha Enterprises (P) Limited	Director	-
5.	Premier Energy and Infrastructure Limited	Director	Chairman - Audit Committee
6.	Haldia Chemicals Limited	Director	-
7.	Simply Sofas Private Limited	Director	-
8.	Designo Lifestyle Solutions Private Limited	Director	-
9.	Designo India Furnitures Private Limited	Director	-
10.	Stanley Boutique Private Limited	Director	-
11.	Haldia Coke and Chemicals Private Limited	Director	-
12.	PT.TVS Motor Company Indonesia	Commissioner	-

Mr.R.Ramakrishnan, who was co-opted as a director of the Company in the casual vacancy caused by the resignation of Mr.Gopal Srinivasan and who continued as a director, seeks re-appointment at the ensuing annual general meeting at which Mr. Gopal Srinivasan would have retired in the normal course.

TVS MOTOR COMPANY LIMITED

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

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying Notice dated 21st July 2010 and shall be taken as forming part of the Notice.

Item No.5

The board of directors of the Company at their meeting held on 21st April 2010 re-appointed Mr Venu Srinivasan as chairman and managing director of the Company for a further period of five years effective 24th April 2010.

The terms of re-appointment are as follows:

- (i) Duration:
5 years (24th April 2010 to 23rd April 2015)
- (ii) Remuneration:
Commission not exceeding 5% on the net profits of the Company for each year calculated in the manner prescribed under Section 349 of the Companies Act, 1956, as may be decided by the board of directors for each year.
- (iii) Other terms:
Mr Venu Srinivasan shall, subject to the superintendence, control and direction of the board of directors, manage and conduct the business and affairs of the Company. He shall not be paid any sitting fee for attending meetings of the board or committee thereof.

Mr Venu Srinivasan is also the managing director of Sundaram-Clayton Limited (SCL), the holding company drawing

remuneration by way of salary and perquisites as approved by the shareholders of SCL. The aggregate of remuneration payable to Mr Venu Srinivasan in both the companies shall not exceed the higher maximum limit admissible from any one of the companies, in terms of Schedule XIII of the Companies Act, 1956.

The abstract of the terms of re-appointment and memorandum of interest was circulated to members on 30th April 2010 pursuant to Section 302 of the Companies Act, 1956.

None of the directors of the Company is in any way concerned or interested in the above resolution except Mr Venu Srinivasan, chairman and managing director.

The directors recommend the resolution to be adopted as an ordinary resolution by the shareholders.

Inspection of documents

The documents referred to in the notice and the explanatory statement will be available for inspection at the registered office of the Company on any working day between 10.00 a.m and 12.00 noon.

By order of the board

Bengaluru
July 21, 2010

K.S. SRINIVASAN
Secretary

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

TVS MOTOR COMPANY LIMITED

Directors' report to the Shareholders

The directors have pleasure in presenting the eighteenth annual report and the audited accounts for the year ended 31st March 2010.

1. FINANCIAL HIGHLIGHTS

Details	Year ended 31.03.2010	Year ended 31.03.2009
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QUANTITATIVE

(Numbers in lakhs)

Sales:

Motorcycles	6.38	6.44
Mopeds	5.71	4.38
Scooters	3.10	2.59
Three wheelers	0.15	0.05
Total vehicles sold	15.34	13.46

FINANCIAL

(Rupees in crores)

Sales (net of excise duty) and other income	4,484.68	3,741.18
EBITDA	303.62	247.02
Interest and finance charges (net)	63.17	55.01
Amortisation	61.75	58.03
Depreciation	102.53	102.88
Profit before tax	76.17	31.10
Provision for tax (including deferred tax and fringe benefit tax)	(11.84)	0.02
Profit for the year (after tax)	88.01	31.08
Surplus brought forward	33.02	31.40
Profit available for appropriation	121.03	62.48
APPROPRIATIONS:		
First Interim dividend	16.63	16.63
Second Interim dividend	11.88	-
Tax on dividend paid	2.83	-
Provision for dividend tax	1.53	2.83
Transfer to general reserve	54.04	10.00
Surplus carried forward	34.12	33.02

2. DIVIDEND

The board of directors of the Company at their meeting held on 20th January 2010, declared first interim dividend of Re.0.70 per share (70%) absorbing a sum of Rs.19.46 Cr including dividend distribution tax for the year 2009-10. It was paid to the shareholders on 29th January 2010.

The board of directors of the Company at their meeting held on 21st July 2010 declared a second interim dividend of Re.0.50

per share (50%) absorbing a sum of Rs.13.41 Cr including dividend distribution tax for the year 2009-10. Hence the total amount of dividend including the second interim dividend, for the year ended 31st March 2010 will aggregate to Rs.1.20/- per share (120%) on 23,75,43,557 equity shares of Re.1/- each.

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

3. PERFORMANCE

During the year under review, the Company recorded a growth of 13.1% in sales with overall two-wheeler sales growing from 13.4 lakh units in the previous financial year to 15.2 lakh units, mainly driven by impressive growth of 19.4% in scooters and 30% in mopeds. Motorcycles declined marginally by 1% due to lower exports.

However, new launches of **TVS JIVE** and **TVS wego** will enable the Company to grow in the hitherto un-addressed segments of motorcycles and scooters respectively. With the launch of 4-stroke three-wheelers, the Company expanded its sales of three-wheelers and doubled its market share to 10% in the domestic market.

The Company's total revenue including other income grew from Rs. 3,741.18 Cr in the previous year to Rs. 4,484.68 Cr in the current year. Profit for the year after tax and exceptional items was Rs. 88.01 Cr as against Rs. 31.08 Cr of previous year.

The Company expects to consolidate further in the two-wheeler segment, with additional sales coming from the new products launched during the year and it will also commence exports of three-wheelers during 2010-11. With these, the Company is confident of further improved business performance during 2010-11.

4. BONUS SHARES

The board has recommended issue of bonus equity shares to the shareholders in the proportion of one equity share of Re.1/- each for every one equity share of Re.1/- each held by them by capitalising an equivalent amount standing to the credit of the general reserve account of the Company for approval of the shareholders through Postal Ballot. The said bonus equity shares will be issued and allotted to those shareholders whose names appear in the register of members and in the beneficial ownership position held with the depositories as on the record date to be fixed later.

5. AMENDMENT TO MEMORANDUM OF ASSOCIATION

The board has approved a proposal for amendment to the capital clause of the memorandum of association of the Company for increase in the authorized share capital from Rs.25 Cr to Rs.50 Cr, in order to accommodate the increase in share capital after the proposed issue of bonus equity shares. This is subject to approval of the shareholders through Postal Ballot.

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The board has recommended the proposed issue of bonus equity shares to be considered and approved by the shareholders by passing appropriate resolutions through Postal Ballot process in accordance with the rules governing Postal Ballot and in order to complete the issue of bonus equity shares within two months as required under SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009.

Therefore, a separate notice is being sent to the shareholders seeking their consents through Postal Ballot for increasing the authorized share capital of the Company in terms of Sections, 16, 94 and other applicable provisions of the Companies Act, 1956 and for capitalization of an equivalent amount standing to the credit of the general reserve account in order to accommodate the proposed issue of bonus equity shares.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In 2009-10, the two wheeler industry saw remarkable growth after two consecutive years of low growth and sales crossed 10 mn units. Early recovery of the economy from the financial crisis and resurgence in domestic demand aided by fiscal stimulus resulted in exceptional growth rates of 33% and 40% in third and fourth quarters of 2009-10 respectively, resulting in an annual growth rate of 24% for the year.

The Company recorded an overall growth of 13.1% in two wheeler sales. This was driven by an impressive 19.4% growth in scooter segment and 30.3% growth in the moped segment. Motorcycle sales declined marginally by 1% mainly due to lower exports owing to the global financial crisis. Domestic motorcycle sales, however, grew by 6%. New launches of **TVS JIVE** and **TVS wego** gave the Company an impressive entry into the unaddressed markets of executive segment of motorcycle and higher cc scooter segment respectively. Both products are expected to pave the way for a higher market share for the Company in the coming years. Launch of Apache RTR180 has reinforced the Company's position in the premium segment of the motorcycle market. During the year, the Company also launched a four stroke three wheeler with superior features. Sales of spare parts grew by 34%.

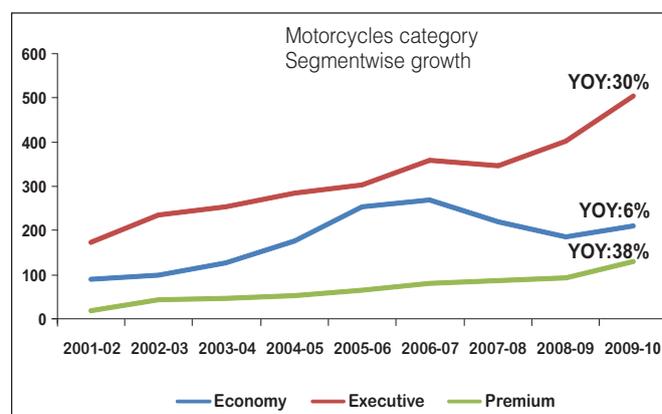
The Company achieved annual two wheeler sales of 1.52 mn, a growth of 13.1% from 1.34 mn units sold in the previous year. The turnover increased from Rs.3,741 Cr to Rs.4,485 Cr. The profit before tax (PBT) of Rs.76.17 Cr for the year was higher by 144% than the previous year's PBT of Rs 31.10 Cr. The profit after tax (PAT) of Rs.88.01 Cr for the year was higher by 183% than the previous year's PAT of Rs.31.08 Cr.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The two wheeler industry experienced an impressive growth of 24% during 2009-10. Smaller towns (<1mn population), which accounted for 75% of the industry, grew by 29% in spite of restricted availability of retail finance to end customers.

Domestic motorcycle sales grew by 30%. Exports declined by 1% in the first half of the year, but witnessed a dramatic turnaround in the second half growing at 34% leading to annual growth of 16%.

In the motorcycle category, economy segment grew by 6% mainly led by export demand. Aided by new launches, executive and premium segments grew by 30% and 38% respectively. However, the category share of motorcycles marginally declined from 81% in 2008-09 to 80% in 2009-10.



Ung geared scooters maintained its momentum with a growth of 24%. Introduction of new products and renewed focus on market expansion by industry players enabled this growth. The category share remained constant at 14%.

In contrast to the low growth of 2% in 2008-09, mopeds grew by 28% in 2009-10. The category share increased from 5% in 2008-09 to 6% in 2009-10.

Particulars	2008-09			2009-10		
	Sales in Mn (units)	Growth in %	Category share	Sales in Mn (units)	Growth in %	Category share
Motorcycles	6.79	4%	81%	8.42	24%	80%
Ung geared scooters	1.15	12%	14%	1.47	24%	14%
Mopeds	0.45	2%	5%	0.57	28%	6%
Total two wheelers	8.39	5%	100%	10.46	24%	100%

BUSINESS OUTLOOK AND OVERVIEW

The growth momentum of the economy is expected to strengthen further. Coupled with the Government focus on infrastructure improvement, this will bolster the economies of smaller towns (<1mn population) and rural areas. This translates to significantly enhanced disposable incomes across segments. Thus higher affordability and increased mobility needs will provide considerable scope for industry growth.

Consequently motorcycle segment is expected to grow by 14%, ung geared scooter segment by 24% and mopeds by 10%.

TVS MOTOR COMPANY LIMITED

COMPANY PERFORMANCE

New Product Launches and Initiatives:

During the year 2009-10, the following new products and variants were launched.



The Company introduced **TVS JIVE** 110 cc with innovative T-Matic technology in the executive segment which accounts for 60% of the total motorcycle market. This motorcycle allows hands-free gear shift because of absence of the clutch lever. Coupled with this an anti-stall mechanism makes smooth riding possible at low speeds even in high gears, without the engine shutting off. It is also the first motorcycle in the country to have an under-seat storage compartment, large enough to hold a water bottle, vehicle documents and even a small umbrella.

The Company introduced **TVS JIVE** 110 cc with innovative T-Matic technology in the executive segment which accounts for 60% of the total motorcycle market. This motorcycle allows hands-free gear shift because of absence of the clutch lever. Coupled with this an anti-stall mechanism makes smooth riding possible at low



TVS Wego marks the foray of the Company into the higher cc (>100 cc) scooter segment which accounts for 80% of the scooter market. It is a family-friendly scooter that is designed for multiple users, be they are men or women, young or old. This sleek metal bodied scooter strikes a perfect balance between stability and maneuverability, power and mileage, making it a delight to ride for any category of users. The all aluminium low-friction engine ensures best-in-class mileage. Multi-reflector halogen headlamps and LED tail lamp with optical guides give the scooter dynamic styling and effective lighting. The Body Balance Technology makes it the best scooter to handle in city traffic conditions.

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TVS Apache RTR 180's sporty, chiseled looks and unmatched performance enabled by superior engine technology, make the bike a Class leader in terms of performance and styling. The bike has an aerodynamic design and high power-to-weight ratio that enable excellent acceleration and handling.

TVS Apache RTR 180's sporty, chiseled looks and unmatched performance enabled by superior engine technology, make the bike a Class leader in terms of performance and styling. The bike has an aerodynamic design and



TVS TRU4 oil launched successfully 3 years ago, has captured 3% market share in 4T market. In line with the changes happening in lubricant's international market, the Company has developed TRU4 PREMIUM SAE 10 w 30 oil, a semi synthetic and fuel efficient lubricant. Subsequent to the successful tests, this product was awarded JASO MA2 certification. With TRU4, the Company has entered international markets like Srilanka and Africa.

Two Wheeler Operations:

Domestic:

In motorcycle category, the Company achieved a sales growth of 6% during 2009-10. Sales of TVS Apache grew by an impressive 26% and TVS StaR grew by 5%. **TVS JIVE** launched at end of the year is well received by the target segment and expected to contribute significantly in the next year.

"Scooty" continues to be a significant player in the scooter segment. The sales of Scooty Pep and Streak grew by 19%. The Company market share in the overall scooter market declined marginally from 21% to 20%. There was a delay of six months in the launch of TVS *wego*, a unisex higher cc scooter. The product is well accepted in the market and will help the Company to regain market share in the scooter segment. With an improved rural economy, mopeds grew by 30.3% during the year.

Exports:

During the year, the Company exported 1.63 lakh vehicles. The global financial crisis and consequent lower sales mainly in Africa resulted in a 17% decline in sales. However value of exports declined only by 1%, due to better product mix and higher realization. Exports revived in the 4th quarter registering a growth of 13% and are expected to grow further during 2010-11. During 2009-10, the Company commenced export of TVS Apache to Brazil and the initial response has been encouraging.

Three Wheeler Operations:



The three wheeler industry (non diesel 3 plus 1 segment) grew by 28% during 2009-10 to reach 3 lakh units. Domestic market grew by 45% to reach 1.32 lakh numbers. Domestic Industry has registered an impressive growth after 3 years. Export market at 1.68 lakhs grew by 17%.

The Company has launched its four stroke three wheeler, offering much superior features, performance and experience. During the year, the Company also developed a pan India presence in three wheelers. These initiatives enabled the Company to double its market share in the domestic market to 10% in 2009-10. The Company has started exploring the export markets which may contribute significantly to the total three wheeler market.

TVS MOTOR COMPANY LIMITED

OPPORTUNITIES AND THREATS

Growth in two-wheeler demand will come mainly from rising population in target age and income groups and increased use of personal transport. Smaller towns are expected to contribute more to the industry growth.

TVS StaR City and TVS Sport motorcycles stand to gain from this. Customer acceptance, appreciation of the new technology and 'positive word of mouth' will result in increased sales of **TVS JIVE** motorcycles.

Apache RTR 180 has further strengthened the Company's position in the premium segment. However it requires frequent refreshes and upgrades to remain on top of mind of younger customers.

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

OPERATIONS REVIEW

Quality:

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

Total Quality Management (TQM):

The Company has been using the philosophies of TQM as the cornerstone of its management. The Company has continued to benefit from 100% participation of employees in TQM activities, for the fourth year in succession. The employees have completed more than 1,300 projects through QC Circles and Cross Functional Teams.

During 2009-10, the Company received and implemented an average of 44 suggestions per employee. The Company won First Prize for "Excellence in Suggestion Scheme" from INSSAN (Indian National Suggestion Scheme Association) for seventh consecutive year.

Cost management:

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

Research and development:

The Company's strong Research and Development (R&D) team is supported by modern computer aided laboratory, capable of developing new and innovative products. It has state-of-art

facilities for engine testing, Noise, Vibration and Harshness (NVH) measurements and life testing. At present, nearly 600 engineers are working on development of new products and in other advanced areas of technology. The Company works with leading technological research laboratories and institutions. The Company is also working on development of fuel-efficient technologies and CO₂ reduction technologies to remain ahead of needs of consumers and environment regulations.

R&D has developed and launched 3-wheelers with alternate fuels like LPG and CNG. India's first motorcycle with auto clutch technology, a motorcycle which runs on ethanol blended fuel for Brazilian market, a two wheeler with music system for ASEAN market are the innovations in the current year. R&D has developed and demonstrated a motorcycle with Anti Lock brake system technology, a scooter and a 3-wheeler with hybrid technology. R&D has also ensured that during 2010-11 all products will meet new emission norms.

R&D team has so far published 58 technical papers in national and international conferences.

Information technology:

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

Dealer Management System (DMS) - developed by the Company has been further simplified and extended to 143 more dealers during the year. DMS also helps the Company to exchange information between the Company and dealers on-line and provide business intelligence for undertaking initiatives to improve sales, service and product development.

Long term wage settlement with Union:

The workers of the Company in Hosur and Mysore plants formed a Trade Union called TVS Motor Company Employees' Union. During the year, the Hosur branch of the Union concluded a wage settlement with the management whereby the emoluments of the employees have increased substantially.

Similarly, the long term wage settlement is due for renewal for Mysore plant and negotiations with the Union will commence after the receipt of charter of demands from them.

Financial Performance:

The Company's financial performance for the year 2009-10 as compared to the previous year is furnished in the following table:

TVS MOTOR COMPANY LIMITED

Particulars	Year 2009-10		Year 2008-09	
	Rs in crores	%	Rs in crores	%
Sales:				
Motorcycles	2,046.23	45.7	1899.72	50.8
Mopeds	952.48	21.2	707.34	18.9
Scooters	822.03	18.3	664.81	17.8
Spares and accessories	421.84	9.4	363.93	9.7
Three Wheelers	120.53	2.7	35.12	0.9
Other income	121.57	2.7	70.26	1.9
Total Revenue	4,484.68	100.0	3741.18	100.0
Raw material consumed	3114.00	69.4	2761.64	73.8
Staff cost	251.25	5.6	204.52	5.5
Stores and tools consumed	34.36	0.8	30.70	0.8
Power and fuel	49.74	1.1	46.25	1.2
Repairs and maintenance	48.08	1.1	34.09	0.9
Packing and freight charges	132.71	3.0	116.82	3.1
Advertisement and publicity	118.67	2.6	55.54	1.5
Sales promotion and other marketing expenses	163.28	3.6	122.34	3.3
Other expenses	268.97	6.0	122.26	3.3
Total (Excl. Interest, Amortisation & Depreciation)	4181.06	93.3	3494.16	93.4
EBIDTA	303.62	6.8	247.02	6.6
Interest	63.17	1.4	55.01	1.5
Amortisation	61.75	1.4	58.03	1.5
Depreciation	102.53	2.3	102.88	2.8
Profit before tax	76.17	1.7	31.10	0.8
Provision for tax (incl deferred tax)	(11.84)	(0.3)	0.02	-
Profit after tax	88.01	2.0	31.08	0.8

Profit before tax for the year 2009-10 is after net debit of Rs.46.72 Cr. on account of exceptional items comprising of (a) Profit on sale of land - Rs.54.07 Cr. (included under other income); (b) Accelerated amortization of tools & dies of slow moving models - Rs.11.77 Cr. (included under Raw materials consumed); and (c) Loss on sale of investment in TVS Finance and Services Limited - Rs.89.02 Cr. (included in other expenses).

Profit before tax for the year 2008-09 is after debit of Rs.3.27 Cr. on account of exceptional item relating to accelerated amortization of moulds and dies on slow moving models (included under Raw materials consumed).

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

Description	UOM	2009-10	2008-09
EBITDA / turnover (including exceptional items)	%	6.8	6.6
EBITDA / turnover	%	7.8	6.7
Profit before tax / turnover (including exceptional items)	%	1.7	0.8
Profit before tax / turnover	%	2.7	0.9
Return on capital employed	%	8.0	5.6
Return on net worth	%	11.2	4.1
Earnings per share at a face value of Re. 1/- per share	Rs.	3.7	1.3

RISKS AND CONCERNS

The continued economic crisis in some European countries can lead to global economic downturn. Any failure of monsoon could trigger a significant rise in inflation and interest rates thus squeezing the disposable income of the customer. Retail finance continues to be a concern. A further rise in interest rate would be detrimental to industry growth. The success of new launches would be highly significant for continued momentum for the Company.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized, recorded and reported.

HUMAN RESOURCE DEVELOPMENT

Human Resource Development is focussed and aligned to business needs towards improved performance and business results through the HR roadmap evolved over the years. The key components of the roadmap are - Employee engagement, Resourcing, Performance & compensation management, Competency based development, Career & succession planning and Organisation building. The Company continues to be an employer of choice in most engineering schools and polytechnics in the country.

Focus on workmen training took a new impetus with the setting up of Skill Training Centre, focussing on training and enhancement of fundamental skills. Functional competencies for various functions across the Company have been finalised and an online Learning Management System (LMS) has been rolled out.

Career templates and succession plans are in place for all critical roles. Towards Leadership development key competencies have been identified and exclusive assessment and development workshops conducted for the top 100 of the senior management team.

TVS MOTOR COMPANY LIMITED

The Company continues to maintain its record on industrial relations without any interruption in work. As on 31st March 2010, the Company had 4,248 employees on its rolls.

ENVIRONMENT, HEALTH & SAFETY (EHS)

Introduction of advanced waste water treatment technologies, simplification of treatment processes and optimization of chemical dosing and automation resulted in 31% reduction of specific Effluent Treatment Plant (ETP) sludge generation at Hosur plant and 14% at Mysore plant.

Significant reduction in generation of paint sludge has been achieved through process improvement, use of textured plastics and pigmented plastics.

A number of energy saving projects, optimal utilization of different equipments and waste heat recovery have resulted in reduction of specific fuel by 15% and specific power by 11%

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

Environmental Management System (ISO14001:2004) and Occupational Health and Safety Management System (OHSAS 18001:2007) are being adopted as an integrated EHS Management System.

CORPORATE SOCIAL RESPONSIBILITY

Srinivasan Services Trust (SST), co-sponsored by the Company with the vision of building self reliant rural community, was established in 1996. Over the 14 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

At present, SST is working in 703 villages, spread over in the States of Tamilnadu, Karnataka, Maharashtra, Gujarat and Himachal Pradesh. Its major focus areas are: Economic Development, Health, Education, Environment and Infrastructure.

One of the ways to involve rural women in community development has been through Self Help Groups (SHG). These voluntary bodies have succeeded in giving them access to credit with the necessary training to establish micro enterprises that can give them a regular income. SHG have also provided a forum where women are exposed to programmes that impact their lives - education, healthcare, hygiene, nutrition and environmental issues. Increased awareness has resulted in women taking control of their lives and playing a more active role in their households and the community at large.

Over 40% of the families living in these villages have a monthly income around Rs.10,000/-. Its significant achievements are:

- There has been no maternal mortality in any of the project villages.
- Infant mortality is down to 1.8 per 1,000 live births.
- 100% enrolment of children in schools.
- Over 21,000 adult women made literate.
- Proper solid and liquid waste management practices adopted in most villages.
- Over 1,40,000 hectares of degraded forests reforested.
- Almost 13,000 hectares of dry land covered by watershed development activities.

Achievements:

- Our partnership with the community has helped to form over 2,122 SHG.
- Over 30,654 families have taken up income generating activities. They earn an additional income from Rs.1,500/- to Rs.2,500/- per month.
- SHG members have a group saving of Rs.7.03 Cr and have received bank loans of Rs.23.79 Cr.
- Increased participation of women in development programmes, greater access and control over community resources / government schemes.
- More women are now aware of issues relating to health, nutrition, family planning and women's rights.
- Visible changes in women's participation and attendance in meetings and training programmes.
- 43% of the local representatives are members of SHG.
- Increase in social status at home and in the community.

CAUTIONARY STATEMENT

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

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7. SUBSIDIARY COMPANIES

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

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

During the year under review, the Company acquired the entire shareholding of M/s TVS Energy Limited (TVS Energy) and thereby TVS Energy became a wholly owned subsidiary of the Company effective 3rd December 2009.

During the year 2010-11, the holding company viz., M/s.Sundaram-Clayton Limited has also participated in the equity capital of TVS Energy and hence the status of TVS Energy changed to subsidiary of the Company from that of wholly owned subsidiary.

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

Pursuant to the application in terms of Section 212(8) of the Companies Act, 1956 made by the Company to the Central Government, seeking exemption from attaching the balance sheet and profit and loss account of its subsidiaries along with the report of the board of directors and that of the auditors' thereon, with the Company's accounts, the Company has obtained the approval of the Central Government vide its letter No. 47/516/2010-CL-III dated 4th June 2010.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the members on receipt of a request from them.

The annual accounts of the subsidiary companies will be available at the registered office of the Company and at the respective subsidiary companies concerned, if any member wishes to inspect the same during the business hours of any working day.

The Company on 21st June 2010 acquired the entire paid up capital of Rs. 5 lakhs of TVS Housing Limited (TVS Housing) and thereby TVS Housing has become a wholly owned subsidiary of the Company effective 21st June 2010. TVS Housing was

incorporated on 22nd March 2010 and it will close its first year's accounts by 31st March 2011.

Performance of Subsidiaries:

PT. TVS Motor Company Indonesia (PT. TVS)

PT. TVS which is in its third year of operation has so far sold around 30,000 vehicles. During the year 2009, the Company launched a new 125 cc bebek TVS RockZ with the unique feature of integrated music system and the product, apart from winning awards for its attractive design and style, has been well received in the market.

During the year 2009-10, the Company was able to improve its exit gross margin from a level of 5% to around 17% in March 2010. The Company has already achieved around 50% of localization in procurement of materials and plans to increase this over a period of time. Another milestone was to start exporting its products to other Asian markets.

During the year 2009-10, PT. TVS sold 15000 two wheelers. Consequent to higher expenditure required on product development and brand building, the operations of the Company resulted in a loss (before tax) of Rs.104.49 Cr.

In the coming years, the focus will be on building the brand image of TVS as a trustworthy manufacturer of durable and innovative products, increasing the sales and distribution network from current 106 to 500 and reaching a monthly sales of 10,000 two wheelers.

Sundaram Auto Components Limited (SACL)

The growth in automotive industry has enabled SACL to record an improved performance during the year.

SACL also has secured substantial business from Daimler India, Ashok Leyland - Nissan and Toyota India for their vehicles. SACL has shown a sales growth of 23% in the year 2009-10, compared to the previous year 2008-09. The profit before tax for the year is Rs. 12.40 Cr as against a loss of Rs. 2.07 Cr in the previous year 2008-09.SACL has earned a profit after tax of Rs.10.00 Cr in the year 2009-10.

SACL has also declared an interim dividend of Rs.3.50 per share (35%) for the year ended 31st March 2010 and the same was paid on 19th April 2010.

Investment in subsidiaries:

During the year under review, the Company made additional investment in its subsidiary, PT. TVS Motor Company Indonesia to the tune of Rs.93.55 Cr through the Company's wholly owned foreign subsidiary, namely TVS Motor (Singapore) Pte Limited.

The Company also invested a sum of Rs. 37.50 Cr in TVS Energy Limited during the year under review. It will start operating in the year 2010-11.

8. DIRECTORS

Your directors are happy to report that Mr Venu Srinivasan chairman and managing director of the Company has been conferred in January 2010 'Padmashri', a prestigious adoration by Government of India in appreciation of his significant contribution for the promotion of trade, industry and corporate social responsibility.

Mr Venu Srinivasan also received the distinguished civilian honour "Order of Diplomatic Service Merit" from the President of the Republic of Korea, in the year 2010 in recognition of his valuable contribution in promoting Korea-India bilateral relations and for meritorious service to the extension of national prestige overseas for the promotion of friendship with other nations.

Mr Venu Srinivasan was re-appointed as chairman and managing director of the Company, effective 24th April 2010 by the board at its meeting held on 21st April 2010 on such terms and conditions, subject to the approval of the shareholders at the ensuing annual general meeting of the Company.

Mr H Lakshmanan, director and Mr R Ramakrishnan, who was co-opted as a director of the Company in the casual vacancy caused by resignation of Mr Gopal Srinivasan, retire at the ensuing annual general meeting of the Company in terms of the Articles of Association, and being eligible, offer themselves for re-appointment.

The brief resume of the directors M/s. Venu Srinivasan, R Ramakrishnan and H Lakshmanan and other information have been detailed in the notice convening the annual general meeting of the Company. Appropriate resolutions for their reappointment are being placed for approval of the shareholders at the ensuing annual general meeting. The directors recommend their re-appointment as directors of the Company.

9. AUDITORS

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

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

10. CORPORATE GOVERNANCE

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

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

The chairman and managing director and executive vice president - finance of the Company have certified to the board

on financial statements and other matters in accordance with the clause 49 (V) of the Listing Agreement pertaining to CEO/ CFO certification for the financial year ended 31st March 2010.

The Ministry of Corporate Affairs issued a Corporate Governance Voluntary Guidelines 2009 in the second half of December 2009. The guidelines broadly outline conditions for appointment of directors, their remuneration / responsibilities, risk management by the board, the enhanced role of audit committee, rotation of audit partners, firms and conduct of secretarial audit. The Company, while generally meeting the various requirements, has already commenced taking steps for appropriate action for compliance of the relevant items of the guidelines.

11. STATUTORY STATEMENTS

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

As per the requirements of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of directors) Rules, 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report.

Particulars of employees

The particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report.

However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report (excluding Annexure II) is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

Public Deposits

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 for the year ended 31st March 2010.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby stated:-

- i. that in the preparation of annual accounts for the financial year ended 31st March 2010, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at

TVS MOTOR COMPANY LIMITED

- the end of the financial year and of the profit of the Company for the year under review;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. that the directors had prepared the accounts for the financial year ended 31st March 2010 on a "going concern basis."

12. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from the holding Company

i.e. Sundaram-Clayton Limited, Chennai. The directors thank the bankers, investing institutions, customers, dealers, vendors and sub-contractors for their valuable support and assistance.

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

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

For and on behalf of the Board

Bengaluru
July 21, 2010

VENU SRINIVASAN
Chairman

Annexure I to Directors' report to the Shareholders

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

A CONSERVATION OF ENERGY

1. Measures taken in the year 2009-10:
 - i. Optimal utilisation of plant and equipments;
 - ii. Optimisation of the compressed air system and Energy Efficient practices;
 - iii. Heat loss elimination and efficiency improvements in the ovens and boilers;
 - iv. Providing Variable Frequency Drives for higher rating motors and pumps; and
 - v. Other miscellaneous energy efficient projects.

The above measures have resulted in a saving of approximately Rs. 1.7 Cr.

2. Proposed measures for the year 2010-11:
 - i. Optimisation of power cost;
 - ii. Optimal utilisation of plant and equipments;
 - iii. Hot water based fuel heating for DG fuel transfer unit;
 - iv. Light Emitting Diode (LED) based street lights; and
 - v. Other miscellaneous energy efficient projects.

These measures are expected to yield an annual saving of approximately Rs.2 Cr.

B TECHNOLOGY ABSORPTION

1. Specific areas in which R&D is carried out by the Company:
 - i. Design and development of new 110cc four stroke ungeared scooter;
 - ii. Design and development of new 110cc four stroke with auto clutch system for motorcycle;
 - iii. Design and development of new 180cc four stroke motorcycle for Premium segment;
 - iv. Design and development of new 125cc four stroke motorcycle for Export;
 - v. Design and development of 200cc four stroke three wheeler with alternate fuels like CNG and LPG;

- vi. Developed anti-lock brake technology and for motorcycle; and
- vii. Developed hybrid technology for scooter and three wheeler.

2. Future plan of action:
 - i. Development of new technologies for reduction of emission to meet 2015 norms;
 - ii. Development of new technologies to improve noise vibration & harshness and fit & finish quality;
 - iii. Development of technologies to reduce CO₂; and
 - iv. Development of technologies to reduce weight and cost.

3. Expenditure on R&D:	Rs. in crores
Capital expenditure	11.12
Revenue expenditure	72.43
Total	83.55
Total expenditure as a percentage of turnover	1.86 %
4. Data relating to imported technology: (Technology imported during the last 5 years reckoned from the beginning of the financial year)	Nil

C FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Export activities:
During the year, total export sales is 1.63 lakh units. The Company expanded its presence to 57 countries
The Company continued export of components and sub-assemblies to its subsidiary company in Indonesia.

2. Total foreign exchange earned and used:	Rs. in crores
Foreign exchange used	348.07
Foreign exchange earned	532.22

For and on behalf of the Board

Bengaluru
July 21, 2010

VENU SRINIVASAN
Chairman

Report on Corporate Governance

1. Company's philosophy on code of governance

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

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

2. Board of directors

2.1 Composition and category of directors:

As on 31st March 2010, the total strength of the board of directors (the board) is seven directors. As the Company has an executive chairman viz., Mr. Venu Srinivasan who is the chairman and managing director, the board is required, in terms of Clause 49 of the Listing Agreement, to have fifty per cent of its directors as independent directors.

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

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

2.2 Board meetings:

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

During the year 2009-2010, the board met five times on 21st April 2009, 26th June 2009, 31st July 2009, 23rd October 2009 and 20th January 2010 and the gap between two meetings did not exceed four months.

2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last annual general meeting held on 17th August 2009 and also the number of other directorships and committee memberships / chairmanships as on 31st March 2010 are as follows:

Name of the director M/s.	Category	Attendance particulars		Number of other directorships and committee memberships / chairmanships		
		Board meetings	Last annual general meeting	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	CMD	5	Yes	17	4	1
H Lakshmanan	NE-NI	5	Yes	20	10	5
T Kannan	NE-I	3	Yes	6	5	2
C R Dua	NE-I	4	No	24	4	1
K S Bajpai	NE-I	2	No	-	-	-
R Ramakrishnan	NE-NI	5	Yes	10	4	2
Prince Asirvatham (appointed wef 21.04.09)	NE-I	4	Yes	2	2	1

CMD : Chairman & Managing Director

NE-I : Non Executive - Independent

NE-NI : Non Executive - Non Independent

* includes private companies and companies incorporated outside India.

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

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

2.4 Access to information and Updation to directors:

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

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

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

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

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

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31st March 2010. The annual report contains a declaration to this effect signed by the chairman and managing director and company secretary of the Company as compliance officer for the Code.

2.6 Appointment / Re-appointment of directors:

In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors, proposed to be re-appointed, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and their relationships, if any, with other directors are provided in the notice convening the ensuing annual general meeting of the Company.

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

- a. Over viewing the Company's financial reporting process and the disclosure of financial information.
- b. Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- c. Reviewing the statement of related party transactions and transactions with companies in which one or more director(s) of the Company is/are deemed to be interested/concerned.
- d. Discuss the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.
- e. Reviewing the reports of internal auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.
- f. Reviewing the findings of any internal investigations by the internal auditors into matters, where there is suspected fraud or irregularity or a failure of internal control systems, of a material nature.
- g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors and the fees payable for audit and approving the payment for any other services rendered by the statutory auditors.
- h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- i. Review of management discussion, analysis of financial conditions and results of operations and other matters specified under clause 49 of the Listing Agreement.
- j. Review of financial statements, in particular the investments made by the unlisted subsidiaries.
- k. Reviewing the cost audit report
- l. Reviewing with the management the annual financial statement before submission to the board, in particular
 - a. Any changes in accounting policies and practices;
 - b. Major accounting entries based on exercise of judgment by management;
 - c. Significant adjustments arising out of audit;
 - d. Compliance with accounting standards; and
 - e. Disclosure of contingent liabilities.
- m. Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate.

- n. In addition, review of such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

3.2 Composition, name of members and the chairman:

During the year, the audit committee was reconstituted consequent to the changes in the board. As at 31st March 2010, the audit committee consists of the following non-executive independent / non-independent directors:

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

- (*) The Audit Committee was reconstituted on 21st April 2009 by the appointment of Mr Prince Asirvatham, non-executive and independent director, as a member.

Mr T Kannan, Chairman of the Audit Committee, is a Non-executive and Independent director. Mr K S Srinivasan, secretary of the Company acts as the secretary of the Audit Committee. Chairman of the Audit Committee was present at the last annual general meeting held on 17th August 2009. The composition of the committee is in accordance with the requirements of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

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

Date of the meeting	Members present (M/s.)
21.04.2009	Prince Asirvatham, C R Dua and R Ramakrishnan
26.06.2009	T Kannan, Prince Asirvatham, C R Dua and R Ramakrishnan
31.07.2009	T Kannan, Prince Asirvatham and R Ramakrishnan
23.10.2009	T Kannan, C R Dua and R Ramakrishnan
20.01.2010	Prince Asirvatham, C R Dua and R Ramakrishnan

4. Subsidiary Companies

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

5. Disclosures

5.1 Materially significant related party transactions:

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

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

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

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

5.2 Disclosure of accounting treatment:

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

The Central Government has issued a notification on 31st March 2009 amending the existing AS 11 relating to 'The effects of changes in foreign exchange rates'. By this amendment, companies are permitted to add to /deduct from the carrying cost of depreciable assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserves and provision for depreciation. In order to give effect to the aforesaid amendment, companies are required to exercise their option in this regard. The option once exercised is irrevocable.

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

Changes in accounting policies in respect of charging off expenses under New Product Launch and Voluntary Retirement Scheme have been disclosed in the 'Notes on accounts', forming part of the accounts for the year ended 31st March 2010.

5.3 Risk Management:

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

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by senior management personnel:

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

5.6 CEO and CFO Certification:

The chairman and managing director (CEO) and executive vice president - finance (CFO) of the Company have certified to the board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2010.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Management discussion and analysis report:

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

6. Remuneration Committee

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

6.1 Remuneration to directors:

The remuneration payable to the chairman and managing director is fixed by the board within the limits approved by the shareholders in terms of the relevant provisions of the Companies Act, 1956.

Mr Venu Srinivasan was re-appointed as chairman and managing director, (CMD) subject to the approval of the shareholders in the ensuing annual general meeting, for a further period of five years from 24th April 2010 on a remuneration payable by way of a commission not exceeding 5% of the net profits of the Company, computed in accordance with the provisions of Section 349 of the Companies Act, 1956 (the Act) and as determined by the board or a committee thereof for each financial year within the maximum permissible limit, notwithstanding his holding the position of a managing director in the holding Company, namely Sundaram-Clayton Limited (SCL) drawing remuneration as approved by its shareholders, from time to time, provided that the total remuneration drawn by him from the Company and SCL does not exceed the higher maximum limit admissible from any one of these companies, in terms of Section III of Part II of Schedule XIII of the Act.

During the year, the board determined the commission payable to CMD at Rs. 2.31Cr, being 2% of the net profit computed in accordance with Section 349 of the Act. Sitting fees of Rs.20,000/- are paid to the non-executive directors for every meeting of the board and / or committee thereof attended by them, which is within the limits prescribed under Companies Act, 1956.

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

6.2 Particulars of sitting fees /commission paid to the non-executive and independent/non-independent directors during the financial year 2009-2010.

In Rupees

Name of directors (M/s.)	Sitting fees	Commission	Total
H Lakshmanan	1,60,000	-	1,60,000
T Kannan	1,80,000	3,60,000	5,40,000
C R Dua	1,60,000	3,60,000	5,20,000
K S Bajpai	40,000	3,60,000	4,00,000
R Ramakrishnan	2,80,000	-	2,80,000
Prince Asirvatham	1,60,000	3,40,000	5,00,000

6.3 Details of shareholdings of non-executive directors in the Company as on 31st March 2010:

Name of directors (M/s.)	No. of equity shares held
T Kannan	65,590
H Lakshmanan	28,435
R Ramakrishnan	45,000
C R Dua	-
K S Bajpai	-
Prince Asirvatham	2,300

7. Investors' Grievance Committee

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

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

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

7.4 Complaints received and redressed during the year 2009-2010:

S.No	Nature of complaints	No. of complaints
1.	Non receipt of share certificates	3
2.	Non receipt of dividend warrants	24
3.	Non receipt of annual reports	3
	Total	30

7.5 All the investors' complaints were resolved as on 31st March 2010 and no complaints were pending at the year end.

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

7.6 Secretarial Audit:

A qualified Practising Company Secretary carries out a secretarial audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and places the report for perusal of the Board. The secretarial audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. General body meeting

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

Year	Location	Date	Time
2006-07	The Music Academy, New No.168, (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014	17.08.2007	10.15 AM
2007-08	Sathguru Gnanananda Hall, Naradha Gana Sabha Trust, No.314, T.T.K. Road, Chennai 600 018	14.08.2008	10.30 AM
2008-09	The Music Academy, New No.168, (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014	17.08.2009	10.15 AM

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

During the last three years, namely 2006-07 to 2008-09, approval of the shareholders were obtained by passing special resolutions in respect of the following:

Year	Subject matter of special resolution	Date of AG M
2006-07	Nil	17.08.2007
2007-08	Payment of commission to non-executive and independent directors of the Company for five years w.e.f 01.04.2008	14.08.2008
2008-2009	Nil	17.08.2009

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

8.4 Postal Ballot:

The board earlier sought the consent of shareholders of the Company by way of ordinary resolutions through Postal Ballot as per the notice to the shareholders issued on 21st April 2009, for (i) increasing the borrowing limit over and above the paid up capital and free reserves of the Company in terms of Section 293(1)(d) of the Companies Act, 1956; and (ii) creating charge/mortgage over the properties of the Company for the purpose of borrowings in terms of Section 293(1)(a) of the Companies Act, 1956.

These ordinary resolutions were passed by the shareholders of the Company with overwhelming majority. The results and the procedures followed for Postal Ballot process have all been reported in the last year's report on Corporate Governance.

8.5 Proposed resolutions through Postal Ballot:

The Company proposes to issue bonus equity shares in the ratio of 1:1, subject to the approval of the shareholders by way of ordinary resolution through Postal Ballot. The proposed issue of bonus equity shares also requires increase in the authorised share capital of the Company, which necessitates amendment to the capital clause of the Memorandum of Association of the Company by way of ordinary resolution, subject to approval of shareholders through Postal Ballot.

Notice to the shareholders are being sent separately along with relevant papers seeking their approval for (i) increasing the authorised share capital of the Company in terms of Sections 16, 94 and other applicable provisions of the Companies Act, 1956; and (ii) capitalization of Rs.23,75,43,557/- by issue of bonus equity shares in the proportion of one new equity share of Re.1/- each for every one equity share of Re.1/- each held by the shareholders. The results of the Postal Ballot will be announced on 30th August 2010 and the same will also be published in the newspapers and also in the official website of the Company.

9. Means of communication to shareholders

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

9.1 Quarterly results:

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

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9.2 Newspapers wherein results are normally published:

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

9.3 Website:

The Company has in place a web site addressed as www.tvsmotor.in. The financial results and the quarterly distribution schedules as filed with the Stock Exchanges are also published in the Company's web site. The Company makes use of its website for publishing official news releases and presentations, if any, made to institutional investors / analysts.

10. General shareholder information

10.1 Annual general meeting:

Date and time : Wednesday, the 8th September 2010, 10.00 A.M.

Venue : "Sathguru Gnanananda Hall", Naradha Gana Sabha Trust, No. 314, TTK Road, Chennai 600 018.

10.2 Financial Year : 1st April to 31st March

Financial Calendar 2010-11 (Tentative):

Annual general meeting : During August / September 2011

Financial reporting for the quarter ending : Financial calendar

30th June 2010 : 21st July 2010

30th September 2010 : between 15th October and 15th November 2010

31st December 2010 : between 15th January and 15th February 2011

31st March 2011 : between 15th April and 31st May 2011

10.3 Date of Book Closure : 28th July 2010 to 30th July 2010 (both days inclusive)

10.4 Particulars of dividend payment:

The board of directors at their meeting held on 20th January 2010, declared first interim dividend of Re.0.70 per share (70%) for the year 2009-2010, absorbing a sum of Rs.19.46 Cr including dividend distribution tax. It was paid to the shareholders on 29th January 2010.

The board of directors of the Company at their meeting held on 21st July 2010 declared a second interim dividend of Re.0.50 per share (50%) for the year 2009-10 absorbing a sum of Rs.13.41 Cr including dividend distribution tax. Hence the total amount of dividend including the second interim dividend payable, for the year ended 31st March 2010 will aggregate to Rs.1.20/- per share (120%) on 23,75,43,557 equity shares of Re.1/- each.

10.5 Listing on Stock Exchanges:

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

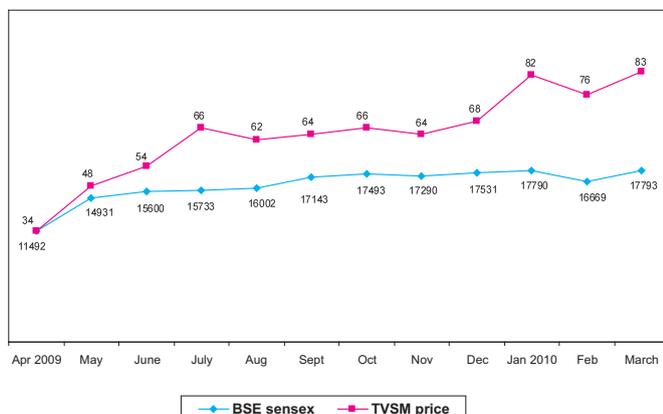
(Note : Annual listing fees for the year 2010-11 were duly paid to the above Stock Exchanges)

10.6 Market price data:

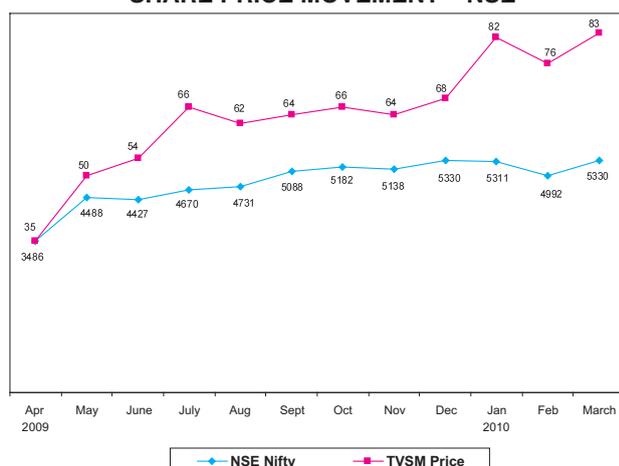
Month	National Stock Exchange of India Limited (NSE) (in Rs.)		Bombay Stock Exchange Ltd (BSE) (in Rs.)	
	Month's high price	Month's low price	Month's high price	Month's low price
April 2009	35.00	20.55	34.35	22.00
May 2009	50.20	33.25	48.00	33.20
June 2009	54.25	40.65	54.35	42.05
July 2009	65.55	39.50	65.70	39.20
August 2009	61.80	44.70	62.00	44.85
September 2009	64.00	48.10	63.60	48.65
October 2009	66.00	52.00	65.80	52.25
November 2009	63.90	52.80	64.00	52.75
December 2009	68.30	55.55	68.40	55.75
January 2010	81.65	65.00	81.75	65.95
February 2010	76.00	58.00	76.00	58.80
March 2010	83.40	71.30	83.45	71.50

10.7 Company's share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty

SHARE PRICE MOVEMENT – BSE



SHARE PRICE MOVEMENT – NSE



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

- With a view to rendering prompt and efficient service to the investors, M/s. Sundaram-Clayton Limited (SCL), the holding company, which has been registered with SEBI as share transfer agent in category II, has been appointed as the share transfer agent of the Company (STA). The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st October 2004.
- All matters connected with the share transfer, dividends and other matters are handled by the STA located at the address mentioned elsewhere in this report.
- Shares lodged for transfer are normally processed within 10 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates etc., are processed by the STA within 7 days.

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

10.9 Shareholding pattern as on 31st March 2010:

Particulars	No. of shares of Re.1/- each	% to total
(A) Shareholding of Promoter and Promoter Group:		
Indian - Bodies Corporate	14,35,87,893	60.45
Total (A)	14,35,87,893	60.45
Public Shareholding		
(1) Institutions		
(a) Mutual Funds	1,03,17,572	4.34
(b) Banks, Financial Institutions, Insurance companies (Central, State Government Institutions, Non-Government Institutions)	1,98,20,811	8.34
(c) Foreign Institutional Investors	1,30,18,235	5.48
Sub Total-Institutions	4,31,56,618	18.16
(2) Non-Institutions		
(a) Bodies Corporate	1,20,43,975	5.07
(b) Individuals <1 Lakh	3,06,35,017	12.90
(c) Individuals > 1 Lakh	69,29,814	2.92
(d) NRI - Repatriable	8,83,104	0.37
(e) NRI - Non-Repatriable	3,07,068	0.13
(f) Overseas Body Corporate	68	0.00
Sub Total Non-Institutions	5,07,99,046	21.39
Total (B)	9,39,55,664	39.55
Grand Total (A) + (B)	23,75,43,557	100.00

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10.10 Distribution of Shareholding as on 31st March 2010:

Shareholding (Range)	No. of Shares	%	No. of members	%
Upto 5,000	2,58,04,594	10.86	77,024	99.14
5,001-10,000	26,09,624	1.10	353	0.45
10,001-20,000	18,60,173	0.78	126	0.16
20,001-50,000	30,38,299	1.28	95	0.12
50,001-1,00,000	19,90,586	0.84	28	0.04
1,00,001 & above	20,22,40,281	85.14	69	0.09
Total	23,75,43,557	100.00	77,695	100.00

10.11 Dematerialization of shares and liquidity:

Out of 9,39,55,664 equity shares of Re. 1/- each held by persons other than promoters, 8,86,24,570 shares have been dematerialized as on 31st March, 2010 accounting for 94.33%.

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

10.13 Plant Locations:

- Hosur : Post Box No.4, Harita
Hosur 635 109. Tamilnadu
Tel: 04344 - 276780 Fax: 04344 - 276016
Email: KN.Radhakrishnan@tvsmotor.co.in
sg.murali@tvsmotor.co.in
- Mysore : Post Box No.1
Byathahalli village, Kadakola Post
Mysore 571 311. Karnataka
Tel: 0821 - 2596560
Fax : 0821 - 2596530/2596533
Email: KN.Radhakrishnan@tvsmotor.co.in
Manohara.Rao@tvsmotor.co.in
- Himachal Pradesh : Bhatian Village, Nalagarh Post & Taluk
Solan district 174 101,
Himachal Pradesh
Tel: 01795 - 220494
Fax: 01795 - 220496
Email: KN.Radhakrishnan@tvsmotor.co.in

10.14 Address for investor correspondence:

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

11. Non-mandatory disclosures

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

11.1 The Board:

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

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

11.2 Remuneration Committee:

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

11.3 Shareholder rights:

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

11.4 Audit qualifications:

The statutory financial statements of the Company are unqualified.

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

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

11.6 Whistle Blower Policy:

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

12. Request to Shareholders

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

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) mandate:

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

Transfer of shares in physical mode:

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

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

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

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

Consolidation of Multiple Folios:

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

Registration of Nominations:

Nomination in respect of shares - Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of

shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will etc.

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

Updation of address:

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

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

SMS Alerts:

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

Timely encashment of dividends:

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

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

TVS MOTOR COMPANY LIMITED

Shareholders who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March, 2004 and for any financial year thereafter, may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956. Shareholders are requested to note that as per the Companies Act, 1956, unclaimed dividends once transferred to IEPF will not be refunded.

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

PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY

Financial Year	Date of declaration	Date of transfer to special account	Date of transfer to IEPF
2003-04 1 st Interim	17.10.2003	22.11.2003	22.11.2010
2003-04 2 nd Interim	21.04.2004	27.05.2004	27.05.2011
2004-05 1 st Interim	25.10.2004	01.12.2004	01.12.2011
2004-05 2 nd Interim	30.05.2005	05.07.2005	05.07.2012
2005-06 1 st Interim	27.10.2005	03.12.2005	03.12.2012
2005-06 2 nd Interim	26.06.2006	01.08.2006	01.08.2013
2006-07 1 st Interim	26.10.2006	02.12.2006	02.12.2013
2006-07 Final	17.08.2007	22.09.2007	22.09.2014
2007-08 Final	14.08.2008	19.09.2008	19.09.2015
2008-09 Interim	26.06.2009	01.08.2009	01.08.2016
2009-10 1 st Interim	20.01.2010	25.02.2010	25.02.2017

PERTAINING TO ERSTWHILE LAKSHMI AUTO COMPONENTS LIMITED AMALGAMATED WITH THE COMPANY

Financial Year	Date of declaration	Date of transfer to special account	Date of transfer to IEPF
2003-04 Interim	17.10.2003	22.11.2003	22.11.2010

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

The Shareholders of TVS Motor Company Limited, Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, we hereby certify that both the members of the board and senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31st March 2010.

Chennai July 15, 2010
 K.S. SRINIVASAN Secretary
 VENU SRINIVASAN Chairman & Managing Director

Auditors' certificate on compliance of the provisions of the Code of Corporate Governance in the listing agreement.

To

The Shareholders of TVS Motor Company Limited, Chennai

We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

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

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

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

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

M. BALASUBRAMANIAM
 Partner
 Membership No. F7945

Bengaluru
 July 21, 2010

Auditors' report to the shareholders

We have audited the attached Balance Sheet of TVS MOTOR COMPANY Limited, Chennai - 600 006 as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the Directors of the Company as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

M. BALASUBRAMANIAM
Partner
Membership No.F7945

Bengaluru
July 21, 2010

Annexure referred to in our report of even date on the accounts for the year ended 31st March 2010

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) The inventory other than in-transit has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year the Company has granted loans and advances to four companies covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.98.50 crores (Balance due as at the year end Rs.145.29 crores from five parties).
- (b) In our opinion, the rate of interest and other terms and conditions on which such loans and advances are made are not prima facie prejudicial to the interest of the Company.
- (c) The receipt of principal amount and interest thereon were regular.
- (d) As on the date of Balance Sheet, there was no overdue amount recoverable on the said loans and advances.
- (e) During the year, the Company has not taken any loan, secured or unsecured, from the Companies covered under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, that the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, transactions entered in the register maintained under Section 301 and exceeding in value by rupees five lakhs during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an Internal Audit System, which in our opinion is commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records in respect of automotive two and three wheelers and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess and other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the concerned authorities.

TVS MOTOR COMPANY LIMITED

Name of the statute	Nature of dues	Amount (Rs. in Cr.)	Forum where the dispute is pending
Central Excise Act, 1944	Cenvat/Excise dues	(a) 3.34	Central Excise and Service Tax Appellate Tribunal, Chennai
		(b) 24.58	Asst. / Deputy / Commissioner of Central Excise, Hosur and Mysore
Finance Act, 1994	Service Tax	(a) 6.75	Asst. / Deputy / Commissioner of Central Excise, Hosur and Mysore
		(b) 7.91	Central Excise and Service Tax Appellate Tribunal, Chennai
Customs Act, 1962	Customs Duty	1.13	Commissioner of Customs, Chennai
Sales Tax / VAT Laws	Sales Tax	(a) 1.66	Dept. authorities
		(b) 1.14	Tribunals
		(c) 0.60	Supreme Court
Karnataka Electricity (Taxation on Consumption) Act, 1959	Electricity Tax	0.45	High Court of Judicature, Bangalore
The Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 read with Amendment Act, 2007	Electricity Tax	0.18	High Court of Judicature at Madras, Chennai
Income Tax Act, 1961	Income Tax & Interest there on	(a) 27.70	High Court of Judicature at Madras, Chennai
		(b) 15.56	Income Tax Tribunal,
		(c) 12.87	Commissioner of Income-Tax (Appeals)

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

has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

M. BALASUBRAMANIAM
Partner
Membership No.F7945

Bengaluru
July 21, 2010

TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2010

		Rupees in crores	
	Schedule number	As at 31-03-2010	As at 31-03-2009
I SOURCES OF FUNDS			
1 Shareholders' funds			
(a) Capital	I	23.75	23.75
(b) Reserves and surplus	II	841.55	786.41
		865.30	810.16
2 Loan funds			
(a) Secured loans	III	829.98	622.42
(b) Unsecured loans	IV	173.31	283.56
		1,003.29	905.98
3 Deferred tax liability (net of deferred tax asset)		114.57	148.14
4 Foreign Currency Monetary Item Translation Difference Account		0.08	2.97
Total		1,983.24	1,867.25
II APPLICATION OF FUNDS			
1 Fixed assets			
(a) Gross block		1,909.14	1,865.36
(b) Less: Depreciation		953.41	869.42
(c) Net block	V	955.73	995.94
(d) Capital work-in-progress	VI	27.05	40.43
2 Investments	VII	739.26	477.71
3 Current assets, loans and advances			
(a) Inventories	VIII	289.73	320.55
(b) Sundry debtors	IX	220.31	181.56
(c) Cash and bank balances	X	101.01	42.05
(d) Other current assets	XI	2.17	2.42
(e) Loans and advances	XII	351.97	347.09
Total (A)		965.19	893.67
Current liabilities and provisions			
(a) Current liabilities	XIII	667.21	550.34
(b) Provisions	XIV	66.87	65.49
Total (B)		734.08	615.83
Net current assets (A) - (B)		231.11	277.84
4 Miscellaneous expenditure to the extent not written off or adjusted	XV	30.09	75.33
Total		1,983.24	1,867.25
Notes on accounts	XXI		

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

S.G. MURALI
Executive Vice President – (Finance)

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

Bengaluru
July 21, 2010

K.S. SRINIVASAN
Secretary

M. BALASUBRAMANIAM
Partner
Membership No.F7945

TVS MOTOR COMPANY LIMITED

Profit and Loss Account for the year ended 31st March 2010

Rupees in crores

	Schedule number	Year ended 31-03-2010	Year ended 31-03-2009
Gross sales		4,679.59	4,008.91
Less: Excise duty and Service tax		316.48	337.99
Net sales		4,363.11	3,670.92
Other income	XVI	121.49	68.77
Amortisation of Foreign Currency Monetary Item Translation Difference Account		0.08	1.49
Total Revenue	(A)	4,484.68	3,741.18
Raw materials and components consumed	XVII	3,137.35	2,783.39
Salaries and wages, stores consumed and other expenses	XVIII	1,103.51	766.85
Miscellaneous expenditure	XIX	1.95	1.95
Sub-total	(B)	4,242.81	3,552.19
Profit before interest, depreciation and tax	(A) - (B)	241.87	188.99
Interest and finance charges (net)	XX	63.17	55.01
Depreciation		102.53	102.88
Profit before tax		76.17	31.10
Provision for taxation		21.73	3.74
Provision for fringe benefit tax		-	3.04
Provision for deferred tax		(33.57)	(6.76)
Profit for the year (after tax)		88.01	31.08
Balance profit brought forward		33.02	31.40
Profit for the year		88.01	31.08
Total		121.03	62.48
First Interim dividend		16.63	16.63
Dividend Tax		2.83	-
Second Interim Dividend		11.88	-
Provision for dividend tax		1.53	2.83
Transfer to general reserve		54.04	10.00
Balance surplus carried forward to Balance Sheet		34.12	33.02
Total		121.03	62.48
Nominal value of each equity share in rupees		1.00	1.00
Earnings per share in rupees on 23,75,43,557 equity shares Re.1/- each		3.71	1.31
Diluted earnings per share in rupees		3.71	1.31

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

S.G. MURALI
Executive Vice President – (Finance)

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

Bengaluru
July 21, 2010

K.S. SRINIVASAN
Secretary

M. BALASUBRAMANIAM
Partner
Membership No.F7945

TVS MOTOR COMPANY LIMITED

Schedules

	Rupees in crores	
	As at 31-03-2010	As at 31-03-2009
I CAPITAL		
Authorised		
25,00,00,000 Equity shares of Re. 1/- each	25.00	25.00
	<u>25.00</u>	<u>25.00</u>
Issued, subscribed and paid-up		
(a) 23,10,00,700 Equity shares of Re. 1/- each	23.10	23.10
Out of the above 23,10,00,000 equity shares of Re. 1/- each were allotted for consideration other than cash.		
(b) 65,42,857 equity shares of Re. 1/- each allotted to the shareholders of amalgamated company viz. Lakshmi Auto Components Limited, Chennai	0.65	0.65
	<u>23.75</u>	<u>23.75</u>
II RESERVES AND SURPLUS		
(a) Capital reserves		
(i) On shares forfeited		
As per last Balance Sheet (Rs. 55,200/-)	–	–
(ii) On surplus arising out of amalgamation	6.43	6.43
(b) General reserve		
As per last Balance Sheet	746.96	
Add: Transfer from Profit and Loss Account	<u>54.04</u>	
	801.00	746.96
(c) Surplus		
Balance in Profit and Loss Account	34.12	33.02
	<u>841.55</u>	<u>786.41</u>
III SECURED LOANS		
(a) From banks		
(i) External Commercial Borrowings secured by a first charge on specified fixed assets	191.27	378.67
(ii) Term Loans secured by a charge on fixed assets	628.71	–
(iii) Secured by hypothecation of present and future inventories and receivables	–	183.75
(b) From Others		
(i) Secured by a charge on fixed assets	10.00	–
(ii) Secured by an equitable mortgage of specified fixed assets	–	60.00
	<u>829.98</u>	<u>622.42</u>
IV UNSECURED LOANS		
(a) From banks (Rs. 1,076/-)	–	140.00
(b) From others	159.40	131.47
(c) Other deposits	13.91	12.09
	<u>173.31</u>	<u>283.56</u>

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

V FIXED ASSETS

Description	Rupees in crores								
	Land		Buildings	Plant & machinery, tools, dies and jigs	Furniture and fixtures and equipments	Vehicles	Other fixed assets @	Total	
	Freehold	Leasehold						As at 31-03-2010	As at 31-03-2009
Cost of assets									
As at 01-04-2009	36.80	9.41	250.39	1,496.87	58.43	6.24	7.22	1,865.36	1,790.97
Additions	0.95*	0.79	8.73	55.10#	4.36	2.03	1.61	73.57	82.10
Sub Total	37.75	10.20	259.12	1,551.97	62.79	8.27	8.83	1,938.93	1,873.07
Sales / deletion	9.69	0.80 *	0.02	5.61	13.57	0.10	–	29.79	7.71
Total	28.06	9.40	259.10	1,546.36	49.22	8.17	8.83	1,909.14	1,865.36
Depreciation/Amortisation									
Upto 31-03-2009	–	0.18	45.76	769.74	42.64	4.50	6.60	869.42	774.49
For the year	–	0.09	7.98	88.54	4.48	0.78	0.66	102.53	102.04 **
	–	0.27	53.74	858.28	47.12	5.28	7.26	971.95	876.53
Withdrawn on assets sold / deleted	–	–	0.01	4.97	13.46	0.10	–	18.54	7.11
Total	–	0.27	53.73	853.31	33.66	5.18	7.26	953.41	869.42
Written down value									
As at 31-03-2010	28.06	9.13	205.37	693.05	15.56	2.99	1.57	955.73	
As at 31-03-2009	36.80	9.23	204.63	727.13	15.79	1.74	0.62		995.94

@- vide Note (1) (z)

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

** For the year ended 31.03.2009, Depreciation is net of an amount of Rs.0.84 crores being the depreciation attributable to exchange gain relating to the year 2007-08, which was credited to the carrying cost of fixed assets as per amendments to AS 11.

Addition is net of gain arising on account of restatement of external commercial borrowings attributable to acquisition of plant and machinery - vide notes on accounts Note 1(k) under AS-11.

	Rupees in crores	
	As at 31-03-2010	As at 31-03-2009
VI CAPITAL WORK-IN-PROGRESS (AT COST)		
(a) Building	0.81	3.44
(b) Machinery	26.24	36.99
	<u>27.05</u>	<u>40.43</u>

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

		Rupees in crores	
		As at 31-03-2010	As at 31-03-2009
VII INVESTMENTS (AT COST)			
(A) LONG TERM			
(a) Trade - quoted			
(i)	28,92,000 equity shares of Re. 1/- each (last year 2,89,200 Equity shares of Rs. 5/- each) fully paid up in Suprajit Engineering Company Limited, Bengaluru	0.08	0.08
(ii)	91,760 Equity shares of Rs. 10/- each fully paid up in Ucal Fuel Systems Limited, Chennai	0.25	0.25
	(A)	<u>0.33</u>	<u>0.33</u>
(b) Trade - unquoted			
(i)	1,64,52,192 Equity shares of Rs. 10/-each fully paid up in TVS Finance and Services Limited, Chennai	–	16.61
(ii)	74,00,000 Equity shares of Rs. 10/- each fully paid up in Sundaram Auto Components Limited, Chennai - Subsidiary company	36.00	36.00
(iii)	1,70,801 Ordinary shares of Euro 100/- each fully paid up in TVS Motor Company (Europe) B.V., Amsterdam - Subsidiary company	91.63	91.63
(iv)	6,43,64,301 Ordinary shares (Last year 3,60,33,701 Ordinary shares) of Singapore\$ 1/-each fully paid up in TVS Motor (Singapore) Pte. Ltd., Singapore - Subsidiary company	201.20	107.64
(v)	3,03,10,000 - 9% Non-cumulative non-convertible redeemable preference shares of Rs. 10/-each fully paid up in TVS Finance and Services Limited, Chennai	–	30.31
(vi)	4,00,00,000 - 6% Non- cumulative non-convertible redeemable preference shares of Rs. 10/-each fully paid up in TVS Finance and Services Limited, Chennai	–	40.00
(vii)	1,30,000 Equity Shares of Colombian Pesos 1,000 each fully paid up in TVS Andina S.A., Colombia - Joint Venture.	0.27	0.27
(viii)	50,00,000 Ordinary Shares of LKR 10 each fully paid up in TVS Lanka (Private) Limited, Colombo - Associate Company	2.08	2.08
(ix)	3,75,00,000 Equity Shares of Rs. 10/- each fully paid up in TVS Energy Limited, Chennai - Subsidiary Company	37.50	–
(x)	3,80,000 Equity Shares of Rs.10/- each fully up in TVS Motor Services Limited, Chennai.	0.38	–
(xi)	15,00,000 Non-cumulative redeemable preference shares of Rs.10/- each fully paid up in TVS Motor Services Limited, Chennai	1.50	–
	(B)	<u>370.56</u>	<u>324.54</u>
(c)	Share application money - TVS Motor Services Limited, Chennai	60.00	60.00
	(C)	<u>60.00</u>	<u>60.00</u>
(d) Non-trade - unquoted			
(i)	National Savings Certificates (deposited with sales tax authorities – Rs.37,100)	–	–
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund	9.23	9.23
	(D)	<u>9.23</u>	<u>9.23</u>
(B) SHORT TERM			
Non-trade - quoted			
(i)	Fortis Investment Management (India) Pvt. Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - Fortis China India Fund	2.00	2.00

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

VII INVESTMENTS (AT COST) - (continued)		Rupees in crores	
		As at 31-03-2010	As at 31-03-2009
(B)	SHORT TERM (contd.)		
(ii)	Fortis Investment Management (India) Pvt. Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - Fortis Equity Fund	1.00	1.00
(iii)	Fortis Investment Management (India) Pvt. Limited, Mumbai (formerly known as ABN AMRO Asset Management (India) Limited) - Fortis Short Term Income Fund	5.00	–
(iv)	AIG Global Asset Management Company (India) Pvt. Limited, Mumbai - AIG Global Investment Group Mutual Fund - AIG World Gold Fund - Growth	–	1.00
(v)	Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife Floating Rate Fund-Long Term-Institutional-Growth	22.11	–
(vi)	Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife Short Term Fund-Institutional-Growth	4.82	–
(vii)	Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife Savings Fund-Institutional-Growth	5.01	–
(viii)	Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife Special Situations Fund-Growth	–	5.01
(ix)	Birla Sunlife Asset Management Company Limited, Mumbai - Birla Sunlife International Equity-Plan B-Growth	–	5.00
(x)	DSP BlackRock Investment Managers Limited, Mumbai - DSP BlackRock Floating Rate Fund-Institutional Plan-Growth	0.96	–
(xi)	DSP BlackRock Investment Managers Limited, Mumbai - DSP BlackRock Floating Rate Fund-Regular Plan-Growth	3.50	–
(xii)	DSP BlackRock Investment Managers Limited (formerly known as DSP Merrill Lynch Fund Managers Limited, Mumbai) -T.I.G.E.R Fund-Regular Plan-Growth	–	4.03
(xiii)	DSP BlackRock Investment Managers Limited (formerly known as DSP Merrill Lynch Fund Managers Limited, Mumbai) - World Gold Fund-Growth	–	2.00
(xiv)	DSP BlackRock Investment Managers Limited (formerly known as DSP Merrill Lynch Fund Managers Limited, Mumbai) -Opportunities Fund - Growth	–	1.00
(xv)	DSP BlackRock Investment Managers Limited (formerly known as DSP Merrill Lynch Fund Managers Limited, Mumbai) -Opportunities Fund - Growth	–	5.45
(xvi)	HDFC Asset Management Company Limited, Mumbai - HDFC - Infrastructure Fund	–	1.00
(xvii)	HDFC Asset Management Company Limited, Mumbai - HDFC - Midcap Opportunities Fund	–	1.00
(xviii)	HDFC Asset Management Company Limited, Mumbai- HDFC CMF - Treasury Adv - Wholesale Option - Growth	20.41	–
(xix)	ING Investment Management (India) Pvt Ltd- ING Dynamic Asset Allocation Fund - Growth	–	2.00

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

VII INVESTMENTS (AT COST) - (continued)

		Rupees in crores	
		As at	As at
(B)	SHORT TERM (contd.)	31-03-2010	31-03-2009
(xx)	JM Financial Asset Management Pvt. Limited, Mumbai - JM Agri and Infra Fund	1.00	1.00
(xxi)	JM Financial Asset Management Pvt. Limited, Mumbai - Emerging Leaders Fund	4.00	4.00
(xxii)	JM Financial Asset Management Pvt. Limited, Mumbai - JM High Liquidity Fund	–	0.06
(xxiii)	JP Morgan Asset Management India Pvt. Limited - JP Morgan India Smaller Companies Fund - Growth Plan	3.00	3.00
(xxiv)	LIC Mutual Fund AMC Limited, Chennai - LICMF Income Plus Fund - Growth	10.00	–
(xxv)	LIC Mutual Fund AMC Limited, Chennai - LICMF Savings Plus Fund - Growth	10.00	–
(xxvi)	Religare Asset Management Co Pvt Limited, Mumbai - Religare Mutual Fund (formerly known as Lotus India Asset Management Company Pvt. Limited) - Agile Fund	2.00	2.00
(xxvii)	Reliance Capital Asset Management Limited, Ahmedabad - Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	15.00	–
(xxviii)	Reliance Capital Asset Management Limited, Ahmedabad - Reliance Money Manager Fund - Institutional Option - Growth Plan	27.21	3.30
(xxix)	Reliance Capital Asset Management Ltd, Ahmedabad - Reliance Natural Resources Fund	–	5.00
(xxx)	Reliance Capital Asset Management Ltd, Ahmedabad - Reliance Regular Savings fund - Equity Plan - Growth	–	1.00
(xxxii)	SBI Funds Management Pvt. Limited, Mumbai - SBI Emerging Businesses Fund	–	4.04
(xxxiii)	SBI Funds Management Pvt. Limited, Mumbai - SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth	3.29	–
(xxxiv)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Energy Opportunities Fund	1.00	1.00
(xxxv)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Energy Opportunities Fund	1.00	1.00
(xxxvi)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Energy Opportunities Fund	1.00	1.00
(xxxvii)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Equity Multiplier Fund	–	0.96
(xxxviii)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Global Advantage Fund	–	0.70
(xxxix)	Sundaram BNP Paribas Asset Management Company Limited, Chennai - Sundaram BNP Paribas Mutual Fund - Sundaram Money Fund - Institutional Appreciation	10.05	–
(xl)	Tata Asset Management Limited, Mumbai - Tata Indo - Global Infrastructure Fund	5.00	5.00
(xli)	Tata Asset Management Limited, Mumbai - Tata Floater Fund - Growth	20.00	–

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

VII INVESTMENTS (AT COST) - (continued)

		Rupees in crores	
		As at	As at
		31-03-2010	31-03-2009
(B)	SHORT TERM (contd.)		
(xli)	UTI Asset Management Co Pvt Limited, Mumbai - UTI Treasury Advantage Fund - Institutional Plan - Growth	10.06	20.06
(xlii)	UTI Asset Management Co Pvt Limited, Mumbai - UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Institutional Growth Plan	20.00	–
(xlili)	IDFC Asset Management Company Private Limited, Chennai - IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Growth	10.00	–
(xliv)	IDFC Asset Management Company Private Limited, Chennai - IDFC Money Manager Fund - TP - Super Institutional Plan C - Monthly Dividend	25.44	–
(xlv)	Canara Robeco Asset Management Company Limited, Mumbai - Canara Robeco Treasury Advantage - Super Institutional - Growth Fund	15.00	–
(xlvi)	ICICI Prudential Asset Management Company Limited, Mumbai - ICICI Prudential Ultra Short Term Plan - Premium Plus - Growth	15.28	–
(xlvii)	Franklin Templeton Asset Management (India) Pvt. Ltd., Mumbai - Templeton Floating Rate Income Fund - Long Term Plan - Super Institutional - Growth	15.00	–
(xlviii)	Kotak Mahindra Asset Management Company Limited, Mumbai - Kotak Floater - Long Term - Growth	10.00	–
	(E)	<u>299.14</u>	<u>83.61</u>
	Total Investment (A) + (B) + (C) + (D) + (E)	<u>739.26</u>	<u>477.71</u>
	(Market Value of quoted investments Rs. 303.98 crores (last year - Rs. 55.73 crores))		

VIII INVENTORIES (AT COST)

* Raw materials and components	98.97	114.25
* Work-in-process	27.05	21.34
* Finished goods	79.82	87.48
* Stock of dies, moulds and tools	50.82	61.25
* Stores	16.40	19.39
Goods-in-transit	16.67	16.84
(*as certified by chairman and managing director)	<u>289.73</u>	<u>320.55</u>

IX SUNDRY DEBTORS - UNSECURED

(a) Debts outstanding for a period exceeding six months		
(i) Considered good	11.03	2.10
(ii) Considered doubtful	5.63	3.61
(b) Other debts - considered good	<u>209.28</u>	<u>179.46</u>
	<u>225.94</u>	<u>185.17</u>
Less: Provision for doubtful debts	5.63	3.61
	<u>220.31</u>	<u>181.56</u>

X CASH AND BANK BALANCES

(a) Cash on hand	0.12	0.16
(b) With scheduled banks		
(i) in current accounts	17.83	41.09
(ii) in cash credit accounts	21.65	0.55
(iii) in term deposit accounts	61.27	0.05
(c) With other banks	0.14	0.20
	<u>101.01</u>	<u>42.05</u>

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
XI	OTHER CURRENT ASSETS		
	Interest accrued on deposits	2.17	2.42
		<u>2.17</u>	<u>2.42</u>
XII	LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD		
(a)	Advances recoverable in cash or in kind or for value to be received	177.10	210.86
(b)	Inter corporate deposits	67.78	40.07
(c)	Other deposits	3.05	2.79
(d)	Loans	103.34	79.16
(e)	Advance payment of tax less provisions	0.70	14.21
		<u>351.97</u>	<u>347.09</u>
XIII	CURRENT LIABILITIES		
	Sundry creditors	667.21	550.34
		<u>667.21</u>	<u>550.34</u>
XIV	PROVISIONS		
(a)	Pension fund	35.69	31.72
(b)	Leave salary	5.70	4.43
(c)	Warranty	12.07	7.92
(d)	Interim dividend	–	16.63
(e)	Second Interim dividend payable	11.88	–
(f)	Dividend tax thereon	1.53	–
(g)	Dividend tax	–	2.83
(h)	Other provisions	–	1.96
		<u>66.87</u>	<u>65.49</u>
XV	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
(a)	New product launch expenses	29.73	67.87
(b)	External Commercial Borrowings upfront fees	0.36	2.31
(c)	Voluntary Retirement Scheme expenses	–	5.15
		<u>30.09</u>	<u>75.33</u>
XVI	OTHER INCOME		
(a)	Miscellaneous income	67.03	66.45
(b)	Dividend from others (other than subsidiary)	0.14	0.11
(c)	Profit on sale of fixed assets	54.32	0.78
(d)	Profit on sale of investments (net)	–	1.43
		<u>121.49</u>	<u>68.77</u>
XVII	RAW MATERIALS AND COMPONENTS CONSUMED		
	Opening stock:		
	Raw materials	114.25	96.09
	Work-in-process	21.34	23.82
	Finished goods	87.48	145.56
		<u>223.07</u>	<u>265.47</u>
	Purchase of raw materials and components	3,120.12	2,740.99
		<u>3,343.19</u>	<u>3,006.46</u>
		Total (A)	3,006.46
	Closing stock:		
	Raw materials	98.97	114.25
	Work-in-process	27.05	21.34
	Finished goods	79.82	87.48
		<u>205.84</u>	<u>223.07</u>
		Total (B)	223.07
		(A) - (B)	<u>2,783.39</u>

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
XVIII SALARIES AND WAGES, STORES CONSUMED AND OTHER EXPENSES		
* (a) Salaries, wages and bonus (includes commission to chairman and managing director Rs.2.31 crores (last year Rs. Nil) vide computation annexed)	208.70	168.75
* (b) Workmen and staff welfare expenses	22.53	20.73
* (c) Contribution to provident and other funds	20.02	15.04
* (d) Stores and tools consumed	34.36	30.70
* (e) Power and fuel	49.74	46.25
* (f) Rent	4.79	4.38
(g) Rates and taxes	4.10	2.09
* (h) Repairs and maintenance:		
(i) buildings	2.92	2.02
(ii) machinery	41.25	28.16
(iii) other assets	3.91	3.91
(i) Insurance	1.58	1.67
(j) Directors' sitting fees	0.10	0.16
(k) Commission to independent directors	0.14	0.17
(l) Audit fees	0.26	0.26
* (m) Travel and conveyance	26.31	23.46
* (n) Packing and freight charges	132.71	116.82
* (o) Advertisement and publicity	157.07	91.82
* (p) Other marketing expenses	163.28	122.34
* (q) Other expenses	94.18	75.76
(r) Commission to selling agents	48.45	11.90
(s) Cash discount	–	0.07
(t) Loss on sale / scrapping of fixed assets	0.31	0.39
(u) Loss on sale of investments (net)	86.80	–
	<u>1,103.51</u>	<u>766.85</u>
* net of recoveries		
XIX MISCELLANEOUS EXPENDITURE WRITTEN OFF		
External Commercial Borrowings upfront fees written off	1.95	1.95
	<u>1.95</u>	<u>1.95</u>
XX INTEREST AND FINANCE CHARGES		
(a) On fixed loans	47.97	20.20
(b) Others	27.39	44.41
	<u>Total (A)</u>	<u>64.61</u>
Less: Interest income		
(a) On non-trade investments (gross)	–	0.15
(b) On advances and deposits (gross)	12.19	9.45
	<u>Total (B)</u>	<u>9.60</u>
	<u>(A) - (B)</u>	<u>55.01</u>

Schedules – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
XXI NOTES ON ACCOUNTS			
1 Accounting Standards			
(a) AS - 1 Disclosure of accounting policies			
The accounts are maintained on accrual basis. The revenue and expenditure are accounted on a going concern basis.			
(b) AS - 2 Valuation of inventories			
Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at weighted average rates.			
(c) AS - 3 Cash flow statements			
The cash flow statement is prepared under “indirect method” and the same is annexed.			
(d) AS - 4 Contingencies and events after Balance Sheet date			
Amount of Rs.22.75 Crores was invested in TVS Motor (Singapore) Pte. Ltd., Singapore on 18 th March, 2010. The share allotment was made on 19 th March, 2010 and the share certificate was issued on 6 th April, 2010.			
(e) AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies			
I	Rental income (Prior period item)	0.01	-
II	Details of prior period debits to Profit and Loss Account:		
(i)	Inward freight	2.12	-
(ii)	Repairs and Maintenance - others	0.25	-
(iii)	Other marketing expenses	0.01	-
(iv)	Rent	0.33	-
(v)	Rates & Taxes	1.30	0.05
(vi)	Interest & Finance charges	-	0.10
(vii)	Legal fees	0.06	-
III	Changes in accounting policies:		
(i)	New Product Launch Expenses:		
Until and including last year, the expenditure under this head was charged off over 36 months (vide. Sch no. XV). Out of expenditure treated as pending to be written off as on 31.03.2009 viz., Rs.67.87 crores, a sum of Rs.38.14 crores has been written off as per accounting policy followed upto 31.03.2009 and the balance of Rs.29.73 crores will be written off as per earlier accounting practice of charging over 36 months. However, from this accounting year the expenditure on new product launch namely Rs.10.69 crores incurred during the current year is fully charged off. This has the effect of reducing the profit of the current year by Rs.9.21 crores.			
(ii)	Voluntary Retirement Scheme:		
The expenditure incurred under Voluntary Retirement Scheme (VRS) was written off over a period of 5 years until 31.03.2009. However, the expenditure incurred during this year viz., Rs.2.20 crores and the balance of expenditure as on 01.04.2009 that was not written off viz., Rs.5.15 crores aggregating to Rs.7.35 crores is fully charged off during the year in line with the requirements of AS 15.			
(f) AS - 6 Depreciation accounting			
Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with the applicable shift allowance.			
In respect of assets added / assets sold during the year, pro-rata depreciation has been provided at the rates prescribed under Schedule XIV.			

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(f)	<p>AS - 6 Depreciation accounting (Contd.)</p> <p>Depreciation in respect of Computers and Vehicles has been provided at 30% and 18% respectively, which is higher than the rates prescribed under Schedule XIV.</p> <p>Depreciation in respect of tools and dies has been provided based on the quantity of components manufactured.</p> <p>Tools and dies relating to three wheeler operations have been capitalised and applicable depreciation provided thereon, considering the lower volume as compared to two wheelers.</p> <p>Depreciation in respect of assets acquired during the year whose cost does not exceed Rs.5,000/- has been provided at 100%.</p>		
(g)	<p>AS - 7 Construction contracts</p> <p>This Accounting Standard is not applicable.</p>		
(h)	<p>AS - 8 Research & Development</p> <p>This Accounting Standard is withdrawn.</p>		
(i)	<p>AS - 9 Revenue recognition</p> <p>The income of the Company is derived from the sale of automotive vehicles, parts thereof, lubricant oil, machinery and equipment (net of trade discounts) and provision of technical know-how, and includes realised exchange fluctuations on exports (gain of Rs.0.55 crores). Sale of goods is recognised on despatch of goods to customers.</p> <p>Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.</p> <p>Dividend from investments in shares / units is recognised when the Company / Mutual Fund, in which they are held, declares a dividend and the right to receive the same is established.</p>		
(j)	<p>AS - 10 Accounting for fixed assets</p> <p>All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.</p> <p>Cost of land includes land acquired under lease.</p> <p>Buildings include buildings constructed on leasehold lands.</p>	<p style="text-align: right;">9.40</p> <p style="text-align: right;">7.87</p>	<p style="text-align: right;">9.41</p> <p style="text-align: right;">7.86</p>
(k)	<p>AS - 11 Accounting for effects of changes in foreign exchange rates</p> <p>Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet.</p> <p>Sales include realised exchange fluctuation on exports.</p> <p>In terms of the Companies (Accounting Standards) Amendment Rules, 2009, on Accounting Standard AS 11, notified by the Government of India on 31st March 2009, the Company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed assets and to Foreign Currency Monetary Item Translation Difference Account. The impact is set out below:</p>		

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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

	Rupees in crores	
	Relating to Year ended 31-03-2010	Related to Year ended 31-03-2009
Gains / (Losses) arising from changes in foreign exchange rates relating to depreciable capital assets added to / deducted from carrying cost of such assets.	13.06	(61.20)
Gains / (Losses) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account"	(2.81)	4.28
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by crediting Profit & Loss Account.	0.08	1.49

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

Derivative Instruments

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

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

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

(l) AS - 12 Accounting for Government Grants

The Company has not received any grants.

(m) AS - 13 Accounting for Investments

Investments are valued at cost. Provision for diminution in the carrying cost of investments is made if such diminution is other than temporary in nature in the opinion of the management.

(i) Investments made during the year (at Cost):

In the following Mutual Fund schemes of Fortis Investment Management (India) Pvt. Ltd., Mumbai [Formerly ABN Amro Asset Management (India) Limited, Mumbai]:

- Fortis Overnight Fund - Institutional - Daily Dividend	5.00	-
- Fortis Short Term Income Fund - Institutional - Growth	5.00	-
- ABN Amro Overnight Fund - Institutional - Growth	-	7.04

In the following Mutual Fund schemes of AIG Global Asset Management Company (India) Private Limited, Mumbai:

- AIG World Gold Fund-Growth	-	1.00
- AIG India Treasury Fund - Institutional - Growth	1.10	-

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(m) AS - 13 Accounting for Investments (Continued)		
(i) Investments made during the year (at Cost) (Contd.)		
- AIG India Liquid Fund - Super Institutional - Growth	24.08	-
- AIG India Treasury Fund - Super Institutional - Growth	12.00	-
- AIG India Liquid Fund - Institutional - Growth	-	9.00
- AIG India Treasury Fund - Institutional - Growth	-	3.93
In the following Mutual Fund schemes of Birla Sunlife Asset Management Company Limited, Mumbai:		
- Birla Sun Life Cash Manager - Institutional Plan - Growth	24.00	-
- Birla Sun Life Savings Fund - Institutional - Growth	29.01	21.15
- Birla Sun Life Cash Plus - Institutional - Growth	19.46	40.00
- Birla Sun Life Floating Rate Fund - Long Term - Institutional - Growth	22.11	-
- Birla Sun Life Short Term Fund - Institutional - Growth	4.82	-
In the following Mutual fund schemes of DSP BlackRock Investment Managers Private Limited, Mumbai [Formerly DSP Merrill Lynch Investment Managers Limited, Mumbai]		
- DSP BlackRock Floating Rate Fund - Institutional Plan - Growth	6.90	-
- DSP BlackRock Opportunities Fund - Regular Plan - Growth	-	1.55
- DSP BlackRock Money Manager Fund - Regular Plan - Growth	1.80	-
- DSP BlackRock Floating Rate Fund - Regular Plan - Growth	3.50	-
In the following Mutual fund schemes of Franklin Templeton Asset Management (India) Private Limited, Mumbai		
- Templeton India Treasury Management Account - Institutional Plan - Growth	5.00	-
- Templeton India Treasury Management Account - Super Institutional Plan - Growth	30.00	-
- Templeton India Ultra Short Bond Fund - Super Institutional Plan - Growth	20.00	-
- Templeton Floating Rate Income Fund - Long Term Plan - Super Institutional - Growth	15.00	-
In the following Mutual fund schemes of HDFC Asset Management Company Limited, Mumbai		
- HDFC Cash Management Fund - Savings Plan - Growth	30.00	26.75
- HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	31.51	5.63
- HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	20.00	-
- HDFC Fixed Maturity Plan 90D April 2008 (VII) - Wholesale Plan - Growth	-	1.10
In the following Mutual fund schemes of Kotak Mahindra Asset Management Company Limited, Mumbai		
- Kotak Liquid (Institutional Premium) - Growth	18.00	-
- Kotak Floater - Long Term - Growth	18.00	-
- Kotak Fixed Maturity Plan 1M Series 2 - Dividend	-	2.00
- Kotak Fixed Maturity Plan 1M Series 3 - Dividend	-	2.00
- Kotak Monthly Interval Plan Series 3 - Dividend	-	2.00
In the following Mutual fund schemes of LIC Mutual Fund Asset Management Company Limited, Chennai		
- LICMF Liquid Fund - Growth Plan	30.00	5.00
- LICMF Income Plus Fund - Growth Plan	10.00	-
- LICMF Savings Plus Fund - Growth Plan	20.00	-
- LICMF Interval Fund - Monthly Plan - Series 1 - Growth	-	5.00

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 13 Accounting for Investments (Continued)	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(i) Investments made during the year (at Cost) (Contd.)		
In the following Mutual fund schemes of ICICI Prudential Asset Management Company Limited, Mumbai		
- ICICI Prudential Liquid - Super Institutional Plan - Growth	15.00	-
- ICICI Prudential Flexible Income Plan - Premium - Growth	15.00	-
- ICICI Prudential Ultra Short Term Plan - Premium Plus - Growth	15.28	-
- ICICI Prudential Institutional Liquid Plan - Super Institutional - Growth	-	20.00
In the following Mutual fund schemes of Reliance Capital Asset Management Company Limited, Ahmedabad		
- Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	35.78	-
- Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	35.00	-
- Reliance Money Manager Fund - Institutional Option - Growth Plan	52.04	8.53
- Reliance Liquid Fund - Growth Option	15.00	40.00
In the following Mutual fund schemes of SBI Funds Management Private Limited, Mumbai		
- SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth	3.29	-
In the following Mutual fund schemes of Standard Chartered Asset Management Company Limited, Mumbai		
- Standard Chartered Liquid Fund - Growth	-	1.11
In the following Mutual fund schemes of Sundaram Asset Management Company Limited, Chennai		
- SBNPP Ultra Short Term Fund - Retail - Growth	1.80	-
- SBNPP Money Fund - Institutional - Appreciation	20.05	-
- SBNPP Ultra Short Term Fund - Institutional - Growth	10.00	-
In the following Mutual fund schemes of Tata Asset Management Company Limited, Mumbai		
- Tata Liquid Super High Inv. Fund - Appreciation	20.00	-
- Tata Floater Fund - Growth	20.00	-
In the following Mutual fund schemes of UTI Asset Management Company Private Limited, Mumbai		
- UTI Treasury Advantage Fund - Institutional Plan - Growth Option	40.37	28.97
- UTI Money Market Mutual fund - Institutional - Growth Plan	10.00	-
- UTI Liquid Cash Plan - Institutional - Growth Option	20.31	40.00
- UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Institutional - Growth Plan	20.00	-
- UTI Fixed Income Interval Fund - Monthly Interval Plan Series-I - Institutional - Growth Plan	-	5.00
In the following Mutual fund schemes of IDFC Asset Management Company Private Limited, Chennai		
- IDFC Cash Fund - Super Institutional Plan C - Growth	35.00	-
- IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Growth	10.00	-
- IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth	25.00	-
- IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Monthly Dividend	25.44	-

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 13 Accounting for Investments (Continued)	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(i) Investments made during the year (at Cost) (Contd.)		
In the following Mutual fund schemes of Canara Robeco Asset Management Company Limited, Mumbai		
- Canara Robeco Liquid - Super Institutional Growth Fund	15.00	-
- Canara Robeco Treasury Advantage - Super Institutional - Growth - Fund	15.00	-
TVS Andina S.A., Colombia	-	0.13
TVS Motor (Singapore) Pte. Ltd., Singapore	93.55	60.68
TVS Lanka (Private) Limited, Colombo	-	2.08
Sundaram Auto Components Limited, Chennai	-	18.50
TVS Motor Services Limited, Chennai	1.88	60.00
TVS Finance and Services Limited, Chennai	2.20	-
TVS Energy Limited, Chennai	37.50	-
Total	<u>1,015.78</u>	<u>418.15</u>
(ii) Investments realised during the year (at cost):		
From the following Mutual Fund schemes of Fortis Investment Management (India) Pvt. Ltd. [Formerly ABN Amro Asset Management (India) Limited, Mumbai]		
- Fortis Overnight Fund - Instl - Daily Dividend	5.00	-
- ABN Amro Interval Fund	-	5.00
- ABN Amro Overnight Fund - Institutional - Growth	-	7.05
From the following Mutual Fund schemes of AIG Global Asset Management Company (India) Private Limited, Mumbai		
- AIG World Gold Fund - Growth	1.00	-
- AIG India Treasury Fund - Institutional - Growth	1.10	-
- AIG India Liquid Fund - Super Institutional - Growth	24.08	-
- AIG India Treasury Fund - Super Institutional - Growth	12.00	-
- AIG Short Term Fund - Institutional - Growth	-	5.00
- AIG India Liquid Fund - Institutional - Growth	-	9.00
- AIG India Treasury Fund - Institutional - Growth	-	3.93
From the following Mutual Fund schemes of Birla Sunlife Asset Management Company Limited, Mumbai		
- Birla Sun Life Cash Manager - Institutional Plan - Growth	24.00	-
- Birla Sun Life Savings Fund - Institutional - Growth	24.00	21.15
- Birla Sun Life Cash Plus - Institutional - Growth	19.46	40.00
- Birla Sun Life International Equity - Plan B - Growth	5.00	-
- Birla Sun Life Special Situations Fund - Growth	5.01	-
- Birla Fixed Term Plan - Institutional Services - V - Growth	-	1.00
From the following Mutual Fund schemes of DSP BlackRock Investment Managers Private Limited, Mumbai [Formerly DSP Merrill Lynch Investment Managers Limited, Mumbai]		
- DSP BlackRock Floating Rate Fund - Institutional Plan - Growth	5.93	-
- DSP BlackRock Opportunities Fund - Regular Plan - Growth	6.45	-
- DSP BlackRock Money Manager Fund - Regular Plan - Growth	1.80	-

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 13 Accounting for Investments (Continued)	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(ii) Investments realised during the year (at Cost) (Contd.)		
- DSP BlackRock World Gold Fund - Regular Plan - Growth	2.00	-
- DSP BlackRock T.I.G.E.R. Fund - Regular Plan - Growth	4.03	-
- DSP Merrill Lynch Liquidity Fund - Regular - Growth	-	1.46
From the following Mutual Fund schemes of Franklin Templeton Asset Management (India) Private Limited, Mumbai		
- Templeton India Treasury Management Account - Institutional Plan Growth	5.00	-
- Templeton India Treasury Management Account - Super Institutional Plan - Growth	30.00	-
- Templeton India Ultra Short Bond Fund - Super Institutional Plan - Growth	20.00	-
From the following Mutual Fund schemes of HDFC Asset Management Company Limited, Mumbai		
- HDFC Cash Management Fund - Savings Plan - Growth	30.00	26.75
- HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	11.10	5.63
- HDFC Infrastructure Fund - Growth	1.00	-
- HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	20.00	-
- HDFC Mid-Cap Opportunities Fund - Dividend - Payout	1.00	-
- HDFC Fixed Maturity Plan 367D April 2007 (5) - Wholesale Plan - Growth	-	1.00
- HDFC Fixed Maturity Plan 90D April 2008 (VII) - Wholesale Plan - Growth	-	1.10
From the following Mutual Fund schemes of JM Financial Asset Management Private Limited, Mumbai		
- JM High Liquidity Fund - Super Institutional Plan - Growth	0.06	-
From the following Mutual Fund schemes of Kotak Mahindra Asset Management Company Limited, Mumbai		
- Kotak Liquid (Institutional Premium) - Growth	18.00	-
- Kotak Floater - Long Term - Growth	8.00	-
- Kotak Fixed Maturity Plan-1M Series 2 - Dividend	-	2.00
- Kotak Fixed Maturity Plan-1M Series 3 - Dividend	-	2.00
- Kotak Monthly Interval Plan-Series 3 - Dividend	-	2.00
From the following Mutual Fund schemes of LIC Mutual Fund Asset Management Company Limited, Chennai		
- LICMF Liquid Fund - Growth Plan	30.00	5.00
- LICMF Savings Plus Fund - Growth Plan	10.00	-
- LICMF Interval Fund - Monthly Plan - Series 1 - Growth	-	5.00
From the following Mutual Fund schemes of ING Investment Management (I) Private Limited, Mumbai		
- ING Dynamic Asset Allocation Fund - Growth Option	2.00	-
From the following Mutual Fund schemes of ICICI Prudential Asset Management Company Limited, Mumbai		
- ICICI Prudential Liquid - Super Institutional Plan - Growth	15.00	-
- ICICI Prudential Flexible Income Plan - Premium - Growth	15.00	-
- ICICI Prudential Institutional Liquid Plan - Super Institutional - Growth	-	20.00
From the following Mutual Fund schemes of Reliance Capital Asset Management Company Limited, Ahmedabad		
- Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	20.78	-
- Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	35.00	-
- Reliance Money Manager Fund - Institutional Option - Growth Plan	28.14	5.23
- Reliance Liquid Fund - Growth Option	15.00	40.00
- Reliance Natural Resources Fund - Growth Plan - Growth Option	5.00	-
- Reliance Regular Savings Fund - Equity Plan - Growth Option	1.00	-

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 13 Accounting for Investments (Continued)	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(ii) Investments realised during the year (at Cost) (Contd.)		
From the following Mutual Fund schemes of SBI Funds Management Private Limited, Mumbai		
- SBI Emerging Businesses Fund - Growth	4.04	-
From the following Mutual Fund schemes of Standard Chartered Asset Management Company Limited, Mumbai		
- Standard Chartered Fixed Maturity Plan - Yearly Series 7 - Growth	-	1.00
- Standard Chartered Liquid Fund - Growth	-	1.11
From the following Mutual Fund schemes of Sundaram Asset Management Company Limited, Chennai		
- Sundaram Energy Opportunities Fund - Growth	0.96	-
- SBNPP Global Advantage Fund - Growth	0.70	-
- SBNPP Ultra ST Fund - Retail - Growth	1.80	-
- SBNPP Money Fund - Institutional - Appreciation	10.00	-
- SBNPP Ultra ST Fund - Institutional - Growth	10.00	-
From the following Mutual Fund schemes of Tata Asset Management Company Limited, Mumbai		
- Tata Liquid Super High Inv. Fund - Appreciation	20.00	-
From the following bonds of Unit Trust of India, Mumbai		
- 6.75% tax free bonds	-	14.08
From the following Mutual Fund schemes of UTI Asset Management Company Private Limited, Mumbai		
- UTI Treasury Advantage Fund - Institutional - Plan (Growth Option)	50.37	8.91
- UTI Money Market Mutual fund - Institutional - Growth Plan	10.00	-
- UTI Liquid Cash Plan - Institutional - Growth - Option	20.31	40.00
- UTI Fixed Income Interval Fund - Monthly Interval Plan Series-I -Institutional Growth Plan	-	5.00
From the following Mutual Fund schemes of IDFC Asset Management Company Private Limited, Chennai		
- IDFC Cash Fund - Super Institutional Plan C - Growth	35.00	-
- IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth	25.00	-
From the following Mutual Fund schemes of Canara Robeco Asset Management Company Limited, Mumbai		
- Canara Robeco Liquid - Super Institutional - Growth Fund	15.00	-
TVS Finance and Services Limited, Chennai *	89.11	-
* vide note no: 17(d)(ii)		
Total	754.23	279.40
The amounts of Rs. 1015.78 crores (last year Rs. 418.15 crores) and Rs. 754.23 crores (last year Rs. 279.40 crores) are cumulative figures.		
Cost of investments held as at Balance Sheet date	739.26	477.71

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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

During the year, there was no amalgamation.

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

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

A Defined contribution plan

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

B Defined benefit plans

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

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

C Disclosure as required by Accounting Standard 15

Rupees in crores

	Leave salary	Pension	Gratuity
(a) Expenses recognised in the Profit and Loss Account			
(i) Current service cost	1.00	–	1.90
(ii) Interest cost	0.30	2.76	2.02
(iii) Expected return on plan assets	–	–	(2.40)
(iv) Net actuarial loss /(gain) recognised in the year	1.17	1.44	1.71
Total	2.47	4.20	3.23
(b) Change in defined benefit obligation during the year ended 31 st March 2010			
(i) Present value of obligation as at the beginning of the year (01-04-2009)	4.43	31.72	25.28
(ii) Interest cost	0.30	2.76	2.02
(iii) Current service cost	1.00	-	1.90
(iv) Benefits paid	(1.22)	(0.23)	(1.25)
(v) Actuarial loss on obligation	1.17	1.44	1.71
(vi) Present value of obligation as at the end of the year (31-03-2010)	5.68	35.69	29.66
(c) Change in fair value of plan assets during the year ended 31 st March 2010			
(i) Fair value of plan assets at the beginning of the year (01-04-2009)	–	–	26.22
(ii) Expected return on plan assets	–	–	2.40
(iii) Contributions made during the year	–	–	4.69
(iv) Benefits paid	–	–	(1.25)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2010)	–	–	32.06

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(0) AS - 15 Accounting for Employee benefits - (Contd.)

C Disclosure as required by Accounting Standard 15 (Contd.) Rupees in crores

	Leave salary	Pension	Gratuity
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2009)	4.43	31.72	(0.94)
(ii) Contributions made during the year	–	–	(4.69)
(iii) Expenses	2.47	4.20	3.23
(iv) Benefits paid	(1.22)	(0.23)	–
(v) Value of benefit obligations / (net assets) at the end of the year (31-03-2010)	5.68	35.69	(2.40)
Note: The net asset in respect of gratuity plan is not recognised as it is lying in an irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.75%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
Estimates of future salary increase considered in actuarial valuation take into account inflation, seniority and other relevant factors.			

Rupees in crores

	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
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(p) AS - 16 Borrowing costs

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

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

1.57	2.05
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(q) AS - 17 Segment reporting

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

(r) AS - 18 Related party disclosures

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

List of related parties	
Reporting entity	TVS Motor Company Limited, Chennai
Subsidiary companies	<ol style="list-style-type: none"> 1. Sundaram Auto Components Limited, Chennai 2. TVS Motor Company (Europe) B.V., Amsterdam 3. TVS Motor (Singapore) Pte. Limited, Singapore 4. PT. TVS Motor Company Indonesia, Jakarta 5. TVS Energy Limited, Chennai
Holding company	Sundaram-Clayton Limited, Chennai
Ultimate holding company	TV Sundram Iyengar & Sons Limited, Madurai

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(r) AS - 18 Related party disclosures - (Contd.)

Fellow subsidiaries	<ol style="list-style-type: none"> 1 Anusha Investments Limited, Chennai 2 TVS Investments Limited, Chennai 3 TVS Electronics Limited, Chennai 4 TVS Capital Funds Limited, Chennai 5 TVS-E Access India Limited, Chennai 6 TVS-E Servicetec Limited, Chennai 7 Sravanaa Properties Limited, Chennai 8 Tumkur Property Holdings Limited, Chennai 9 Prime Property Holdings Limited, Chennai 10 Southern Roadways Limited, Madurai 11 Sundaram Industries Limited, Madurai 12 The Associated Auto Parts Limited, Mumbai 13 TVS Interconnect Systems Limited, Madurai 14 TVS Logistics Services Limited, Madurai 15 Lucas-TVS Limited, Chennai 16 Sundaram Textiles Limited, Madurai 17 NSM Holdings Limited, Madurai 18 TVSNet Technologies Limited, Madurai 19 TOR Projects & Services Limited, Madurai 20 NK Telecom Products Limited, Madurai 21 NK Telesystems Limited, Madurai 22 TVS Automotive Europe Limited, United Kingdom 23 TVS C J Components Limited, United Kingdom 24 TVS Logistics Iberia S.L., Spain 25 TVS Logistics Siam Limited, Thailand 26 TVS Autoserve GmbH, Germany 27 TVS Logistics Investment UK Limited, United Kingdom 28 YeleStre Holdings Limited, United Kingdom 29 Multipart (Holdings) Limited, United Kingdom 30 Multipart Solutions Limited, United Kingdom 31 IH Crick Property Co Limited, United Kingdom 32 Msys Software Solutions Limited, United Kingdom 33 Globe Dynamics Limited, United Kingdom 34 Globe Transport Products Limited, United Kingdom 35 TVS Dynamic Global Freight Services Limited, Chennai 36 TVS Commutation Solutions Limited, Madurai 37 Lucas Indian Service Limited, Chennai 38 TVS Automotive Systems Limited, Chennai 39 Iranian Automotive Systems, Iran
Associate companies	<ol style="list-style-type: none"> a) TVS Lanka (Private) Limited, Colombo b) TVS Finance and Services Limited, Chennai (upto 03.03.2010)
Joint Venture	TVS Andina S.A., Colombia
Key management personnel	Mr.Venu Srinivasan, Chairman & Managing Director
Enterprises over which Key management personnel and his relatives have significant influence	<ol style="list-style-type: none"> 1 Harita-NTI Limited, Chennai 2 TVS Motor Foundation, Chennai

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(r) AS - 18 Related party disclosures - (Contd.)

Particulars of transactions with related parties	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(a) Purchase of goods		
– ultimate holding company (TV Sundram Iyengar & Sons Limited, Madurai)	0.25	-
– holding company (Sundaram-Clayton Limited, Chennai)	90.06	92.14
– subsidiary companies (Sundaram Auto Components Limited, Chennai and PT. TVS Motor Company Indonesia, Jakarta)	87.87	87.17
– fellow subsidiaries (Lucas TVS Limited, Chennai and Sundaram Industries Limited, Madurai)	18.86	-
– enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.92	-
(b) Sale of goods		
– holding company (Sundaram-Clayton Limited, Chennai)	0.93	0.21
– subsidiary companies (Sundaram Auto Components Limited, Chennai and PT. TVS Motor Company Indonesia, Jakarta)	582.75	366.18
– associate company (TVS Lanka (Private) Limited, Colombo)	61.17	54.54
– joint venture (TVS Andina S.A., Colombia)	2.55	3.26
(c) Sale of investments		
– fellow subsidiary (TVS-E Access India Limited, Chennai)	0.09	-
(d) Purchase of fixed assets		
– ultimate holding company (TV Sundram Iyengar & Sons Limited, Madurai)	1.14	-
(e) Rendering of services (including interest received)		
– holding company (Sundaram-Clayton Limited, Chennai)	1.32	0.59
– subsidiary companies (Sundaram Auto Components Limited, Chennai, TVS Motor Company (Europe) B.V. Amsterdam, PT. TVS Motor Company Indonesia, Jakarta)	11.73	14.52
– fellow subsidiaries (TVS Electronics Limited, Chennai, Anusha Investments Limited, Chennai, TVS-E Servicetec Limited, Chennai, TVS Investments Limited, Chennai, and TVS Logistics Services Limited, Madurai)	0.68	0.73
– associate company (TVS Finance and Services Limited, Chennai - associate upto 03.03.2010)	0.41	-
(f) Availing of services (includes sub-contract charges paid)		
– holding company (Sundaram-Clayton Limited, Chennai)	30.70	26.45
– subsidiary company (Sundaram Auto Components Limited, Chennai)	0.43	0.32
– fellow subsidiaries (TVS Electronics Limited, Chennai, TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, TVS Logistics Services Limited, Madurai)	45.38	0.62
(g) Trade advances received during the year		
– holding company (Sundaram-Clayton Limited, Chennai)	-	10.00
(h) Trade advances repaid during the year		
– holding company (Sundaram-Clayton Limited, Chennai)	-	10.00

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(r) AS - 18 Related party disclosures - (Contd.)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(i) Trade advances made during the year		
– holding company (Sundaram-Clayton Limited, Chennai)	50.00	10.00
– subsidiary company (Sundaram Auto Components Limited, Chennai)	15.50	7.10
– fellow subsidiaries (TVS Investments Limited, Chennai, Anusha Investments Limited, Chennai)	-	3.90
– associate company (TVS Finance and Services Limited, Chennai - associate upto 03.03.2010)	18.00	-
(j) Other advances made during the year		
– enterprise over which key management personnel and his relatives have significant influence (TVS Motor Foundation, Chennai)	33.13	-
(k) Trade advances received back during the year		
– holding company (Sundaram-Clayton Limited, Chennai)	-	10.00
– subsidiary company (Sundaram Auto Components Limited, Chennai)	7.00	14.24
– fellow subsidiaries (TVS Investments Limited, Chennai Anusha Investments Limited, Chennai)	6.20	2.70
– associate company (TVS Finance and Services Limited, Chennai - associate upto 03.03.2010)	18.36	0.39
(l) Amount outstanding as at Balance Sheet date:		
(i) Sundry debtors		
– subsidiary companies (PT. TVS Motor Company Indonesia, Jakarta, Sundaram Auto Components Limited, Chennai)	55.78	43.55
– fellow subsidiaries (TVS Electronics Limited, Chennai, TVS E-Servicetec Limited, Chennai)	0.03	0.13
– joint venture (TVS Andina S.A. Colombia)	1.36	1.63
– associate company (TVS Lanka (Private) Limited, Colombo)	19.01	2.46
(ii) Loans and advances receivable		
– holding company (Sundaram-Clayton Limited, Chennai)	50.00	-
– subsidiary companies (Sundaram Auto Components Limited, Chennai and TVS Motor Company (Europe) B.V. Amsterdam)	78.71	79.16
– associate company (TVS Finance and Services Limited, Chennai - associate upto 03.03.2010)	1.58	1.94
– fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	-	6.20
– enterprise over which key management personnel and his relatives have significant influence (TVS Motor Foundation, Chennai)	33.13	-
(iii) Sundry creditors		
– ultimate holding company (TV Sundram Iyengar & Sons Limited, Madurai)	0.01	0.02
– holding company (Sundaram-Clayton Limited, Chennai)	-	19.56
– subsidiary companies (Sundaram Auto Components Limited, Chennai)	6.93	3.41
– fellow subsidiaries (TVS Electronics Ltd., Chennai, TVS-E ServiceTec Limited, Chennai, Southern Roadways Limited, Madurai, Sundaram Industries Limited, Madurai, TVS Logistics Services Limited, Madurai, Lucas-TVS Limited, Chennai)	15.62	5.17
– enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.08	0.01

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(r) AS - 18 Related party disclosures - (Contd.)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(m) Investments made during the year		
– subsidiary companies :		
TVS Motor (Singapore) Pte Limited, Singapore,	93.55	60.68
Sundaram Auto Components Limited, Chennai	-	18.50
TVS Energy Limited, Chennai	37.50	-
– associate companies :		
TVS Lanka (Private) Limited, Colombo	-	2.08
TVS Finance and Services Limited, Chennai - associate upto 03.03.2010	2.20	-
– joint venture: TVS Andina S.A., Colombia	-	0.13
(n) Obligation arising out of agreements facilitating credit to associate company (TVS Finance and Services Limited, Chennai - associate upto 03.03.2010)	16.66	41.50
subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	53.88	60.88
(o) Remuneration to key management personnel	2.31	-
(s) AS - 19 Accounting for Leases		
The Company has not entered into any lease agreements during the year.		
(t) AS - 20 Earnings per share		
Disclosure is made in the Profit and Loss Account as per the requirements of the standard.		
(u) AS - 21 Consolidated financial statements		
Consolidated financial statements of the Company, its subsidiaries and joint venture are enclosed.		
(v) AS - 22 Accounting for taxes on income		
Deferred tax liability and asset are recognised based on timing difference using the tax rates substantively enacted on the Balance Sheet date.		
(i) Deferred tax liability consists of:		
– tax on depreciation	112.48	162.59
– tax on amortisation of dies and moulds	17.84	20.65
– tax on expenses admissible on payment basis under Income-tax Act, 1961	41.09	42.50
(A)	<u>171.41</u>	<u>225.74</u>
(ii) Deferred tax asset consists of:		
– tax on provision in respect of expenditure which will be allowed under the Income-Tax Act, 1961 only on payment basis	49.70	30.30
– unabsorbed depreciation	-	47.30
– unabsorbed Capital Loss	7.14	-
(B)	<u>56.84</u>	<u>77.60</u>
Deferred tax liability (net of deferred tax asset) (A)-(B) - refer Balance Sheet	<u>114.57</u>	<u>148.14</u>

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

Rupees in crores

	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
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(w) **AS - 23 Accounting for investments in associates in consolidated financial statements**

Equity method of accounting is followed in the consolidated accounts in respect of investments in associate company, viz., TVS Lanka (Private) Limited, Colombo.

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

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

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

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

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

During the year the Company acquired the following assets falling under the definition of intangible assets as per the Accounting Standard and the following disclosure is made in respect of these assets:

Software

– Estimated useful life of the asset	2 years	2 years
– Amortisation rates used	50% each year as depreciation	50% each year as depreciation
– Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
Opening balance (Gross)	7.22	6.47
Additions during the year	1.61	0.75
Total	8.83	7.22
Amortised as depreciation	7.26	6.60
Closing written down value	1.57	0.62

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

The assets, liabilities, income and expenses of the jointly controlled entity (TVS Andina S.A, Colombia) have been recognised on a proportionate consolidation basis in the consolidated financial statements as prescribed in the Accounting Standard.

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

In respect of tools and dies meant for manufacture of certain slow moving models, accelerated depreciation amounting to Rs. 11.77 crores (last year Rs. 3.27 crores) has been provided during the year.

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(ac) AS - 29 Provisions, contingent liabilities and contingent assets			
(i) Provisions			
In respect of warranty obligations, provision is made in accordance with terms of sale of vehicles vide schedule XIV (c) to the Balance Sheet.			
(ii) Contingent liabilities			
The amount for which the Company is contingently liable is disclosed in note no. 11.			
(iii) Contested liabilities are detailed in note no. 12.			
2 Share capital			
Sundaram-Clayton Limited, Chennai holds 2,10,00,000 (last year 2,10,00,000) equity shares of Re. 1/- each while its wholly owned subsidiary Anusha Investments Limited, Chennai holds 11,53,41,393 (last year 11,53,41,393) equity shares of Re. 1/- each. This aggregates to 57.40% (last year 57.40%) of the share capital of the Company.			
3 Amount of loan payable within one year :			
- External Commercial Borrowings - from banks		103.56	144.04
- Secured - from banks		54.16	183.75
- Secured - from others		-	60.00
- Unsecured - from banks		-	140.00
4 Land			
Title deed in respect of land acquired near Ahmedabad in Gujarat at a cost of Rs.0.01 crore is yet to be received from the registering authority. During the year 50 acres of land (cost Rs.0.80 crores) held as lease hold land has become freehold land.			
5 Sundry debtors (under "other debts") include amount due from subsidiary company (PT. TVS Motor Company Indonesia, Jakarta and Sundaram Auto Components Limited, Chennai)			
		55.78	43.55
6 Bank balance includes amount in respect of			
(a) Unclaimed dividends			
		1.01	0.79
(b) Balances lying with non-scheduled banks:			
(i) HSBC Private Bank (Suisse) S.A., Singapore			
- in call deposit account		0.04	0.05
(ii) The Hongkong and Shanghai Banking Corpn. Ltd., Hongkong			
- in current account (Current year - Nil last year -Rs. 24,754.66)		-	-
- in deposit account		-	0.13
(iii) Industrial and Commercial Bank of China, China			
- in current account (last year - Rs. 13,414.85)		0.10	-
- in deposit account		-	0.03
(c) Maximum amount invested in non-scheduled banks at any time during the year			
(i) HSBC Private Bank (Suisse) S.A., Singapore			
		0.06	0.05
(ii) The Hongkong and Shanghai Banking Corpn. Ltd., Hongkong			
		0.13	0.13
(iii) Industrial and Commercial Bank of China, China			
		0.23	0.32

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
7	Loans and advances include:		
(a)	Loan due from holding company (Sundaram-Clayton Limited, Chennai)	50.00	–
(b)	Loan due from subsidiary company -		
(i)	Sundaram Auto Components Limited, Chennai	8.50	–
(ii)	TVS Motor Company (Europe) B.V., Amsterdam (the decrease is on account of restatement of this foreign currency loan)	70.21	79.16
(c)	Due from an officer of the Company	–	–
(d)	Maximum amount due from an officer of the Company at any time during the year	–	0.05
8	Deposits include:		
(a)	Deposit with post office (Rs. 21,500/-)	–	–
(b)	Deposit with central excise	0.19	0.45
(c)	Deposit with sales tax	1.99	1.72
9	Sundry creditors include :		
(a)	Investor Education and Protection Fund - Unclaimed dividend	1.01	0.79
(b)	Amount due to Small Scale Industrial units	28.35	27.95
(c)	Amount due to other industrial units	413.08	362.00
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.		
(i)	The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
(a)	Principal (all are within agreed credit period and not due for payment)	28.35	27.95
(b)	Interest (as no amount is overdue)	Nil	Nil
(ii)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
10	Miscellaneous expenditure not written off		
(a)	New product launch expenses carried forward from earlier years is written off over 36 months. However, new product launch expenses incurred during this year are fully written off. Accounting Standard 26 is not applicable as it does not create any intangible asset or a resource.		
(b)	Expenditure incurred in raising external commercial borrowings is being written off over the period of the loan		

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
11	Contingent liability not provided for:		
	(a) On counter guarantee given to banks	0.46	0.72
	(b) On letters of credit	77.32	34.63
	(c) On guarantee to Housing Development Finance Corporation Limited, Mumbai, on loans granted to employees of the Company	1.25	1.25
	(d) On bills discounted with banks	11.08	77.22
	(e) Capital commitments towards Capital expenditure	5.01	5.87
	(f) On obligation arising out of agreements facilitating credit to a company which was an associate company upto 03.03.2010.	16.66	41.50
	(g) On obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia)	53.88	60.88
12	Liability contested and not provided for:		
	(a) Excise	27.92	24.85
	(b) Service Tax	14.66	14.06
	(c) Customs	1.13	1.13
	(d) Sales tax	3.40	3.16
	(e) Electricity tax	0.63	0.63
	(f) Income-tax	56.13	41.62
	(g) Employee settlement claims	0.06	0.06
	(h) Land acquisition	–	0.25
13	Tax deducted at source on interest income	2.90	2.35
14	Contribution to provident and other funds include:		
	(a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	4.86	2.69
	(b) Contribution towards pension fund	5.48	3.61
15	Repairs include:		
	(a) Wages	6.44	4.12
	(b) Stores consumed	26.75	17.11
16	Audit fees comprise:		
	(a) As statutory auditors	0.18	0.18
	(b) Taxation matters	0.03	0.03
	(c) Certification matters	0.03	0.03
	(d) Cost audit fees	0.02	0.02
	Total	0.26	0.26
17	General		
	(a) Other expenses include travel and stay expenses of auditors	0.13	0.13
	(b) (i) Loss on sale of investments netted against profit on sale of investments	–	0.69
	(ii) Profit on sale of investments netted against loss on sale of investment	4.24	–
	(c) Expenses in excess of 1% of total revenue		
	Carriage outwards included in packing and freight charges	98.57	84.50
	(d) Profit before tax for the year is after considering the following exceptional items		
	(i) Profit on sale of Land	54.07	–
	(ii) Loss on sale of investment in TVS Finance and Services Limited Chennai - associate company upto 03.03.2010	89.02	–
	(iii) Accelerated amortisation of tools and dies of slow moving models	11.77	–

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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

Rupees in crores

	for the year ended 31-03-2010	for the year ended 31-03-2009
(a) R&D Revenue Expenditure eligible for weighted deduction	64.50	63.42
(b) Other R&D revenue expenditure	7.93	–
(c) Capital Expenditure:		
(i) Land and Building	–	0.17
(ii) Others (including Work-in-progress)	11.12	14.12
Total	83.55	77.71

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

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

20 Disclosure made in terms of clause 32 of the listing agreement with Stock Exchanges

Rupees in crores

	Particulars	Name of the company		Amount outstanding as at 31-03-2010	Amount outstanding as at 31-03-2009
(a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	Sundaram Auto Components Limited, Chennai Maximum amount due at any time during the year During the previous year	15.50 14.24	8.50	–
		TVS Motor Company (Europe) B.V., Amsterdam Maximum amount due at any time during the year During the previous year	79.16 79.16	70.21	79.16
(ii)	Loans and advances in the nature of loans made to associate company	TVS Finance and Services Limited, Chennai (associate company upto 03.03.2010) Maximum amount due at any time during the year During the previous year	19.94 2.33	1.58	1.94
(iii)	Loans and advances where there is no repayment schedule or no interest.	TVS Motor Foundation, Chennai Maximum amount due at any time during the year During the previous year	33.13 –	33.13	–
(iv)	Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested.	TVS Investments Ltd., Chennai Fellow Subsidiary Maximum amount due at any time during the year During the previous year	3.00 5.00	–	3.00
		Anusha Investments Ltd., Chennai Fellow Subsidiary Maximum amount due at any time during the year During the previous year	3.20 3.90	–	3.20
		Sundaram Clayton Limited, Chennai - Holding Company Maximum amount due at any time during the year During the previous year	50.00 10.00	50.00	–
		Harita Seating Systems Limited - Maximum amount due at any time during the year During the previous year	15.00 –	15.00	–

Notes:

- The above loans (other than item (a) (iii) above) are subject to repayment schedule as agreed between the Company and its loanee. The loans are repayable within seven years.
- The above loans (other than item (a) (iii) above) carry interest at agreed rates which are not less than interest stipulated in section 372A of the Companies Act, 1956.
- Investment by the loanee in the shares of the parent company and subsidiary company when the Company has made a loan or advance in the nature of loan - NIL
- The subsidiaries and associate companies listed above also fall under the category of company in which directors of the Company are deemed to be interested.

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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

Rupees in crores

	Particulars	Name of the company		Amount outstanding as at 31-03-2010	Amount outstanding as at 31-03-2009
(b)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai (74,00,000 (last year - 74,00,000) Equity shares of Rs. 10/- each fully paid up) Maximum amount held at any time during the year 36.00 During the previous year 36.00		36.00	36.00
		TVS Motor Company (Europe) B.V., Amsterdam (1,70,801 (last year-1,70,801) Ordinary shares of Euro 100/- each fully paid up) Maximum amount held at any time during the year 91.63 During the previous year 91.63		91.63	91.63
		TVS Motor (Singapore) Pte. Limited, Singapore (6,43,64,301 (last year 3,60,33,701) Ordinary shares of Singapore \$ 1/- each fully paid up) Maximum amount held at any time during the year 201.20 During the previous year 107.64		201.20	107.64
		TVS Energy Limited, Chennai (3,75,00,000 Equity shares of Rs. 10/- each fully paid up) Maximum amount held at any time during the year 37.50 During the previous year –		37.50	
(ii)	In associate company	TVS Finance and Services Limited, Chennai (an associate company upto 03.03.2010) (1,64,52,192 Equity shares of Rs. 10/- each fully paid up, 3,03,10,000 9% non- cumulative non-convertible redeemable preference shares of Rs. 10/- each and 4,00,00,000 6% non-cumulative non-convertible redeemable preference shares of Rs. 10/- each) Maximum amount held at any time during the year 89.12 During the previous year 86.92		–	86.92
		TVS Lanka (Private) Limited, Colombo (50,00,000 Equity shares of LKR 10/- each fully paid up) Maximum amount held at any time during the year 2.08 During the previous year 2.08		2.08	2.08

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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

		Rupees in crores			
		Year ended 31-03-2010		Year ended 31-03-2009	
		Quantity	Value	Quantity	Value
I	RAW MATERIALS CONSUMED				
1	(a) Basic raw materials				
	Steel sheets, coils, strips and bars	Kgs.	5,099,481	25.89	4,849,161
	Steel tubes	Mtrs.	17,877	0.09	22,751
	Aluminium alloys and ingots	Kgs.	4,786,707	41.19	3,556,340
	(b) Intermediates and components (which individually do not account for more than 10% of the total value of consumption)			3,068.23	2,657.05
			<u>3,135.40</u>		<u>2,722.83</u>
2	Consumption of raw materials and components				
		% of total consumption		% of total consumption	
	(a) Imported	10.2	319.96	12.2	331.55
	(b) Indigenous	89.8	2,815.44	87.8	2,391.28
		<u>100.0</u>	<u>3,135.40</u>	<u>100.0</u>	<u>2,722.83</u>
II	CONSUMPTION OF MACHINERY SPARES				
		% of total consumption		% of total consumption	
	(a) Imported	4.4	0.36	21.1	1.17
	(b) Indigenous	95.6	7.80	78.9	4.38
		<u>100.0</u>	<u>8.16</u>	<u>100.0</u>	<u>5.55</u>
III	IMPORTS (CIF VALUE)				
	(a) Raw materials		14.16		23.80
	(b) Spare parts and components		244.50		205.78
	(c) Capital goods		8.13		3.17
IV	OTHER EXPENDITURE IN FOREIGN CURRENCY				
	(a) Travel		5.16		4.37
	(b) Subscriptions		0.15		0.16
	(c) Welfare expenses - training		1.79		1.29
	(d) Consultancy		4.01		2.42
	(e) Advertisement and publicity		6.45		1.40
	(f) Other marketing expenses		4.66		3.04
	(g) Procurement/Selling commission		21.93		8.38
	(h) Research and development		11.76		11.02
	(i) Warranty cost reimbursement		1.28		1.39
	(j) Interest on foreign currency loan (net of capitalisation - Rs. 1.57 crores Last year - Rs. 2.05 crores)		21.98		31.83
	(k) Overseas branch expenses including salary		2.11		2.16
V	PAYMENT TO NON-RESIDENT SHAREHOLDERS				
	(a) No. of shareholders		Nil		Nil
	(b) No. of shares held		Nil		Nil
	(c) Net dividend		Nil		Nil
VI	EARNINGS IN FOREIGN EXCHANGE				
	(a) Exports (on f.o.b. basis)		517.18		499.03
	(b) Others:				
	(i) Freight and Insurance		3.70		10.85
	(ii) Interest income		5.62		4.58
	(iii) Technical knowhow		5.72		9.65
			<u>532.22</u>		<u>524.11</u>
VII	SALE BY CLASS OF GOODS				
		Quantity nos.	Value	Quantity nos.	Value
	(a) Motorcycles	6,37,895	2,046.23	6,44,385	1,899.72
	(b) Mopeds	5,71,264	952.48	4,38,089	707.34
	(c) Scooters	3,09,514	822.03	2,59,381	664.81
	(d) Three-wheelers	14,702	120.53	4,613	35.12
	(e) Spares and accessories, provision of technical know-how and plant & equipment		421.84		363.93
	Total		<u>4,363.11</u>		<u>3,670.92</u>
VIII	LICENSED AND INSTALLED CAPACITY (PER ANNUM)		Not applicable		Not applicable

TVS MOTOR COMPANY LIMITED

Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

IX OPENING AND CLOSING STOCK OF GOODS PRODUCED DURING THE YEAR

	Opening stock			Production meant for sale			Closing stock			Rupees in crores
	Qty. nos.	Value	Qty. nos.	Value	Quantity nos.	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2009	Year ended 31-03-2010	
(a) Motorcycles	18,084	53.04	27,920	81.80	636,751	634,918	16,496	43.99	18,084	53.04
(b) Mopeds	1,769	2.43	4,311	6.49	571,069	435,589	1,499	1.99	1,769	2.43
(c) Scooters	4,086	10.17	17,404	43.11	312,643	246,153	7,059	14.81	4,086	10.17
(d) Three wheelers	241	1.62	16	0.09	14,849	4,874	326	2.24	241	1.62
(e) Components which do not individually account for 10% or more of the total value of stock		20.22		14.07				16.79		20.22
Total		87.48		145.56				79.82		87.48

Note: During the year 444 motorcycles, 75 mopeds, 156 scooters and 62 three wheelers (last year 369 motorcycles, 42 mopeds, 90 scooters and 36 three wheelers) were captively used.

<p>VENU SRINIVASAN Chairman & Managing Director</p>	<p>H. LAKSHMANAN Director</p>	<p>S.G. MURALI Executive Vice President – Finance</p>	<p>As per our report annexed For Sundaram & Srinivasan Chartered Accountants Firm Regn. No. 004207S</p>
<p>Bengaluru July 21, 2010</p>	<p>K.S. SRINIVASAN Secretary</p>	<p>M. BALASUBRAMANIAM Partner M.N. F7945</p>	

TVS MOTOR COMPANY LIMITED

Cash Flow Statement

	Rupees in crores	
	Year ended 31-03-2010	Year ended 31-03-2009
A. Cash flow from operating activities:		
Net profit before tax and extraordinary items	76.17	31.10
Add:		
Depreciation for the year	102.53	102.88
Depreciation on sale/scraping of assets	(18.54)	(7.11)
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	(0.08)	(1.49)
Loss on sale of fixed assets	0.31	0.39
Profit on sale of fixed assets	(54.32)	(0.78)
Profit on sale of investments	(4.70)	(1.43)
Loss on sale of investments	91.50	-
Miscellaneous expenditure written off	1.95	1.95
Dividend income	(0.14)	(0.11)
Interest income	(12.19)	(9.60)
Interest expenditure	75.36	64.61
	<u>181.68</u>	<u>149.31</u>
Operating profit before working capital changes	257.85	180.41
Adjustments for:		
Trade receivables	(38.75)	(93.70)
Inventories	30.82	84.83
Other current assets	0.25	(2.12)
Loans and advances	(22.11)	(52.42)
Trade payables	116.87	44.58
Provisions	15.71	4.94
	<u>102.79</u>	<u>(13.89)</u>
Cash generated from operations	360.64	166.52
Direct taxes paid	(21.73)	(6.78)
Net cash from operating activities (A)	<u>338.91</u>	<u>159.74</u>
B. Cash flow from investing activities:		
Purchase of fixed assets	(89.70)	(44.60)
Sale of fixed assets	83.80	8.10
Capital work-in-progress	13.38	(13.86)
Purchase of investments	(1,015.78)	(418.15)
Sale of investments	667.43	280.83
Miscellaneous expenditure not written off	43.29	(24.51)
Interest received	12.19	9.60
Dividends received	0.14	0.11
	<u>(285.25)</u>	<u>(202.48)</u>
Net cash used in investment activities (B)	<u>(285.25)</u>	<u>(202.48)</u>
C. Cash flow from financing activities :		
Long term borrowings:		
Secured loans availed	312.54	34.79
Unsecured loans (repaid)/availed	(138.18)	42.10
Sales tax deferral loan availed	27.92	27.80
Interest paid	(75.36)	(64.61)
Dividend and dividend tax paid	(38.92)	(19.46)
	<u>88.00</u>	<u>20.62</u>
Net cash used in financing activities (C)	<u>88.00</u>	<u>20.62</u>
D. Net increase in cash and cash equivalents (A) + (B) + (C)	<u>141.66</u>	<u>(22.12)</u>
Cash and cash equivalents at the beginning of the year		
Cash & bank	42.05	3.73
Cash credit - balance	(82.70)	(22.26)
	(40.65)	(18.53)
Cash and cash equivalents at the end of the year		
Cash & bank	101.01	42.05
Cash credit - balance	-	(82.70)
	<u>101.01</u>	<u>(40.65)</u>

Notes:

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

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

S.G. MURALI
Executive Vice President – Finance

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

Bengaluru
July 21, 2010

K.S. SRINIVASAN
Secretary

M. BALASUBRAMANIAM
Partner
Membership No.F7945

TVS MOTOR COMPANY LIMITED

Balance Sheet abstract and Company's general business profile

I. Registration details:

Registration no. of 1992 State code

CIN No :

Balance sheet date
Date Month Year

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

Public issue Rights issue

Bonus issue Private placement

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

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

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

Turnover	<input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="0"/>	Total expenditure	<input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>
Profit before tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/>	Profit after tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>
Earnings per share (Rs.)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="1"/>	Dividend rate (%)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/>

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

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

TVS MOTOR COMPANY LIMITED

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

S.No	Name of the subsidiary	Sundaram Auto Components Limited	TVS Energy Limited	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Limited	PT. TVS Motor Company Indonesia
1	2	3	4	5	6	7
1	Financial year of the subsidiary	01.04.2009 - 31.03.2010	01.04.2009 - 31.03.2010	01.04.2009 - 31.03.2010	01.04.2009 - 31.03.2010	01.04.2009 - 31.03.2010
2	Shares of the subsidiary held by the Company on the above date					
	(a) Number and face value	74,00,000 Equity shares of Rs 10/- each fully paid up	3,75,00,000 Equity shares of Rs 10/- each fully paid up	1,70,801 Ordinary shares of Euro 100 /- each fully paid up	6,43,64,301 Ordinary shares of Singapore \$ 1/- each fully paid up	65,00,000 Ordinary shares of US \$ 10 each fully paid up
	(b) Extent of holding	100%	100%	100%	100%	31.85% by (5) and 68.15% by (6)
3	Net aggregate amount of profits / losses of the subsidiary for the above financial year of the subsidiary not dealt within the Company's accounts					
	(a) for the financial year of the subsidiary - profit/(loss)	Rs.10.00 crores	(Rs.0.20 crores)	(Rs.0.21 crores)	(Rs.1.31 crores)	(Rs.101.73 crores)
	(b) for the previous financial years since it became a subsidiary - profit/(loss)	Rs.0.73 crores	—	(Rs.1.39 crores)	(Rs.0.02 crores)	(Rs.112.32 crores)
4	Net aggregate amount of profits / losses of the subsidiary for the above financial year of the subsidiary dealt within the Company's accounts					
	(a) for the financial year of the subsidiary - profit	—	—	—	—	—
	(b) for the previous financial years since it became a subsidiary - profit	Rs.4.55 crores	—	—	—	—
	VENU SRINIVASAN <i>Chairman & Managing Director</i>	H. LAKSHMANAN <i>Director</i>	S.G. MURALI <i>Executive Vice President – Finance</i>	As per our report annexed For Sundaram & Srinivasan <i>Chartered Accountants</i> Firm Regn. No.004207S		
	Bengaluru July 21, 2010		K.S. SRINIVASAN <i>Secretary</i>	M. BALASUBRAMANIAM <i>Partner</i> Membership No.F7945		

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



Auditors' report on consolidated accounts

We have audited the attached consolidated Balance Sheet of TVS Motor Company Limited, Chennai and its subsidiaries as at 31st March 2010, and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of subsidiaries namely TVS Motor Company (Europe) B.V., Amsterdam, TVS Motor (Singapore) Pte. Limited, Singapore and PT. TVS Motor Company Indonesia, Jakarta and associate company TVS Lanka (Private) Limited, Colombo and joint venture namely TVS Andina S.A., Columbia. The financial statements and other information of the subsidiaries, associate and joint venture have been audited by other auditors whose reports have been furnished to us and our opinion, in so far it relates to the amounts included in respect of these subsidiaries, associate and joint venture, is based solely on the report of the other auditors.

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

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" read with Accounting Standard 23 on "Accounting for investments in Associates" and Accounting Standard 27 on "Financial reporting of interests in Joint Ventures" issued by The Institute of Chartered Accountants of India, on the basis of the individual financial statements of TVS Motor Company Limited, Chennai, its subsidiaries viz., Sundaram Auto Components Limited, Chennai, TVS Energy Limited, Chennai, TVS Motor Company (Europe) B.V., Amsterdam, TVS Motor (Singapore) Pte. Limited, Singapore and PT. TVS Motor Company Indonesia, Jakarta, its associate TVS Lanka (Private) Limited, Colombo and its joint venture TVS Andina S.A., Columbia included in the aforesaid consolidation.

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of TVS Motor Company Limited, Chennai and its subsidiaries named above as at 31st March 2010 and of the results of their operations and their cash flows for the year ended in conformity with generally accepted accounting principles in India.

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

M BALASUBRAMANIAM
Partner
Membership No.F7945

Place: Bengaluru
Date : July 21, 2010.

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheet as at 31st March 2010

	Schedule number	Rupees in crores	
		As at 31-03-2010	As at 31-03-2009
I SOURCES OF FUNDS			
1 Shareholders' funds			
(a) Capital	I	23.75	23.75
(b) Reserves and surplus	II	596.35	616.43
2 Loan funds			
(a) Secured loans	III	1,005.84	835.94
(b) Unsecured loans	IV	177.58	284.05
3 Deferred tax liability (net of deferred tax asset)		51.76	87.86
4 Foreign currency Monetary Item Translation Difference Account		12.94	–
Total		1,868.22	1,848.03
II APPLICATION OF FUNDS			
1 Fixed assets			
(a) Gross block		2,212.30	2,172.40
(b) Less: Depreciation		1,043.84	925.71
(c) Net block	V	1,168.46	1,246.69
(d) Capital work-in-progress	VI	29.43	41.15
2 Investments	VII	386.56	193.30
3 Current assets, loans and advances			
(a) Inventories	VIII	341.64	365.88
(b) Sundry debtors	IX	225.76	192.69
(c) Cash and bank balances	X	124.95	67.43
(d) Other current assets	XI	2.17	2.42
(e) Loans and advances	XII	347.62	305.96
Total (A)		1,042.14	934.38
Current liabilities and provisions			
(a) Current liabilities	XIII	720.69	597.36
(b) Provisions	XIV	72.02	66.78
Total (B)		792.71	664.14
Net current assets (A) - (B)		249.43	270.24
4 Miscellaneous expenditure to the extent not written off or adjusted	XV	34.34	86.42
5 Foreign Currency Monetary Item Translation Difference Account		–	10.23
Total		1,868.22	1,848.03
Notes on accounts	XXI		

VENU SRINIVASAN
Chairman & Managing Director

H. LAKSHMANAN
Director

S.G. MURALI
Executive Vice President – Finance

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

Bengaluru
July 21, 2010

K.S. SRINIVASAN
Secretary

M. BALASUBRAMANIAM
Partner
Membership No.: F7945

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules

	Rupees in crores	
	As at 31-03-2010	As at 31-03-2009
I CAPITAL		
Authorised		
25,00,00,000 Equity shares of Re. 1/- each	25.00	25.00
	<u>25.00</u>	<u>25.00</u>
Issued, subscribed and paid-up		
(a) 23,10,00,700 Equity shares of Re. 1/- each (Out of the above 23,10,00,000 equity shares of Re. 1/- each were allotted for consideration other than cash)	23.10	23.10
(b) 65,42,857 Equity shares of Re. 1/- each allotted to the shareholders of amalgamated company viz. Lakshmi Auto Components Limited, Chennai	0.65	0.65
	<u>23.75</u>	<u>23.75</u>
II RESERVES AND SURPLUS		
(a) Capital reserves		
(i) On shares forfeited		
As per last Balance Sheet (Rs. 55,200/-)	—	—
(ii) On surplus arising out of amalgamation		
As per last Balance Sheet	2.40	2.40
Add : Pre-acquisition (profit) / loss of associate transferred to profit and loss account consequent to sale of investment	4.03	—
Add: Pre-acquisition profit/(loss) of associate	0.08	—
(iii) Foreign currency translation reserve	(23.09)	(1.84)
(b) General reserves		
As per last Balance Sheet	751.92	
Add: Transfer from Profit and Loss Account	55.04	
Add: Last year profit / (loss) of associate	(0.39)	
	<u>806.57</u>	<u>751.92</u>
(c) Surplus / (Deficit)		
Balance in Profit and Loss Account	(193.64)	(136.05)
	<u>596.35</u>	<u>616.43</u>
III SECURED LOANS		
From banks		
(i) External Commercial Borrowings secured by a first charge on the specified assets	191.27	378.67
(ii) Term Loan Secured by a first charge on the fixed assets of the Company	782.72	174.73
(iii) Secured by an exclusive charge on the movable fixed assets of the Company	17.19	23.44
(iv) Secured by hypothecation of present and future inventories and receivables	4.66	199.10
From others		
(v) Secured by an equitable mortgage of specified fixed assets	—	60.00
(vi) Secured by a charge on specified fixed assets	10.00	—
	<u>1,005.84</u>	<u>835.94</u>
IV UNSECURED LOANS		
(a) From banks	4.27	140.49
(b) From others	159.40	131.47
(c) Other deposits	13.91	12.09
	<u>177.58</u>	<u>284.05</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules - (continued)

V FIXED ASSETS

Rupees in crores

Description	Land		Buildings	Plant & machinery, tools, dies and jigs	Furniture & fixtures, equipments	Vehicles	Other fixed assets @	Total As at	Total As at
	Free hold	Lease hold						31-03-2010	31-03-2009
Cost of assets									
As at 01-04-2009	80.12	12.37	313.26	1,688.09	63.81	6.52	8.23	2,172.40	2,073.33
Additions	0.95#	0.79	9.31	68.49 **	4.94	2.03	1.61	88.12	107.03
Sub Total	81.07	13.16	322.57	1,756.58	68.75	8.55	9.84	2,260.52	2,180.36
Sales / deletion	9.69	0.80#	7.75	16.28	13.60	0.10	-	48.22	7.96
Total	71.38	12.36	314.82	1,740.30	55.15	8.45	9.84	2,212.30	2,172.40
Depreciation/ Amortisation									
Upto 31-03-2009	0.08	0.24	51.24	816.93	45.08	4.71	7.43	925.71	800.58
For the year	0.09	0.12	10.61	118.73	5.62	0.81	0.75	136.73	132.27*
Sub Total	0.17	0.36	61.85	935.66	50.70	5.52	8.18	1,062.44	932.85
Withdrawn on assets sold / deleted	-	-	0.01	5.00	13.49	0.10	-	18.60	7.14
Total	0.17	0.36	61.84	930.66	37.21	5.42	8.18	1,043.84	925.71
Written down value									
As at 31-03-2010	71.21	12.00	252.98	809.64	17.94	3.03	1.66	1,168.46	
As at 31-03-2009	80.04	12.13	262.02	871.16	18.73	1.81	0.80		1,246.69

@ vide note 2(s)

* Depreciation for the year ended 31.03.2009 is net of an amount of Rs.0.88 crores being the depreciation attributable to exchange gain relating to the year 2007-08 which was credited to the carrying cost of fixed assets as per amendments to AS 11.

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

Represents cost of leasehold land transformed to freehold land on transfer of title.

Rupees in crores

VI CAPITAL WORK-IN-PROGRESS (AT COST)

	As at 31-03-2010	As at 31-03-2009
(a) Building	2.02	3.61
(b) Machinery	27.41	37.47
(c) Office equipment	-	0.07
	<u>29.43</u>	<u>41.15</u>

VII INVESTMENTS (AT COST)

	As at 31-03-2010	As at 31-03-2009
A LONG TERM		
(a) Trade - quoted	0.33	0.33
(b) (i) Trade - unquoted	3.79	
Add: Pro-rata share in the profit / (loss) of associate company	<u>0.01</u>	
(ii) Share application money - TVS Motor Services Limited, Chennai	3.80	40.11
(c) Non-trade - quoted	0.02	0.02
(d) Non-trade - unquoted	9.23	9.23
Total long term investments (A)	<u>73.38</u>	<u>109.69</u>
B SHORT TERM		
Non-trade - quoted	313.18	83.61
Total short term investments (B)	<u>313.18</u>	<u>83.61</u>
Grand total - Investments (A) + (B)	<u>386.56</u>	<u>193.30</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules - (continued)

	Rupees in crores	
	As at 31-03-2010	As at 31-03-2009
VIII INVENTORIES (AT COST)		
* Raw materials and components	122.56	138.67
* Work-in-process	30.29	23.69
* Finished goods	97.77	100.97
* Stock of dies, moulds and tools	50.82	61.25
* Stores	16.59	19.62
Goods-in-transit	23.61	21.68
(* as certified by chairman & managing director)	<u>341.64</u>	<u>365.88</u>
IX SUNDRY DEBTORS - UNSECURED		
(a) Debts outstanding for a period exceeding six months		
(i) Considered good	11.59	4.30
(ii) Considered doubtful	6.81	3.61
(b) Other debts - Considered good	<u>214.17</u>	<u>188.39</u>
	232.57	196.30
Less: Provision for doubtful debts	<u>6.81</u>	<u>3.61</u>
	<u>225.76</u>	<u>192.69</u>
X CASH AND BANK BALANCES		
(a) Cash on hand	0.20	3.46
(b) With scheduled banks		
(i) in current accounts	26.16	45.56
(ii) in cash credit accounts	21.65	0.55
(iii) in term deposit accounts	61.27	0.05
(c) With other banks	15.67	17.81
	<u>124.95</u>	<u>67.43</u>
XI OTHER CURRENT ASSETS		
Interest accrued on deposits	<u>2.17</u>	<u>2.42</u>
	<u>2.17</u>	<u>2.42</u>
XII LOANS AND ADVANCES - UNSECURED CONSIDERED GOOD		
(a) Advances recoverable in cash or in kind or for value to be received	249.09	249.34
(b) Inter corporate deposits	59.28	36.97
(c) Other deposits	5.18	4.59
(d) Loans	33.13	-
(e) Advance payment of income tax less provisions	0.94	15.06
	<u>347.62</u>	<u>305.96</u>
XIII CURRENT LIABILITIES		
Sundry creditors	<u>720.69</u>	<u>597.36</u>
	<u>720.69</u>	<u>597.36</u>
XIV PROVISIONS		
(a) Pension fund	37.61	32.82
(b) Leave salary	5.90	4.62
(c) Warranty	12.07	7.92
(d) Interim dividend	-	16.63
(e) Second interim dividend	11.88	-
(f) Proposed dividend	2.59	-
(g) Provision for dividend tax	1.97	2.83
(h) Other Provisions	-	1.96
	<u>72.02</u>	<u>66.78</u>
XV MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
(a) New product launch expenses	33.81	78.96
(b) External Commercial Borrowings upfront fees	0.36	2.31
(c) Voluntary retirement scheme expenses	-	5.15
(d) Pre-production Expenses	0.17	-
	<u>34.34</u>	<u>86.42</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules - (continued)

	Rupees in crores	
	Year ended 31-03-2010	Year ended 31-03-2009
XVI OTHER INCOME		
(a) Miscellaneous income	67.53	67.33
(b) Dividend income	0.14	0.11
(c) Profit on sale of fixed assets	54.32	0.79
(d) Profit on sale of investments	0.04	1.44
	<u>122.03</u>	<u>69.67</u>
XVII RAW MATERIALS AND COMPONENTS CONSUMED		
Opening stock		
Raw materials	138.67	119.57
Work-in-process	23.69	27.51
Finished goods	<u>100.97</u>	<u>150.85</u>
	263.33	297.93
Purchase of raw materials and components	3,213.37	2,762.34
Total (A)	<u>3,476.70</u>	<u>3,060.27</u>
Closing stock		
Raw materials	122.56	138.67
Work-in-process	30.29	23.69
Finished goods	<u>97.77</u>	<u>100.97</u>
Total (B)	250.62	263.33
(A) - (B)	<u>3,226.08</u>	<u>2,796.94</u>
XVIII SALARIES AND WAGES, STORES CONSUMED AND OTHER EXPENSES		
* (a) Salaries, wages and bonus	242.76	199.45
* (b) Workmen and staff welfare expenses	26.11	24.44
* (c) Contribution to provident and other funds	21.01	16.05
* (d) Stores and tools consumed	35.83	32.30
* (e) Power and fuel	62.54	55.49
* (f) Rent	9.24	8.05
(g) Rates and taxes	6.86	3.05
* (h) Repairs and maintenance		
(i) buildings	5.13	4.49
(ii) machinery	46.69	31.48
(iii) other assets	5.18	5.00
(i) Insurance	2.47	2.40
(j) Directors' sitting fees	0.11	0.16
(k) Commission to independent directors	0.14	0.17
(l) Audit fees	0.42	0.56
* (m) Travel and conveyance	30.46	26.91
* (n) Packing and freight charges	144.70	124.07
* (o) Advertisement and publicity	194.54	119.72
* (p) Other marketing expenses	179.25	140.56
* (q) Other expenses	103.13	86.28
(r) Commission to selling agents	48.45	11.91
(s) Cash discount	–	0.07
(t) Loss on sale / scrapping of fixed assets	0.37	0.59
(u) Loss on sale of investments	41.95	–
	<u>1,207.34</u>	<u>893.20</u>

* net of recoveries

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules - (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
XIX MISCELLANEOUS EXPENDITURE WRITTEN OFF			
External Commercial Borrowing upfront fees written off		1.95	1.95
		<u>1.95</u>	<u>1.95</u>
XX INTEREST			
(a) On fixed loans		64.60	34.56
(b) Others		24.71	44.07
Total (A)		<u>89.31</u>	<u>78.63</u>
Less: Interest income			
(a) On non-trade investments (gross)		—	0.27
(b) On advances and deposits (gross)		6.53	3.89
Total (B)		<u>6.53</u>	<u>4.16</u>
(A) - (B)		<u>82.78</u>	<u>74.47</u>

XXI NOTES ON ACCOUNTS

1 Consolidation of accounts

A Basis of accounting

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

B Translation of foreign currency statements

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

C Principles of consolidation

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

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

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

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

1 Consolidation of accounts – (continued)

(iii) The subsidiary companies, joint venture and associate company considered in the consolidated financial statements are:

S No.	Name of the company	Country of incorporation	Proportion of ownership (interest/ voting power - %)	Reporting date	Difference in reporting date
	Subsidiary companies:				
(a)	Sundaram Auto Components Limited, Chennai	India	100	31.03.2010	–
(b)	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	31.03.2010	–
(c)	TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	100	31.03.2010	–
(d)	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	68.15 by (b) 31.85 by (c)	31.03.2010	–
(e)	TVS Energy Limited, Chennai	India	100	31.03.2010	–
	Joint Venture:				
(f)	TVS Andina S.A., Colombia	Colombia	26	31.12.2009	3 months
	Associate company:				
(g)	TVS Lanka (Private) Limited, Colombo	SriLanka	20	31.03.2010	–

Note: TVS Finance and Services Limited, Chennai ceased to be an associate company on and from 04.03.2010.

2. Accounting Standards

(a) AS - 1 Disclosure of accounting policies

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

(b) AS - 2 Valuation of inventories

Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at weighted average rates.

(c) AS - 3 Cash flow statements

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

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

I	Rental Income (Prior period item)	0.01	–
II	Details of prior period debit to Profit and Loss Account		
	(i) Inward Freight	2.12	–
	(ii) Repair and maintenance - others	0.25	–
	(iii) Other Marketing expenses	0.01	–
	(iv) Rent	0.33	–
	(v) Rates and Taxes	1.30	0.07
	(vi) Interest and Finance charges	–	0.10
	(vii) Legal fees	0.06	–
	(viii) Electricity demand	0.27	–
	(ix) Travel and conveyance	0.01	–
	(x) Sales return	–	0.03

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
e) AS - 6 Depreciation accounting		
Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with the applicable shift allowance. In respect of assets added / sold during the year, pro-rata depreciation has been provided at the rates prescribed under Schedule XIV.		
Depreciation in respect of Computers and Vehicles has been provided at 30% and 18% respectively which is higher than the rate prescribed under Schedule XIV.		
Depreciation in respect of tools and dies has been provided based on the quantity of components manufactured.		
Tools and dies relating to three wheeler operations have been capitalised and applicable depreciation provided thereon, considering the lower volume as compared to two wheelers.		
Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%.		
(f) AS - 9 Revenue recognition		
The income of the Company, its subsidiaries, associate and joint venture is derived from sale of automotive vehicles, parts thereof, lubricant oil, machinery and equipment, rubber and plastics components, net of trade discounts and provision of technical know-how and includes realised exchange fluctuations on exports (net gain of Rs. 0.43 crores). Sale of goods is recognised on despatch of goods to customers.		
Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.		
Dividend from investments in shares / units is recognised when the company / Mutual Fund, in which they are held, declares a dividend and the right to receive the same is established.		
The revenue and expenditure are accounted on a 'going concern basis'.		
(g) AS - 10 Accounting for fixed assets		
All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.		
Cost of land includes land acquired under lease.	12.37	12.38
Buildings include buildings constructed on leasehold land.	19.87	19.92
(h) AS - 11 Accounting for effects of changes in foreign exchange rates		
Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet. Sales include realised exchange fluctuation on exports.		
In terms of the Companies (Accounting Standards) Amendment Rules, 2009, on Accounting Standard AS 11, notified by the Government of India on 31 st March 2009, the Company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed assets and to Foreign Currency Monetary Item Translation Difference Account. The impact is set out below:		

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

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

	Rupees in crores	
	Relating to Year ended 31-03-2010	Related to Year ended 31-03-2009
(Losses)/gain arising from change in foreign exchange rates relating to depreciable capital assets (added to) / deducted from carrying cost of such assets.	31.31	(77.06)
(Losses) / Gains arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) (debited) / credited to "Foreign Currency Monetary Item Translation Difference Account".	36.12	(15.88)
Amortisation of "Foreign Currency Monetary Item Translation Difference Account" by crediting / (debiting) to Profit & Loss Account.	12.94	(5.11)

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

Derivative Instruments:

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

Currency swaps - The Company has entered into seven currency swap contracts covering the total external commercial borrowings of USD 100 mn., (last year 7 contracts covering USD 100 mn.) fixing the repayment liability of the company in Indian rupee. Consequent to repayment of part of the above loans, currency swap contracts outstanding at the year end is only to the extent of USD 45 mn.

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

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

Investments are valued at cost.

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

During the year, there was no amalgamation.

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

A Defined contribution plan

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

B Defined benefit plans

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

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

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(k) AS - 15 Accounting for Employee benefits – (continued)

C Disclosure as required by Accounting Standard 15	Rupees in crores		
	Leave Salary	Pension	Gratuity
(a) Expenses recognised in the Profit & Loss Account			
(i) Current service cost	1.03	–	1.98
(ii) Interest cost	0.31	2.76	2.10
(iii) Expected return on plan assets	–	–	(2.49)
(iv) Net actuarial loss/(gain) recognised in the year	1.24	1.44	1.73
Total	2.58	4.20	3.32
(b) Change in defined benefit obligation during the year ended 31 st March 2010			
(i) Present value of obligation as at the beginning of the year (01-04-2009)	4.62	31.72	26.23
(ii) Interest cost	0.31	2.76	2.10
(iii) Current service cost	1.03	–	1.98
(iv) Benefits paid	(1.32)	(0.23)	(1.35)
(v) Actuarial loss on obligation	1.24	1.44	1.73
(vi) Present value of obligation as at the end of the year (31-03-2010)	5.88	35.69	30.69
(c) Change in fair value of plan assets during the year ended 31 st March 2010			
(i) Fair value of plan assets at the beginning of the year (01-04-2009)	–	–	27.19
(ii) Expected return on plan assets	–	–	2.49
(iii) Contributions made during the year	–	–	4.82
(iv) Benefits paid	–	–	(1.35)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2010)	–	–	33.15
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2009)	4.62	31.72	(0.96)
(ii) Contributions made during the year	–	–	(4.82)
(iii) Expenses	2.58	4.20	3.32
(iv) Benefits paid	(1.32)	(0.23)	–
(v) Value of benefit obligations / (net assets) at the close of the year (31-03-2010)	5.88	35.69	# (2.46)
# Note: The net asset in respect of gratuity plan is not recognised as it is lying in an irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.75%	8.00%
(ii) Expected return on plan assets	NA	NA	8.00%
Estimates of future salary increase considered in actuarial valuation taking into account inflation, seniority and other relevant factors.			

Rupees in crores
As at/
Year ended As at/
31-03-2010 Year ended
31-03-2009

(l) AS - 16 Borrowing costs

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

Amount of borrowing costs attributable to qualifying assets capitalised during the year	1.57	2.05
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CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

(m) AS - 17 Segment reporting - year ended 31st March 2010

Rupees in crores

Particulars	Business segment		
	Automotive vehicles	Automotive components	Total
Revenue			
External sales - domestic	3,325.29	699.36	4,024.65
- exports	518.99	–	518.99
Inter segment sales	588.46	78.88	667.34
Total sales	4,432.74	778.24	5,210.98
Less: Inter segment sales	588.46	78.88	667.34
Net revenue	3,844.28	699.36	4,543.64
Segmentwise results before interest and tax	92.86	17.52	110.38
Less: Interest			(82.78)
Less: Loss of subsidiaries			(0.60)
Less: Inter segment Income / (expenses)			(5.69)
Profit before tax			21.31
Add : Tax credit		12.20	
Add : Pro-rata share of profit of associate			0.01
Profit after tax			33.52
Segment assets	2,444.96	181.63	2,626.59
Segment liabilities	1,894.85	81.28	1,976.13
Total cost incurred during the year to acquire segment assets	247.17	24.51	271.68
Segment depreciation	129.43	7.30	136.73
Non-cash expenses / (income) other than depreciation	(10.99)	–	(10.99)

Note:

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

(n) AS - 18 Related party disclosures

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

(o) AS - 19 Leases

No lease agreements were entered during the year.

(p) AS - 20 Earnings per share

Disclosure is made in the Profit and Loss Account as per the requirements of this accounting standard.

(q) AS - 22 Accounting for taxes on income

	Rupees in crores	
	Year ended 31-03-2010	Year ended 31-03-2009
(i) Deferred tax liability consists of:		
- tax on depreciation	115.02	164.84
- tax on amortisation of dies and moulds	17.84	20.65
- tax on expenses admissible on payment basis under the Income-tax Act, 1961	41.14	42.55
	(A) <u>174.00</u>	<u>228.04</u>

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(ii) Deferred tax asset consists of:		
- tax on provision in respect of expenditure which will be allowed under the Income-tax Act, 1961 only on payment basis	50.04	30.58
- Unabsorbed depreciation	65.06	109.60
- Unabsorbed capital loss	7.14	–
(B)	122.24	140.18
Deferred tax liability (net of deferred tax asset) (A)-(B) - refer Balance Sheet	51.76	87.86
(r) AS - 23 Accounting for investments in associate		
Name of the associate	TVS Lanka (Private) Limited, Colombo	
Method adopted in accounting for investment	Equity method	
(s) AS - 26 Accounting for intangible assets		
During the year the Company acquired the following assets falling under the definition of intangible assets as per the accounting standard and the following disclosure is made in respect of these assets:		
(i) Software		
- Estimated useful life of the asset	2 years	2 years
- Amortisation rates used	50% each year as depreciation	50% each year as depreciation
- Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
Opening balance	7.68	6.93
Additions during the year	1.61	0.75
Total	9.29	7.68
Amortised as depreciation	7.71	7.04
Closing written down value	1.58	0.64
(ii) Licence fees		
- Estimated useful life of the asset	7 years	7 years
- Amortisation rates used	14.29% each year as depreciation	14.29% each year as depreciation
- Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year		
Opening balance	0.55	0.55
Additions during the year	–	–
Total	0.55	0.55
Amortised as depreciation	0.47	0.39
Closing written down value	0.08	0.16

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(t) AS - 27 Financial reporting of interest in joint venture		
<p>The assets, liabilities, income and expenses of the jointly controlled entity have been recognised on a proportionate consolidation basis in this consolidated financial statement as prescribed in the Accounting Standard. During the year, the subsidiary company viz. Sundaram Auto Components Limited, Chennai entered into a joint venture agreement with Zodiac Business Solutions Pte. Limited, Singapore for establishing a joint venture for marketing the products of the Company. Accordingly, the subsidiary company has acquired one equity share of face value Dhs 1,00,000 (Rs. 0.14 crores) in TVS Global Automobile Traders FZCO, Dubai. The joint venture company has not commenced its operations as on the date of Balance Sheet.</p>		
(u) AS - 28 Impairment of assets		
<p>In respect of tools and dies meant for manufacture of certain slow moving models, accelerated depreciation amounting to Rs. 11.77 crores (last year Rs. 3.27 crores) has been provided during the year. Further, a sum of Rs. 0.06 crores (last year Rs. 0.20 crores) has been provided towards impairment of fixed assets. Other than the above, as on the balance sheet date, the carrying amounts of the assets net of accumulated depreciation is not less than the receivable amount of those assets.</p>		
(v) AS - 29 Provisions, contingent liabilities and contingent assets		
(i) Provisions		
<p>In respect of warranty obligations provision is made in accordance with terms of sale of vehicles vide schedule XIV (c) to the Balance Sheet.</p>		
(ii) Contingent liabilities		
<p>The amount for which the Company is contingently liable is disclosed in note no.10.</p>		
(iii) Contested liabilities are detailed in note no. 11.		
3 Amount of loan payable within one year:		
- External Commercial Borrowings - from banks	103.56	144.04
- Secured - from banks	70.55	194.42
- Secured - from others	-	60.00
- Unsecured - from banks	0.24	140.49
4 Land:		
<p>Title deeds in respect of land acquired near Ahmedabad in Gujarat at a cost of Rs. 0.01 crore is yet to be received from the registering authorities.</p>		
5 Bank balance includes amount in respect of		
(a) Unclaimed dividends	1.01	0.79
(b) Balances lying with non-scheduled banks:		
(i) HSBC Private Bank (Suisse) S.A., Singapore		
- in call deposit account	0.04	0.05
(ii) The Hongkong and Shanghai Banking Corpn. Limited, Hongkong		
- in current account (Current year - Nil Last Year - Rs. 24,754.66)	-	-
- in deposit account	-	0.13
(iii) Industrial and Commercial Bank of China, China.		
- in current account (Last year Rs. 13,414.85)	0.10	-
- in deposit account	-	0.03

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(c) Maximum amount invested in non-scheduled banks at any time during the year		
(i) HSBC Private Bank (Suisse) S.A., Singapore	0.06	0.05
(ii) The Hongkong and Shanghai Banking Corpn. Ltd., Hongkong	0.13	0.13
(iii) Industrial and Commercial Bank of China, China	0.23	0.32
6 Loans and advances include:		
(a) Loans and advances receivable		
- holding Company (Sundaram - Clayton Limited, Chennai)	50.00	–
- associate company upto 03.03.2010 (TVS Finance and Services Limited, Chennai)	1.58	1.94
- fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	–	6.20
(b) Maximum amounts due from the above companies at any time during the year		
- holding Company (Sundaram - Clayton Limited, Chennai)	50.00	10.00
- associate company upto 03.03.2010 (TVS Finance and Services Limited, Chennai)	19.94	2.33
- fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)	6.20	8.90
7 Deposits include:		
(a) Deposit with post office (Rs. 21,500/-)	–	–
(b) Deposit with central excise	0.20	0.46
(c) Deposit with sales tax authorities	1.99	1.74
(d) Deposit with entry tax authorities	0.48	–
8 Sundry creditors include :		
(a) Investor Education and Protection Fund - Unclaimed dividend	1.01	0.79
(b) Amount due to Small Scale Industrial units	29.12	29.52
(c) Amount due to other industrial units	513.61	423.44
9 Miscellaneous expenditure not written off:		
(a) New product launch expenses carried forward from earlier years is written off over 36 months. However, new product launch expenses incurred during this year is fully written off. Accounting Standard 26 is not applicable as it does not create any intangible asset or a resource.		
(b) Expenditure incurred in raising external commercial borrowings is being written off over the period of loan.		
(c) The expenditure incurred under Voluntary Retirement Scheme (VRS) was written off over a period of 5 years until 31.03.2009. However, the expenditure incurred during this year viz., Rs.2.20 Crores and the balance of expenditure as on 01.04.2009 that was not written off viz., Rs.5.15 crores aggregating to Rs.7.35 crores is fully charged off during the year in line with the requirements of AS 15.		
10 Contingent liability not provided for:		
(a) On counter guarantee given to banks	3.68	0.94
(b) On letters of credit	85.83	37.06
(c) On guarantee to Housing Development Finance Corporation Limited, Mumbai on loans granted to employees of the Company	1.25	1.25

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
(d) On bills discounted	17.53	77.62
(e) Capital commitments towards capital expenditure	5.01	5.87
(f) On obligation arising out of agreements facilitating credit to a company which was an associate upto 03.03.2010	16.66	41.50
(g) On obligation arising out of agreements facilitating credit to a subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	53.88	60.88
(h) On import of capital goods under Export Promotion Capital Goods Scheme	0.40	0.40
11 Liability contested and not provided for:		
(a) Excise	28.34	25.30
(b) Service Tax	14.99	14.22
(c) Customs	1.13	1.13
(d) Sales tax	3.40	3.16
(e) Electricity tax	0.63	0.63
(f) Income-tax	56.13	41.62
(g) Employee settlement claims	0.06	0.06
(h) Land acquisition matters	–	0.25
(i) Motor Vehicle Tax	0.28	–
12 Tax deducted at source:		
(a) On interest income	2.90	2.35
(b) On sub-contract receipts	0.03	0.04
(c) On professional services rendered	0.04	0.04
13 Contribution to provident and other funds include:		
(a) Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	5.00	2.91
(b) Contribution towards pension fund	5.73	3.61
14 Repairs include:		
(a) Wages	6.69	4.22
(b) Stores consumed	27.43	17.53
15 Audit fees comprise:		
(a) As auditors	0.49	0.46
(b) Taxation matters	0.04	0.04
(c) Certification matters	0.04	0.04
(d) Cost audit fees	0.02	0.02
Total	<u>0.59</u>	<u>0.56</u>
16 General:		
(a) Other expenses include travel and stay expenses of auditors	0.16	0.17
(b) Profit on sale of investments netted against loss on sale of investments	4.24	–
(c) Loss on sale of investments netted against profit on sale of investments	–	0.69
17 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.		

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

18 Related party disclosure

List of related parties

Reporting entities

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

Holding company

Sundaram-Clayton Limited, Chennai

Ultimate Holding company

TV Sundram Iyengar & Sons Ltd., Madurai.

Fellow subsidiaries

- 1 Anusha Investments Limited, Chennai
- 2 TVS Investments Limited, Chennai
- 3 TVS Electronics Limited, Chennai
- 4 TVS Capital Funds Limited, Chennai
- 5 TVS-E Access India Limited, Chennai
- 6 TVS-E Servicetec Limited, Chennai
- 7 Sravanaa Properties Limited, Chennai
- 8 Tumkur Property Holdings Limited, Chennai
- 9 Prime Property Holdings Limited, Chennai
- 10 Southern Roadways Limited, Madurai
- 11 Sundaram Industries Limited, Madurai
- 12 The Associated Auto Parts Limited, Mumbai
- 13 TVS Interconnect Systems Limited, Madurai
- 14 TVS Logistics Services Limited, Madurai
- 15 Lucas-TVS Limited, Chennai
- 16 Sundaram Textiles Limited, Madurai
- 17 NSM Holdings Limited, Madurai
- 18 TVSNet Technologies Limited, Madurai
- 19 TOR Projects & Services Limited, Madurai
- 20 NK Telecom Products Limited, Madurai
- 21 NK Telesystems Limited, Madurai
- 22 TVS Automotive Europe Limited, United Kingdom
- 23 TVS C J Components Limited, United Kingdom
- 24 TVS Logistics Iberia S.L., Spain
- 25 TVS Logistics Siam Limited, Thailand
- 26 TVS Autoserve GmbH, Germany
- 27 TVS Logistics Investment UK Limited, United Kingdom
- 28 YeleStre Holdings Limited, United Kingdom

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	29 Multipart (Holdings) Limited, United Kingdom
	30 Multipart Solutions Limited, United Kingdom
	31 IH Crick Property Co Limited, United Kingdom
	32 Msys Software Solutions Limited, United Kingdom
	33 Globe Dynamics Limited, United Kingdom
	34 Globe Transport Products Limited, United Kingdom
	35 TVS Dynamic Global Freight Services Limited, Chennai
	36 TVS Commutation Solutions Limited, Madurai
	37 Lucas Indian Service Limited, Chennai
	38 TVS Automotive Systems Limited, Chennai
	39 Iranian Automotive Systems, Iran
Associate companies	(a) TVS Lanka (Private) Limited, Colombo. (b) TVS Finance and Services Limited, Chennai (upto 03.03.2010)
Joint venture	TVS Andina S.A., Colombia
Key management personnel	(a) Mr. Venu Srinivasan, Chairman & Managing Director (b) Mr A.G. Giridharan - Subsidiary Company (Sundaram Auto Components Limited, Chennai. Manager within the meaning of Sections 269 & 386 of the Companies Act, 1956)
Enterprises over which Key management personnel and his relatives have significant influence	1 Harita-NTI Limited, Chennai 2 TVS Motor Foundation, Chennai
Relative of key management personnel	Dr. Lakshmi Venu - Subsidiary Company (Sundaram Auto Components Limited, Chennai Upto 21.03.2010) Daughter of Mr. Venu Srinivasan

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
19 Particulars of transactions with related parties		
(a) Purchase of goods		
- Ultimate Holding company (T V Sundram Iyengar & Sons Limited, Madurai)	0.25	-
- Holding company (Sundaram-Clayton Limited, Chennai)	90.06	92.14
- Fellow subsidiaries (Lucas-TVS Limited, Chennai and Sundaram Industries Ltd, Madurai)	18.86	-
- Enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)	0.92	-
(b) Sale of goods		
- Holding company (Sundaram-Clayton Limited, Chennai)	0.93	0.21
- Associate company (TVS Lanka (Private) Limited, Colombo)	61.17	54.54
- Joint venture (TVS Andina S.A., Colombia)	2.55	3.26
(c) Sale of investments		
- Fellow subsidiary (TVS-E Access India Limited, Chennai)	0.09	-
(d) Purchase of fixed assets		
- Ultimate Holding company (T V Sundram Iyengar & Sons Limited, Madurai)	1.14	-
(e) Rendering of services (including interest and sub-contract charges received)		
- Holding company (Sundaram-Clayton Limited, Chennai)	1.32	0.59
- Associate company (TVS Finance and Services Limited, Chennai) - Associate Company upto 03.03.2010.	0.41	-
- Fellow subsidiaries (TVS Electronics Limited, Chennai, Anusha Investments Limited, Chennai, TVS-E Servicetec Limited, Chennai, TVS Investments Limited, Chennai, and TVS Logistics Services Limited, Madurai)	0.68	0.73
(f) Availing of services (including sub-contract charges paid)		
- Holding company (Sundaram-Clayton Limited, Chennai)	30.70	26.45
- Fellow subsidiaries (TVS Electronics Limited, Chennai, TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, TVS Logistics Services Limited, Madurai)	45.38	0.62
(g) Trade advances made during the year		
- Holding company (Sundaram-Clayton Limited, Chennai)	50.00	10.00
- Associate company (TVS Finance and Services Limited, Chennai) - Associate Company upto 03.03.2010.	18.00	-
- Fellow subsidiaries (TVS Investments Limited, Chennai, Anusha Investments Limited, Chennai)	-	3.90
(h) Other advances made during the year		
- Enterprise over which key management personnel and his relatives have significant influence (TVS Motor Foundation, Chennai)	33.13	-
(i) Trade advances received back during the year		
- Holding company (Sundaram-Clayton Limited, Chennai)	-	10.00
- Associate company (TVS Finance and Services Limited, Chennai) - Associate Company upto 03.03.2010.	18.36	0.39
- Fellow subsidiaries (TVS Investments Limited, Chennai, Anusha Investments Limited, Chennai)	6.20	2.70
(j) Trade advances received during the year		
- Holding company (Sundaram-Clayton Limited, Chennai)	-	10.00
(k) Trade advances repaid during the year		
- Holding company (Sundaram-Clayton Limited, Chennai)	-	10.00

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Schedules – (continued)

XXI NOTES ON ACCOUNTS – (continued)

			Rupees in crores	
			As at/ Year ended 31-03-2010	As at/ Year ended 31-03-2009
19 Particulars of transactions with related parties (Contd.)				
(I) Amount outstanding as at Balance Sheet date:				
(i) Sundry debtors				
-	Fellow subsidiaries (TVS Electronics Limited, Chennai, TVS E-Servicetec Limited, Chennai)		0.03	0.13
-	Joint Venture (TVS Andina S.A. Colombia)		1.36	1.63
-	Associate company (TVS Lanka (Private) Limited, Colombo)		19.01	2.46
(ii) Loans and advances receivable				
-	Holding company (Sundaram-Clayton Limited, Chennai)		50.00	-
-	Associate company (TVS Finance and Services Limited, Chennai - associate upto 03.03.2010)		1.58	1.94
-	Fellow subsidiaries (TVS Investments Limited, Chennai and Anusha Investments Limited, Chennai)		-	6.20
-	Enterprise over which key management personnel and his relatives have significant influence (TVS Motor Foundation, Chennai)		33.13	-
(iii) Sundry creditors				
-	Ultimate holding company (TV Sundram Iyengar & Sons Limited, Madurai)		0.01	0.02
-	Holding company (Sundaram-Clayton Limited, Chennai)		-	19.56
-	Fellow Subsidiaries (TVS Electronics Ltd., Chennai, TVS-E Servicetec Limited, Chennai, Southern Roadways Limited, Madurai, Sundaram Industries Limited, Madurai, TVS Logistics Services Limited, Madurai, Lucas-TVS Limited, Chennai)		15.62	5.17
-	Enterprise over which key management personnel and his relatives have significant influence (Harita-NTI Limited, Chennai)		0.08	0.01
(iv) Investment made during the year				
-	Subsidiary companies			
	TVS Motor (Singapore) Pte Limited, Singapore,		93.55	60.68
	Sundaram Auto Components Limited, Chennai		-	18.50
	TVS Energy Limited, Chennai		37.50	-
-	Associate companies			
	TVS Lanka (Private) Limited, Colombo		-	2.08
	TVS Finance and Services Limited, Chennai - associate upto 03.03.2010		2.20	-
-	Joint venture: TVS Andina S.A., Colombia		-	0.13
(m) Obligation arising out of agreements facilitating credit to associate company - TVS Finance and Services Limited, Chennai (Associate upto 03.03.2010)				
			16.66	41.50
Obligation arising out of agreements facilitating credit to a subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)				
			53.88	60.88
(n) Remuneration to key management personnel				
			2.31	-
(o) Remuneration to relative of key management personnel				
			0.05	0.05
VENU SRINIVASAN <i>Chairman & Managing Director</i>	H. LAKSHMANAN <i>Director</i>	S.G. MURALI <i>Executive Vice President – Finance</i>	As per our report annexed For Sundaram & Srinivasan <i>Chartered Accountants</i> Firm Regn. No.: 004207S	
Bengaluru July 21, 2010		K.S. SRINIVASAN <i>Secretary</i>	M. BALASUBRAMANIAM <i>Partner</i> Membership No.: F7945	

CONSOLIDATED ACCOUNTS OF TVS MOTOR COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Cash Flow Statement

	Rupees in crores	
	Year ended 31-03-2010	Year ended 31-03-2009
A. Cash flow from operating activities:		
Net profit for the year	21.31	(91.18)
Add:		
Depreciation	136.73	133.15
Depreciation withdrawn on sale/scraping of assets	(18.60)	(7.14)
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	(12.94)	5.11
Profit on sale of fixed assets	(54.32)	(0.79)
Loss on sale of fixed assets	0.37	0.59
Miscellaneous expenditure written off	1.95	1.95
Loss on sale of investment	47.33	-
Profit on sale of investment	(4.74)	(1.44)
Income tax relating to earlier years	(0.17)	0.05
Dividend income	(0.14)	(0.11)
Interest income	(6.53)	(4.16)
Interest expenditure	89.31	78.63
	178.25	205.84
Operating profit before working capital changes	199.56	114.66
Adjustments for:		
Trade receivables	(33.07)	(107.93)
Inventories	24.24	73.88
Other current assets	0.25	0.30
Loans and advances	(49.94)	(66.07)
Trade payables	123.33	54.35
Provisions	19.57	5.72
	84.38	(39.75)
Cash generated from operations	283.94	74.91
Direct taxes paid	(23.73)	(6.90)
Net cash from operating activities (A)	260.21	68.01
B. Cash flow from investing activities:		
Purchase of fixed assets	(104.25)	(54.18)
Sale of fixed assets	83.92	8.16
Capital work-in-progress	11.72	(12.52)
Purchase of investments	(936.67)	(338.84)
Sale of investments	704.73	275.71
Miscellaneous expenditure not written off	50.13	(17.52)
Interest received	6.53	4.16
Dividend received	0.14	0.11
Net cash used in investment activities (B)	(183.75)	(134.92)
C. Cash flow from financing activities :		
Secured loans availed	313.81	172.74
Unsecured loans availed/(repaid)	(134.40)	(45.17)
Sales tax deferral loan availed	27.93	27.80
Interest paid	(89.31)	(78.63)
Dividend and dividend tax paid	(38.92)	(19.46)
	79.11	57.28
Net cash used in financing activities (C)	79.11	57.28
D. Net increase in cash and cash equivalents (A) + (B) + (C)	155.57	(9.63)
Cash and cash equivalents at the beginning of the year		
Cash & bank	67.43	14.72
Cash credit - balances	(98.05)	(35.71)
	(30.62)	(20.99)
Cash and cash equivalents at the end of the year		
Cash & bank	124.95	67.43
Cash credit - balances	-	(98.05)
	124.95	(30.62)

Notes:

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

VENU SRINIVASAN <i>Chairman & Managing Director</i>	H. LAKSHMANAN <i>Director</i>	S.G. MURALI <i>Executive Vice President – Finance</i>	As per our report annexed For Sundaram & Srinivasan <i>Chartered Accountants</i> Firm Regn. No.: 004207S
Bengaluru July 21, 2010	K.S. SRINIVASAN <i>Secretary</i>	M. BALASUBRAMANIAM <i>Partner</i> Membership No.: F7945	

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

S No	Particulars	Name of subsidiaries						
		Sundaram Auto Components Limited	TVS Energy Limited	TVS Motor Company (Europe) B.V.	TVS Motor Company (Singapore) Pte. Limited	PT. TVS Motor Company Indonesia	Indonesian Rupiah in Million	
	Reporting currency	Rs. in crores	Rs. in crores	US \$ in Million	Rs. in crores	Singapore \$ in Million	Rs. in crores	Indonesian Rupiah in Million
(a)	Capital	7.40	37.50	20.70	201.20	64.36	287.78	633,100.00
(b)	Reserves	36.13	(0.20)	(0.36)	(5.08)	(0.39)	(232.36)	(467,731.86)
(c)	Total assets	181.63	37.30	36.01	196.18	63.99	245.94	537,055.33
(d)	Total liabilities	181.63	37.30	36.01	196.18	63.99	245.94	537,055.33
(e)	Details of investment	0.16	14.04	-	-	-	-	-
(f)	Turnover including other income	779.20	0.04	-	-	-	81.17	166,228.66
(g)	Profit before taxation	12.40	(0.20)	(0.05)	(1.31)	(0.38)	(104.49)	(219,294.15)
(h)	Provision for taxation	2.40	-	-	-	-	(2.76)	(5,588.94)
(i)	Profit after taxation	10.00	(0.20)	(0.05)	(1.31)	(0.38)	(101.73)	(213,705.21)
(j)	Proposed dividend	2.59	-	-	-	-	-	-

Notes:

- In the consolidation, the accounts of subsidiaries have been re-stated in line with Indian GAAP and as required by the Accounting Standard 21 issued by The Institute of Chartered Accountants of India, wherever applicable.
- The Financial Statements of the subsidiaries whose reporting currency are other than INR are converted into Indian rupees on the basis of following exchange rates:

Particulars	For Assets and Liabilities at Closing Exchange rate	For Profit and Loss Items at Daily Average rate
US \$ to INR	Rs. 44.90 / US \$	Rs. 47.74 / US \$
Indonesian Rupiah (IDR) to INR	Rs. 0.0049 / IDR	Rs. 0.0048 / IDR
Singapore \$ to INR	Rs. 34.09 / Singapore \$	Rs. 33.45 / Singapore \$

- Investments exclude investment in subsidiaries.

TVS MOTOR COMPANY LIMITED

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

ATTENDANCE SLIP

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

Name of the attending member _____

DP Id.* _____ Client Id.* _____

Folio No.** _____ No. of shares _____

Name of proxy _____
(If proxy attends instead of member)

I hereby register my presence at the annual general meeting.

Venue : 'Naradha Gana Sabha Trust'
Sathguru Gnanananda Hall,
No. 314 T.T.K Road,
Chennai - 600 018.

Date : Wednesday, 8th September 2010

Time : 10.00 a.m.

Signature of member/proxy

* Applicable for investors holding shares in electronic form.

** Applicable for investors holding shares in physical form.

REQUEST TO MEMBERS

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

----- Tear Here -----

TVS MOTOR COMPANY LIMITED

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

PROXY FORM

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

I/We _____ of _____ in the district of _____ being a Member/Members of TVS MOTOR COMPANY LIMITED hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the annual general meeting of the company to be held on Wednesday, the 8th September 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010.

For Office use	
Proxy No.	
Date of receipt	
No. of shares	

Revenue Stamp

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

* Applicable for investors holding shares in electronic form.

** Applicable for investors holding shares in physical form.

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

