

TVS MOTOR COMPANY LIMITED

Twentieth Annual Report 2011-2012





TVS MOTOR COMPANY LIMITED

Board of Directors
VENU SRINIVASAN
Chairman & Managing Director
H. LAKSHMANAN
T. KANNAN
C. R. DUA
K. S. BAJPAI
R. RAMAKRISHNAN
PRINCE ASIRVATHAM

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

Investors' Grievance Committee
T. KANNAN
Chairman

VENU SRINIVASAN
R. RAMAKRISHNAN

President & CEO
K.N. RADHAKRISHNAN

Executive Vice President - Finance
S.G. MURALI

Company Secretary
K.S. SRINIVASAN

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

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

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

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

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

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

Registered office

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

Factories

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

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

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

Website : www.tvsmotor.in

Subsidiary Companies

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

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Financial Highlights

Rupees in crores

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

Notes:

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

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

Notice to Shareholders

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

ORDINARY BUSINESS

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

RESOLVED THAT the audited balance sheet as at 31st March 2012 and the statement of profit and loss for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting, be and the same are hereby, approved and adopted.

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

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

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

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

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

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

SPECIAL BUSINESS

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

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

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

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

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

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

By order of the board

Bengaluru
May 24, 2012

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

K S SRINIVASAN
Company Secretary

Notes:

- 1) **A member, entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting.**

- 2) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special businesses as set out in the notice is annexed hereto.
- 3) The register of members and the share transfer register will remain closed for a period of 2 days viz., 11th September 2012 and 12th September 2012 for the purpose of annual general meeting of the Company.

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

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

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

- 5) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
- 6) Members are requested to notify any change in their address to the Company immediately. Members holding shares in electronic form are requested to advise change of address to their depository participants.
- 7) As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
- 8) Members are requested to affix their signature at the space provided on the attendance slip annexed to proxy form and hand over the slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorising their representative to attend and vote at the annual general meeting.

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

I. Mr T Kannan

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

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

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

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

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

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

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

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

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

He is the Chairman of the audit committee and investors' grievance committee of the Company. He holds 1,31,180 equity shares in the Company and he is not related to any director of the Company. Details of his other directorships / membership of committees are given below:

| S. No | Name of the company | Nature of interest | Committee membership / chairmanship |
|-------|--|-----------------------|---|
| 1. | Thiagarajar Mills Private Limited | Managing Director | — |
| 2. | VTM Limited | Chairman and Director | Member - Share Transfer, Demat and Shareholders Grievance Committee |
| 3. | Thiagarajar Telekom Solutions Limited | Chairman and Director | — |
| 4. | Sundaram Textiles Limited | Director | — |
| 5. | Colour Yarns Limited | Director | — |
| 6. | Sundaram Brake Linings Limited | Director | Member - Audit Committee Member - Investors' Grievance Committee |
| 7. | SIMA Textile Processing Centre Limited | Director | — |
| 8. | ATC Tires Private Limited | Director | — |

II. Mr Prince Asirvatham

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

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

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

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

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

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

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

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

| S. No | Name of the company | Nature of interest | Committee membership / chairmanship |
|-------|--|--------------------|-------------------------------------|
| 1. | Gokaldas Exports Limited | Director | Chairman - Audit Committee |
| 2. | Guardian Risk Advisors Private Limited | Promoter Director | — |

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

The following explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying notice dated 24th May 2012 and shall be taken as forming part of the notice.

Item No.5

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

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

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

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

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

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

Item No.6

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

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

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

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

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

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

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

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

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

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

By order of the board

Bengaluru
May 24, 2012

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

K S SRINIVASAN
Company Secretary

Directors' report to the Shareholders

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

1. FINANCIAL HIGHLIGHTS

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

2. DIVIDEND

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

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

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

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

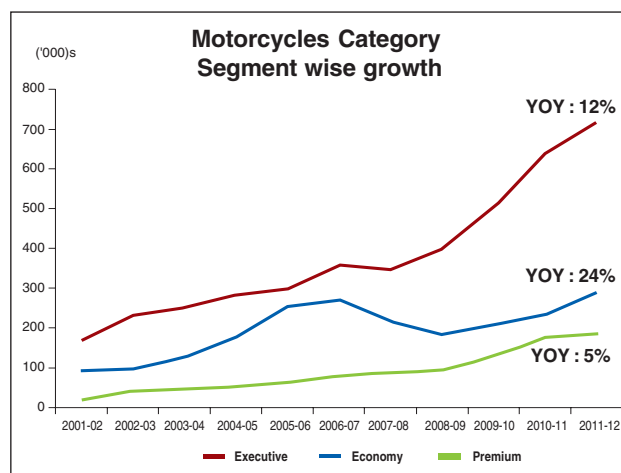
The macro-economic environment in 2011-12 presented several challenges. Uncertainty in economic scenario, both global and domestic further affected consumer sentiment. Consequently, the growth in two wheeler industry slowed down to 16% from a high of 27% in 2010-11. The momentum of previous year continued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

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

Industry sales of two wheelers (Domestic plus Export)

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

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



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

BUSINESS OUTLOOK AND OVERVIEW

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

COMPANY PERFORMANCE

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

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

New Product Launches and Initiatives

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

TVS StaR City:



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

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

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

wego:



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

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

Streak:



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

Two wheeler operations:

Domestic:

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

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

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

Exports:

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