



WELCOME

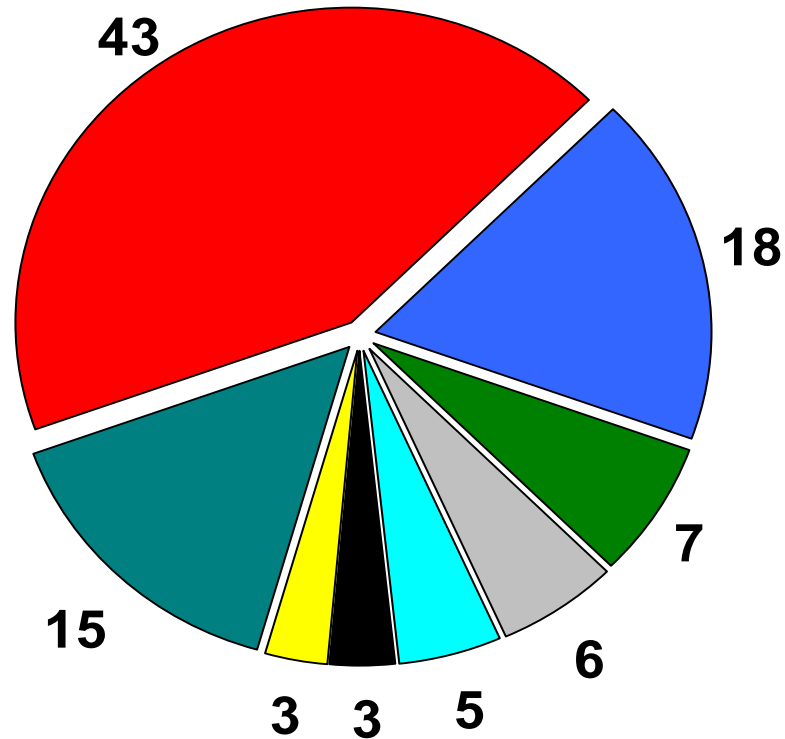
Presentation plan

- 1. Global two wheeler scenario**
- 2. Two wheeler industry in India**
- 3. TVS Motor performance**
- 4. Key initiatives / achievements**
- 5. Future plans**

1. Global two wheeler scenario

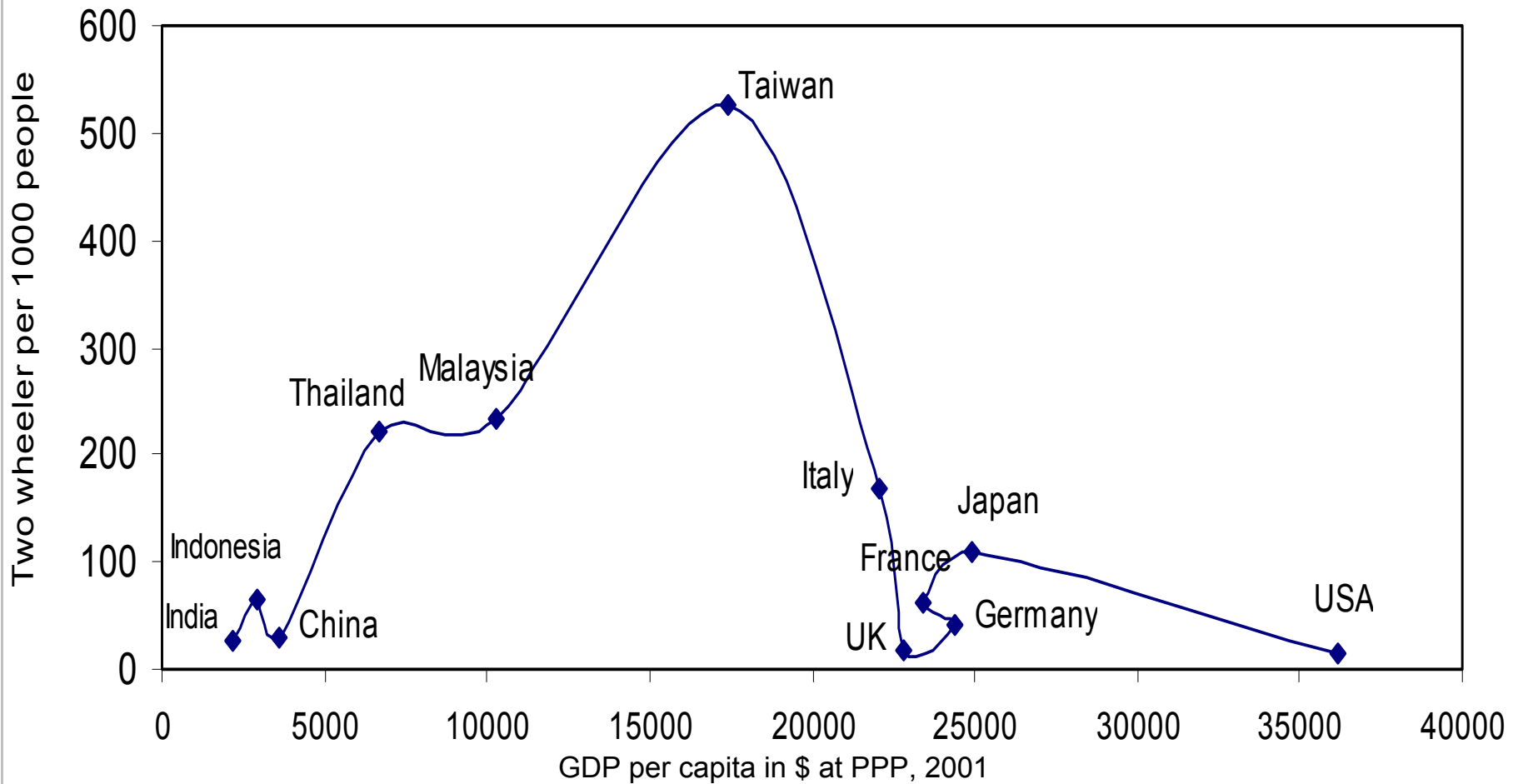
Global two wheeler market - 2002

Figures in %



Size of the total market in 2002: 28 million numbers

Relationship between GDP & Penetration



2. Two wheeler industry

All India

India – Macro Economic Scene

Population : 1 Billion

GDP growth (CAGR 5 yrs) : 5.5%

Inflation : < 5%

Growing urban middle class

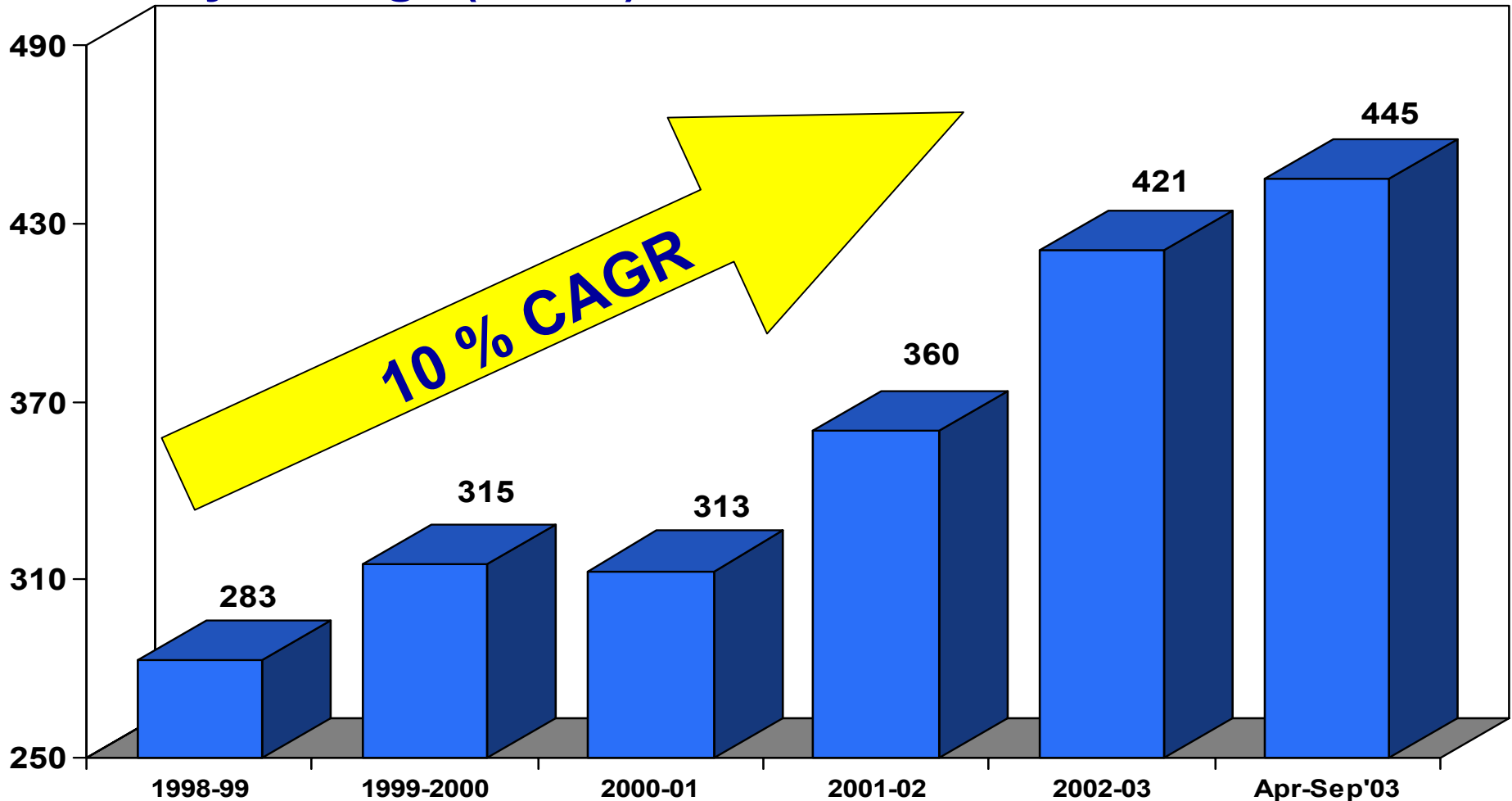
Good monsoon triggering growth in rural economy

Consumer profile & trends

- Younger age profile
- Emerging youth power and equality of sexes
- Multiple ownership families
- Media reach rapidly growing (Urban – 80%, Rural – 40%)
- Urbanisation is growing at 3.5% p.a – now at 30%
- Personal transportation led by personal aspirations

Two-wheeler industry sales trend – All India

Monthly average (000's)



Two wheeler industry has grown by 10% CAGR. In Apr-Sep 03, industry growth is 8%. Good monsoon is likely to trigger higher growth in second half

Two wheeler industry categorywise sales growth

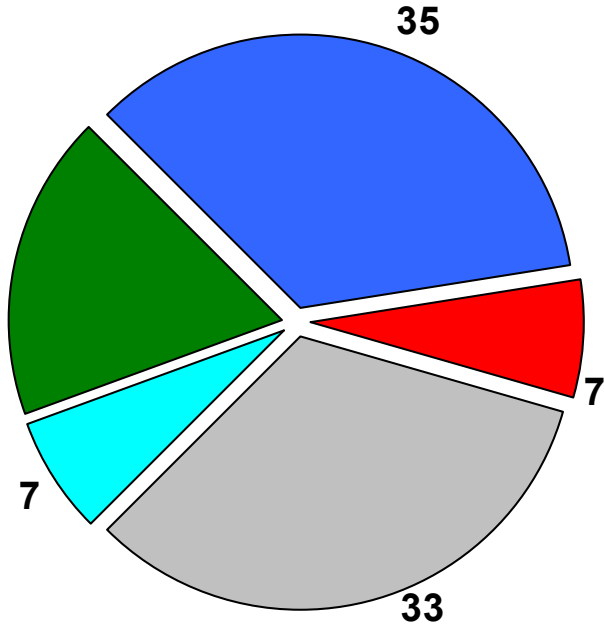
Category	1998-99 to 2002-03	Apr-Sep 2003
Motorcycles	31%	13%
Step thrus	-26%	-55%
Ung geared scooter	22%	26%
Geared scooter	-23%	-32%
Mopeds	-13%	-9%
Total two wheeler	10%	8%

Two wheeler sales growth is fuelled by motorcycle and ungeared scooters sales growth

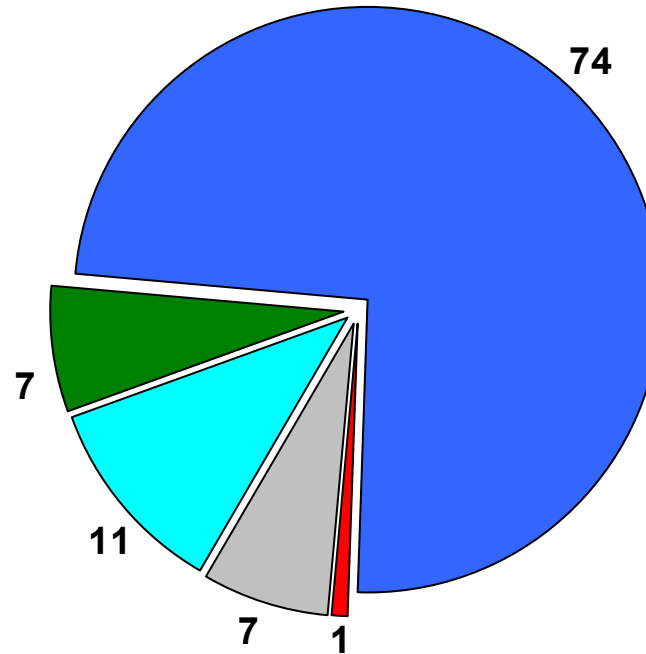
Two-wheeler industry – All India

Category share %

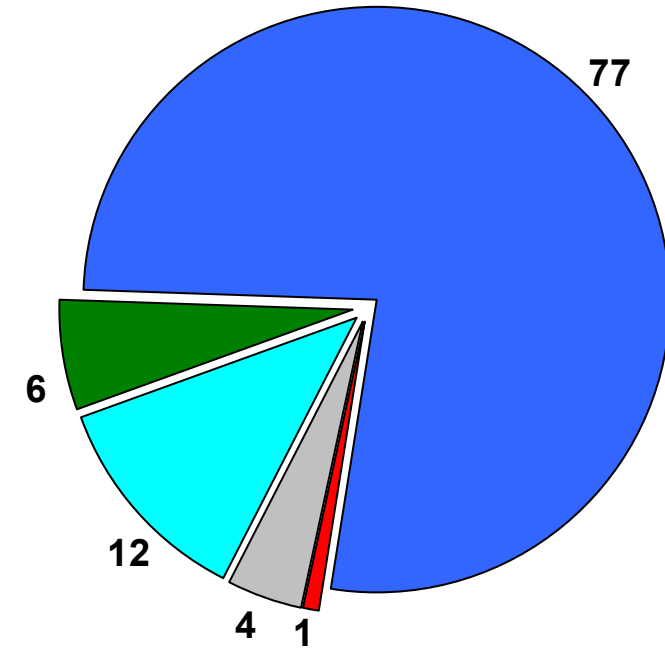
1998-99



2002-03



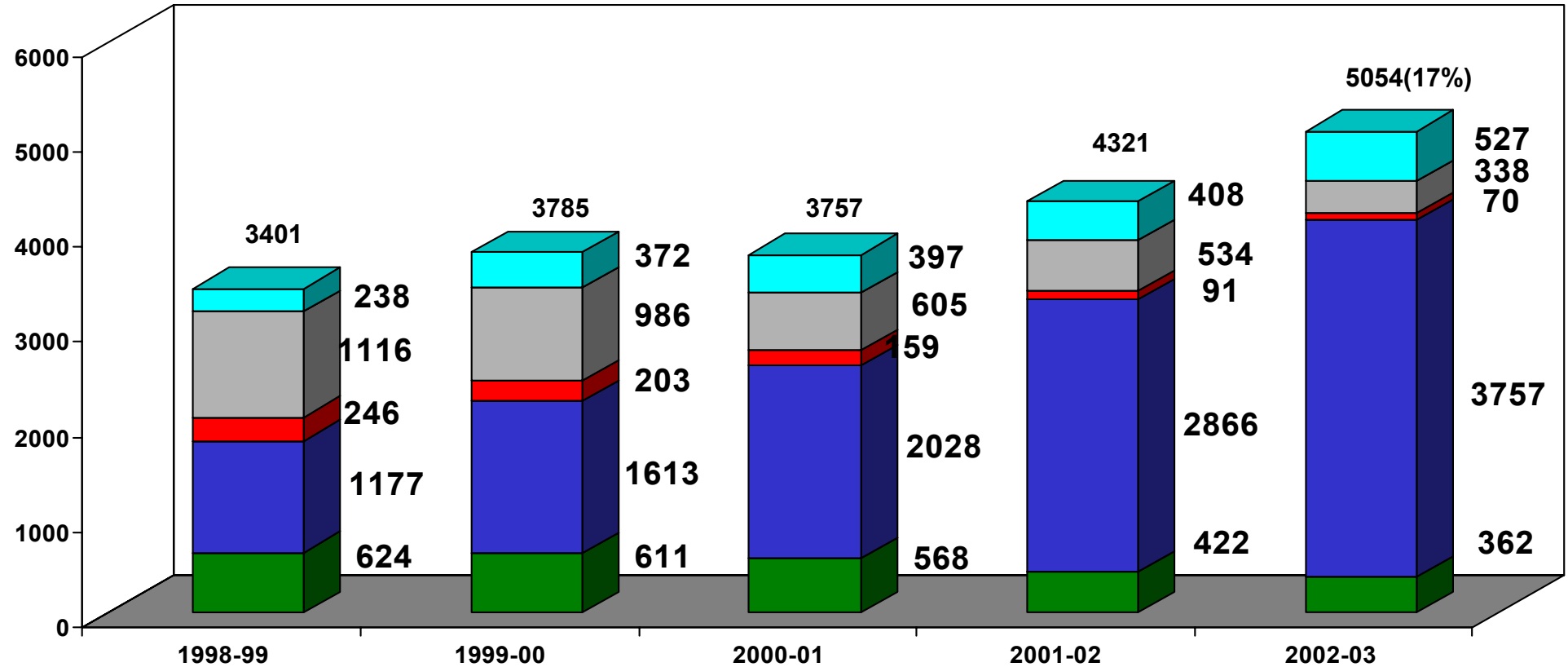
2003-04 (Apr-Sep'03)



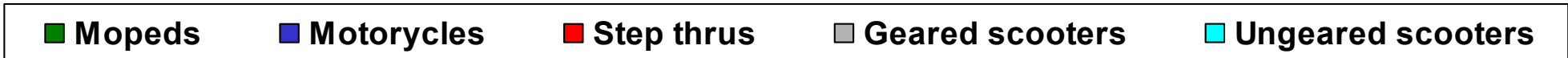
Significant growth in motorcycles category

Two wheeler industry projections - Categorywise

Volume in 000's



Figures in () indicate growth over previous year

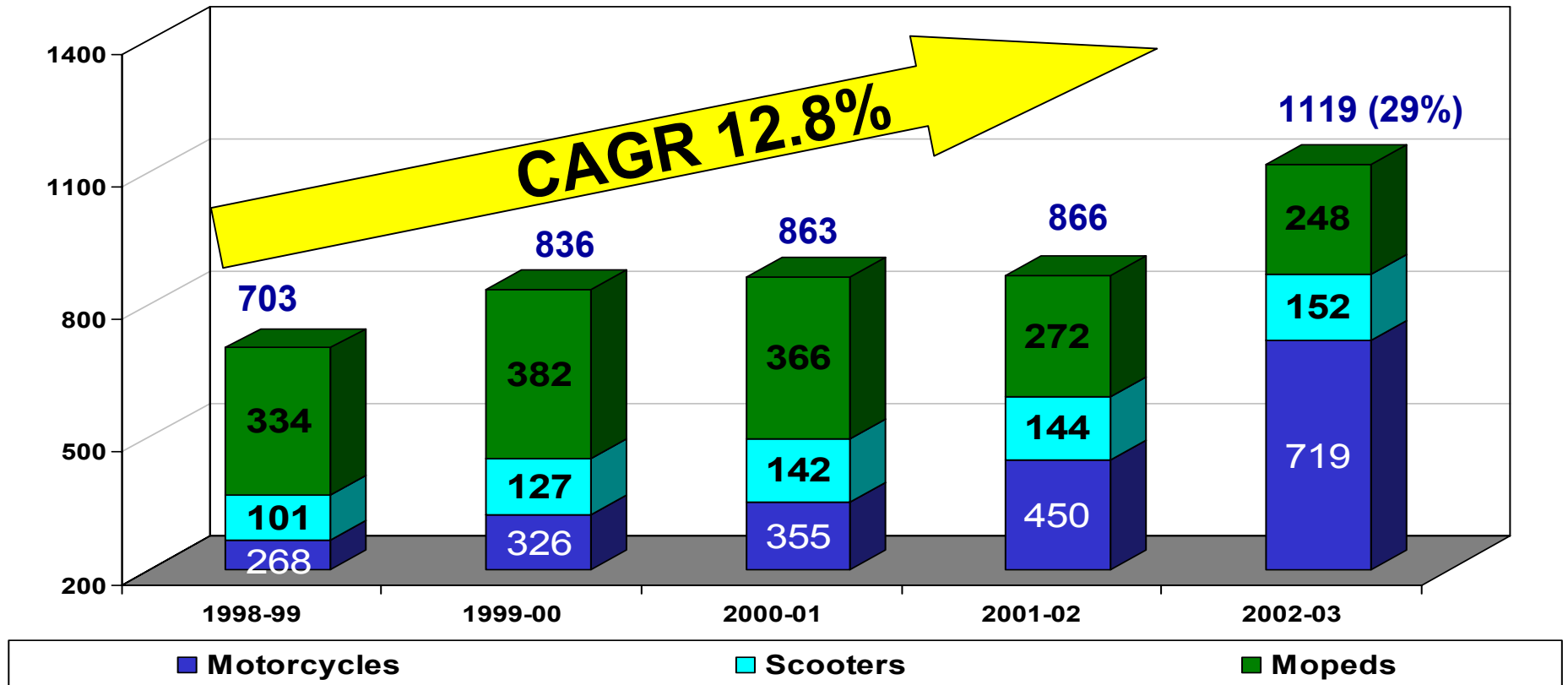


Two wheeler industry is expected to grow by 10 % over 2002-03 fuelled by growth in motorcycles and ungeared scooters.

3.TVS Motor performance

TVS Motor's vehicle sales (categorywise)

Volume (in 000's)

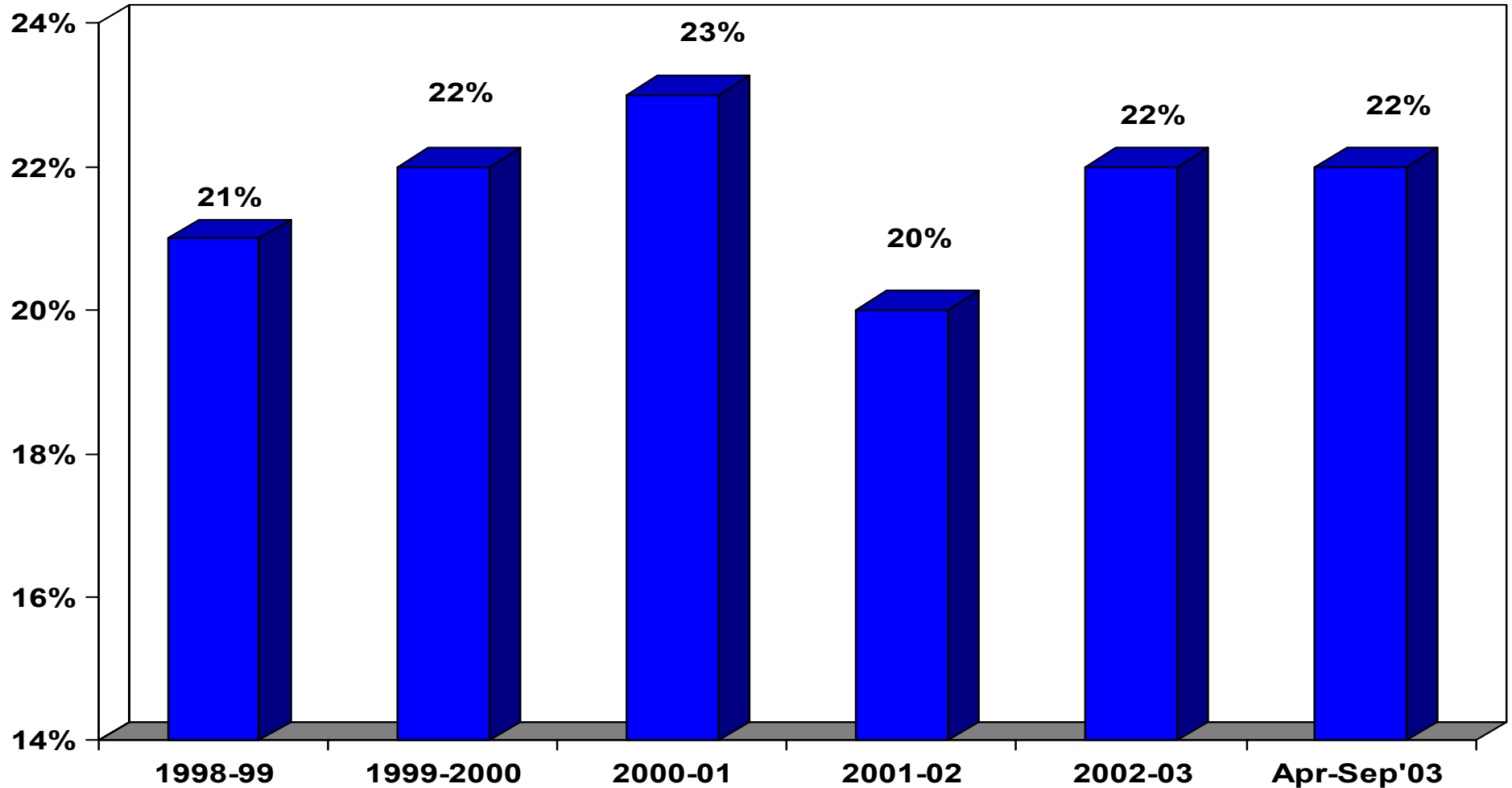


Figures in () indicate growth over previous year

Actual growth of TVS Motor total sales in first half is 5% over previous year with better product mix. Growth in second half will be triggered by new products

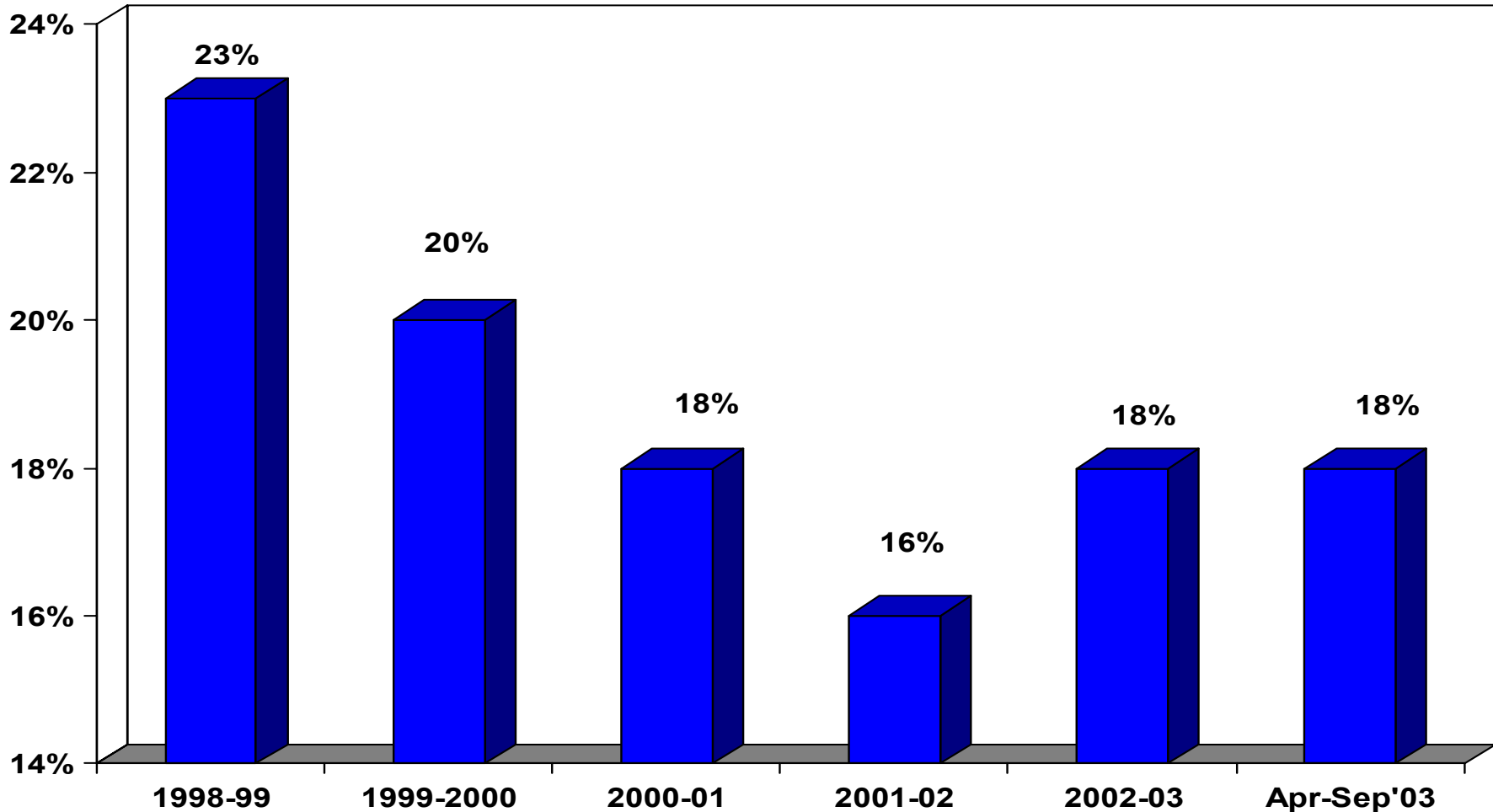
TVS Motor's total market share

Market share(%)



TVS Motor's motorcycle market share

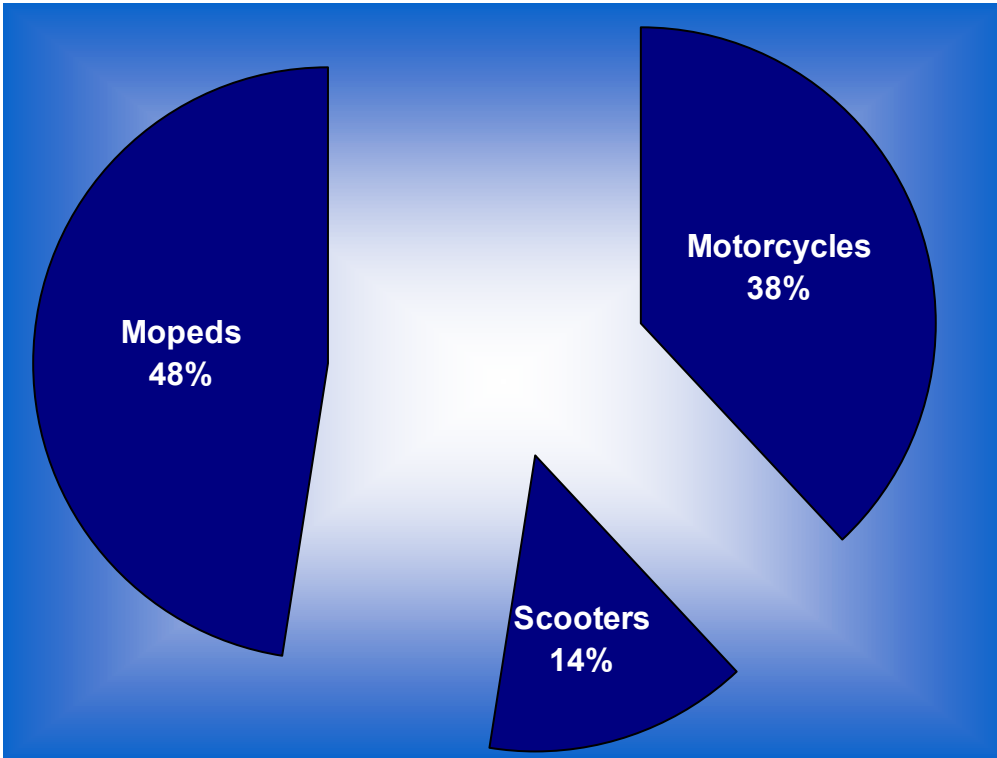
Market share(%)



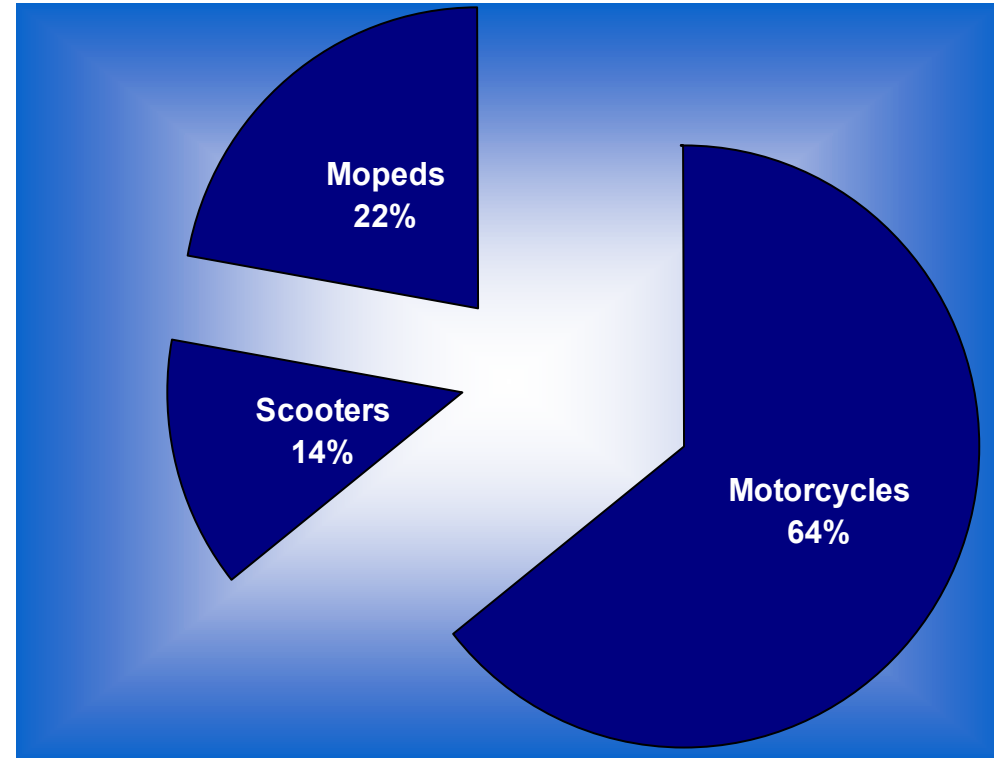
Despite drop in 2 stroke, growth of TVS Victor and new products will help in improving market share

Changing profile of TVS Motor

Composition of sales numbers in 1998-99

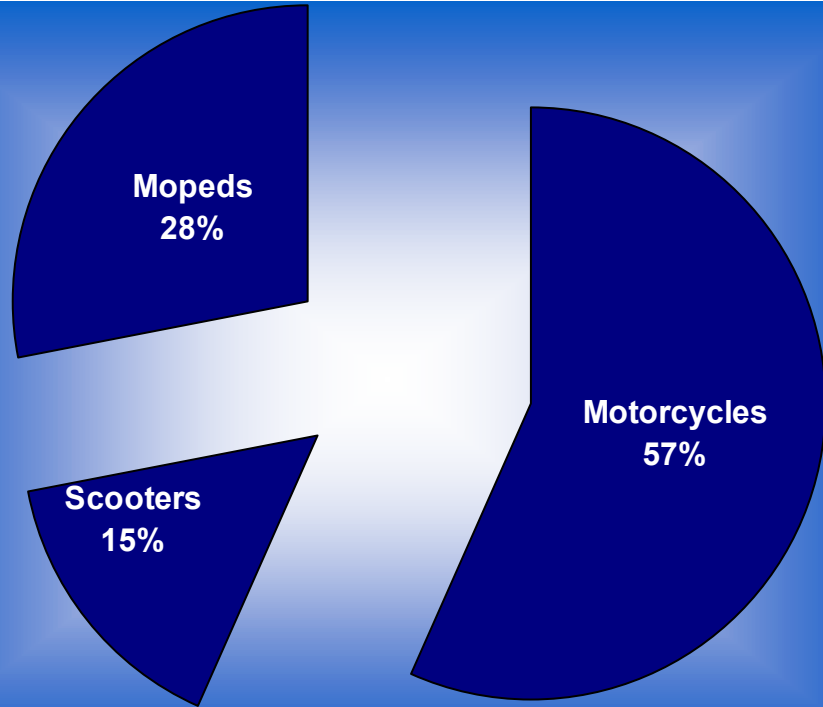


Composition of sales numbers in 2002-03

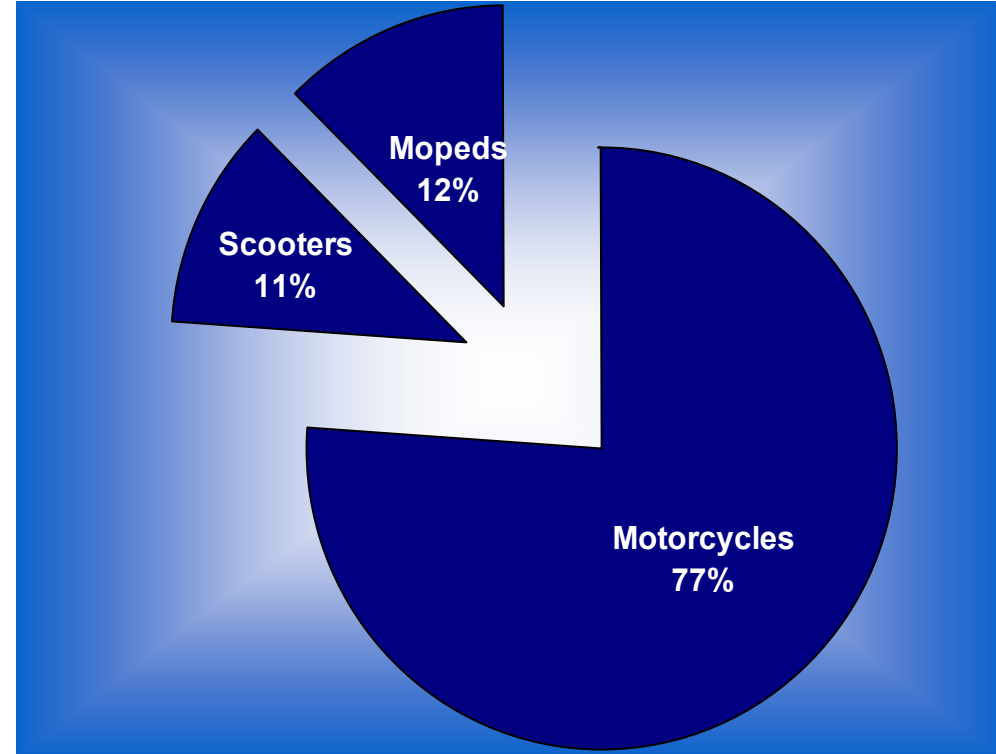


Changing profile of TVS Motor

Composition of turnover in 1998-99

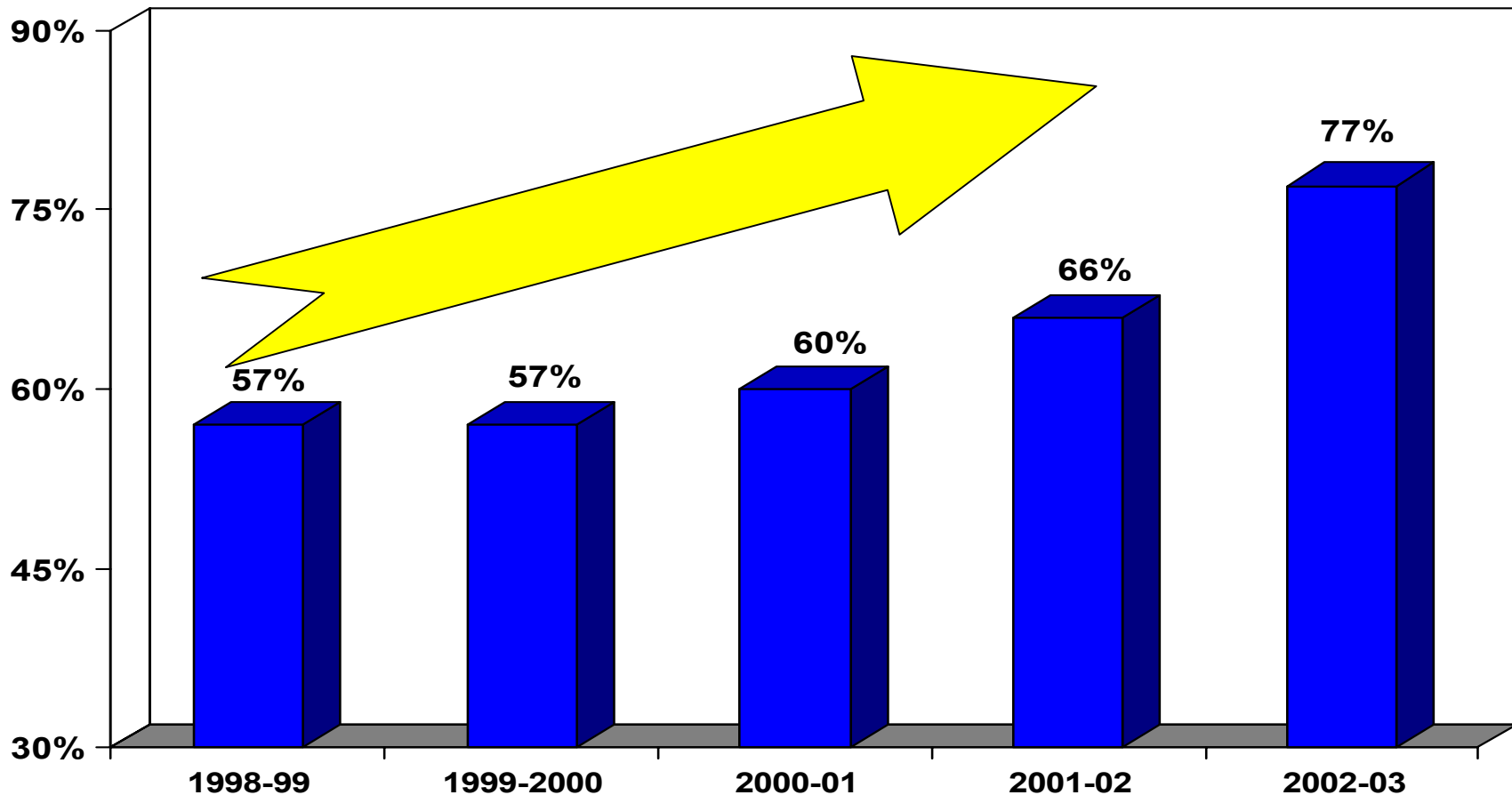


Composition of turnover in 2002-03



TVS Motor motorcycle revenue

% of total vehicle revenue

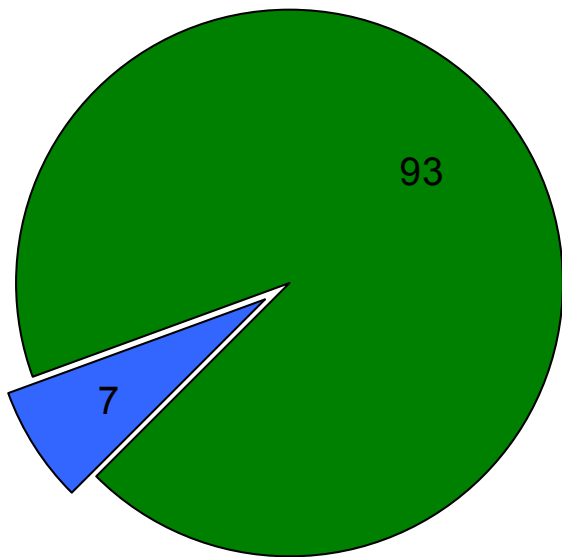


Percentage revenue from motorcycles has substantially increased

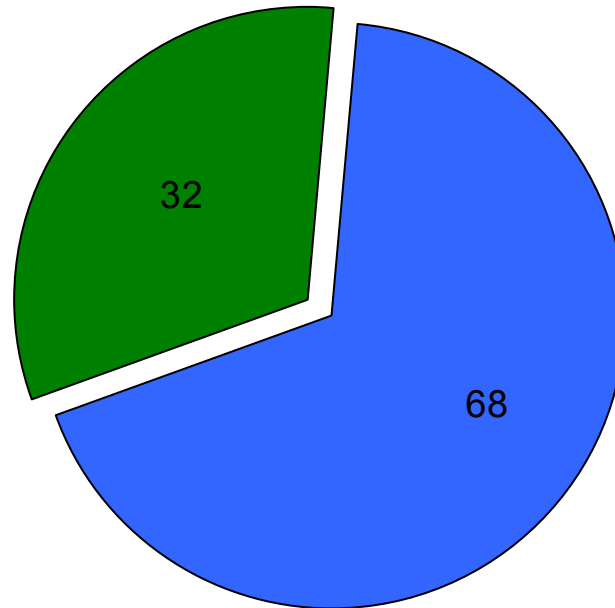
Changing product profile

Capacity of 4 stroke vehicles in total vehicles

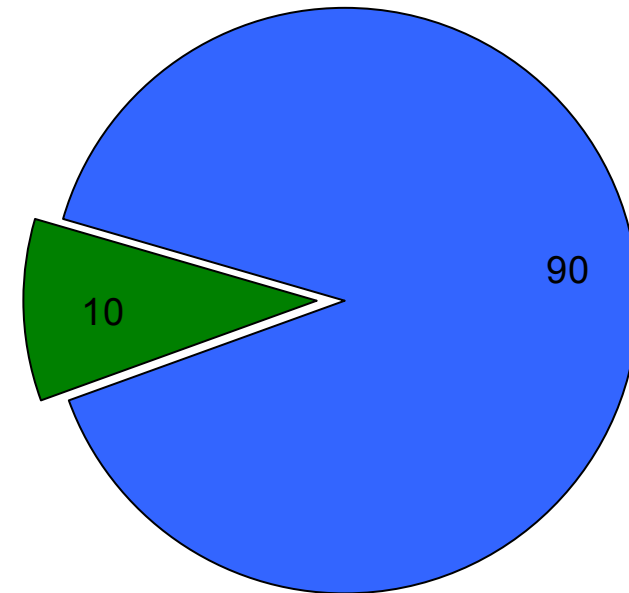
2001-02



2003-04 projn.



2004-05 projn.

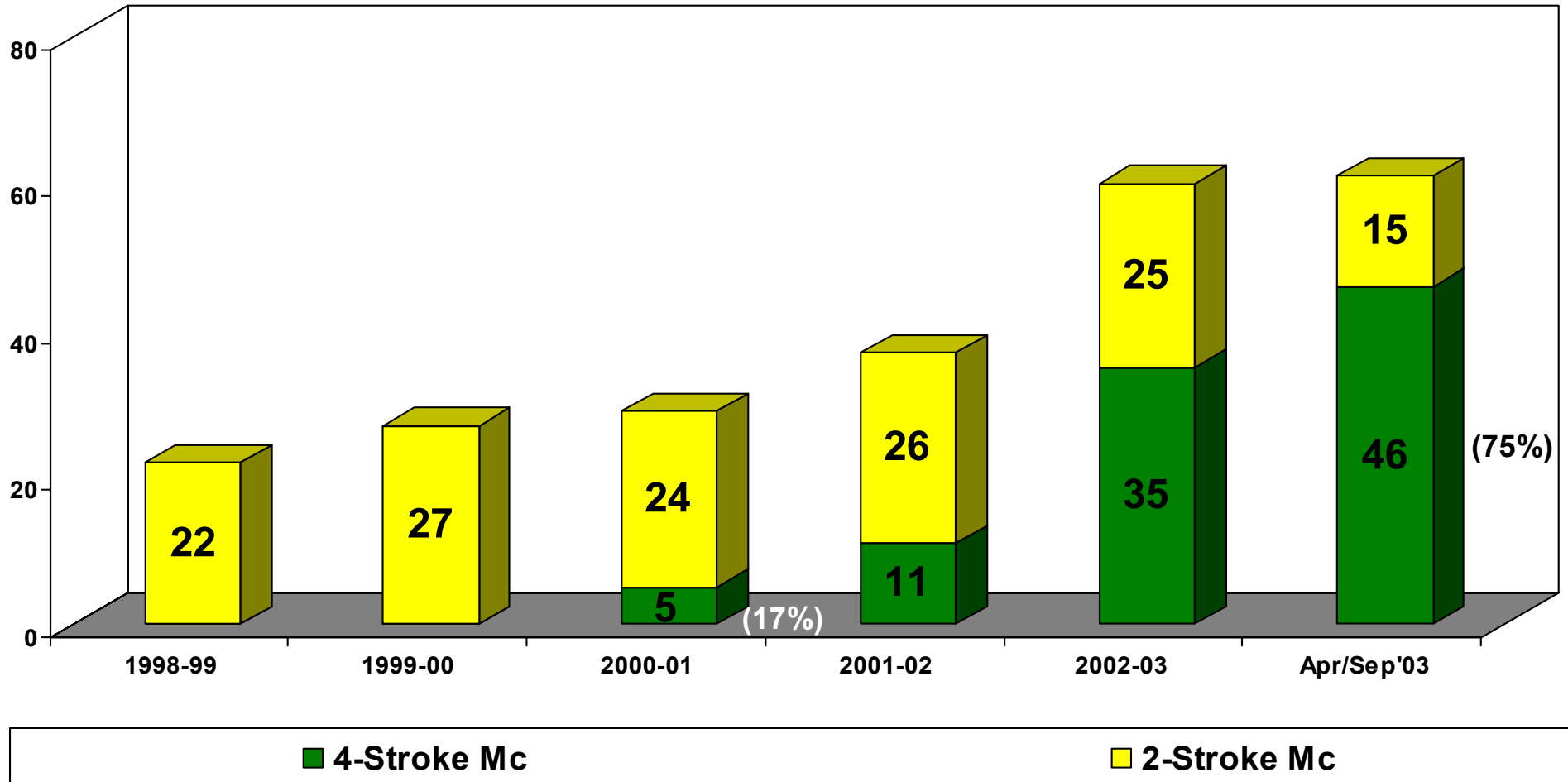


■ 2 S Motorcycles

■ 4 S Motorcycles

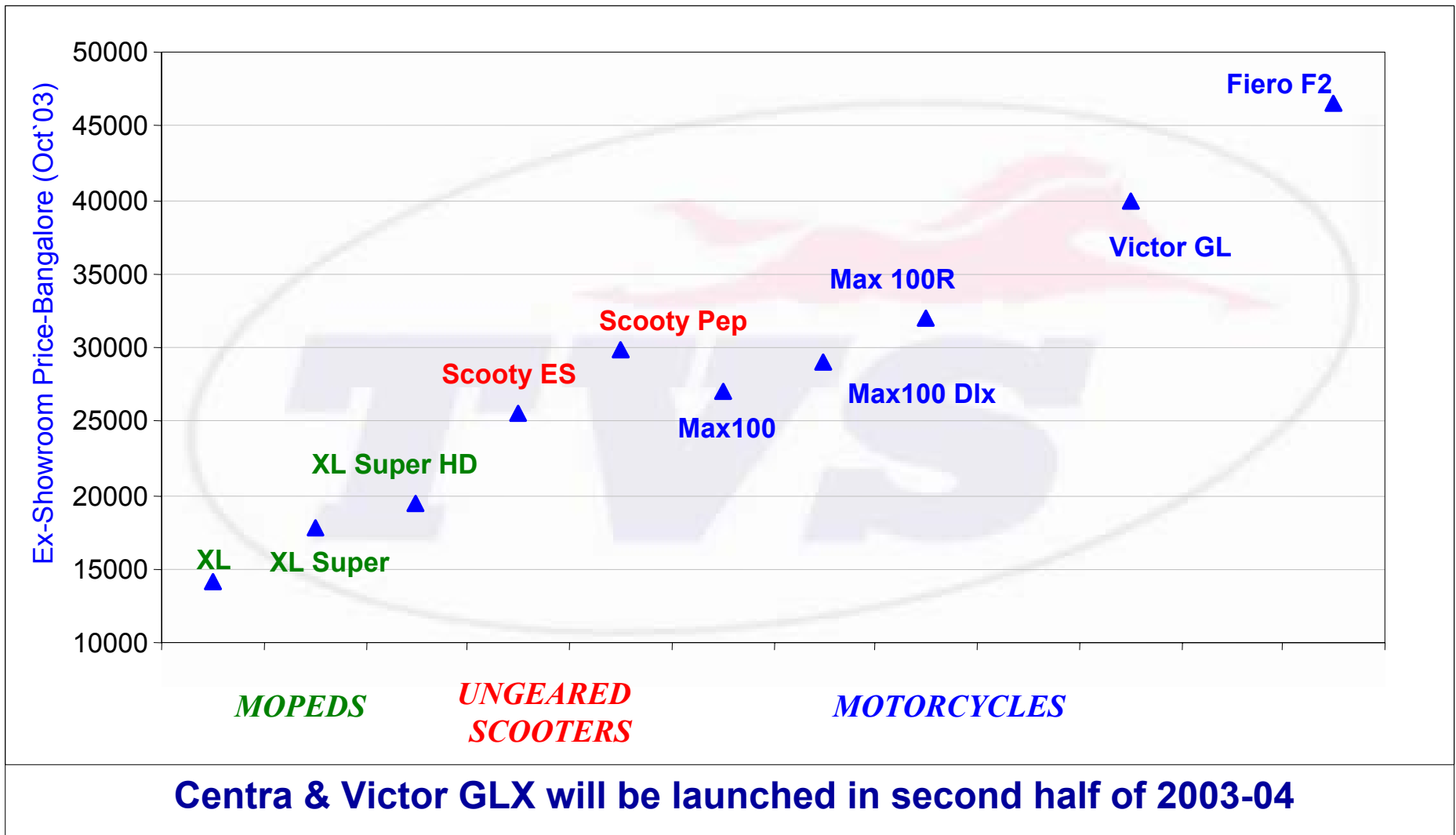
Changing profile in motorcycles

Monthly average sales (in '000s)



Successful conversion of sales from 2 stroke to 4 stroke

Complete product range



4. Key initiatives / achievements

Key initiatives / achievements

Research & Development

- **World class facility for product design and development**
- **During 2002-03, applied for 16 patents and published five technical research papers in international conferences**
- **Projects in association with leading international research labs and Indian institutes**
- **Employing over 400 engineers**

Key initiatives / achievements

Research & Development (continued)

- Successful launch of new products

Victor GL - 110 cc 4 stroke motorcycle

Scooty PEP - 75cc 4 stroke ungeared scooter

Fiero F2 - 150 cc 4 stroke motorcycle

- Two more motorcycles to be launched in second half

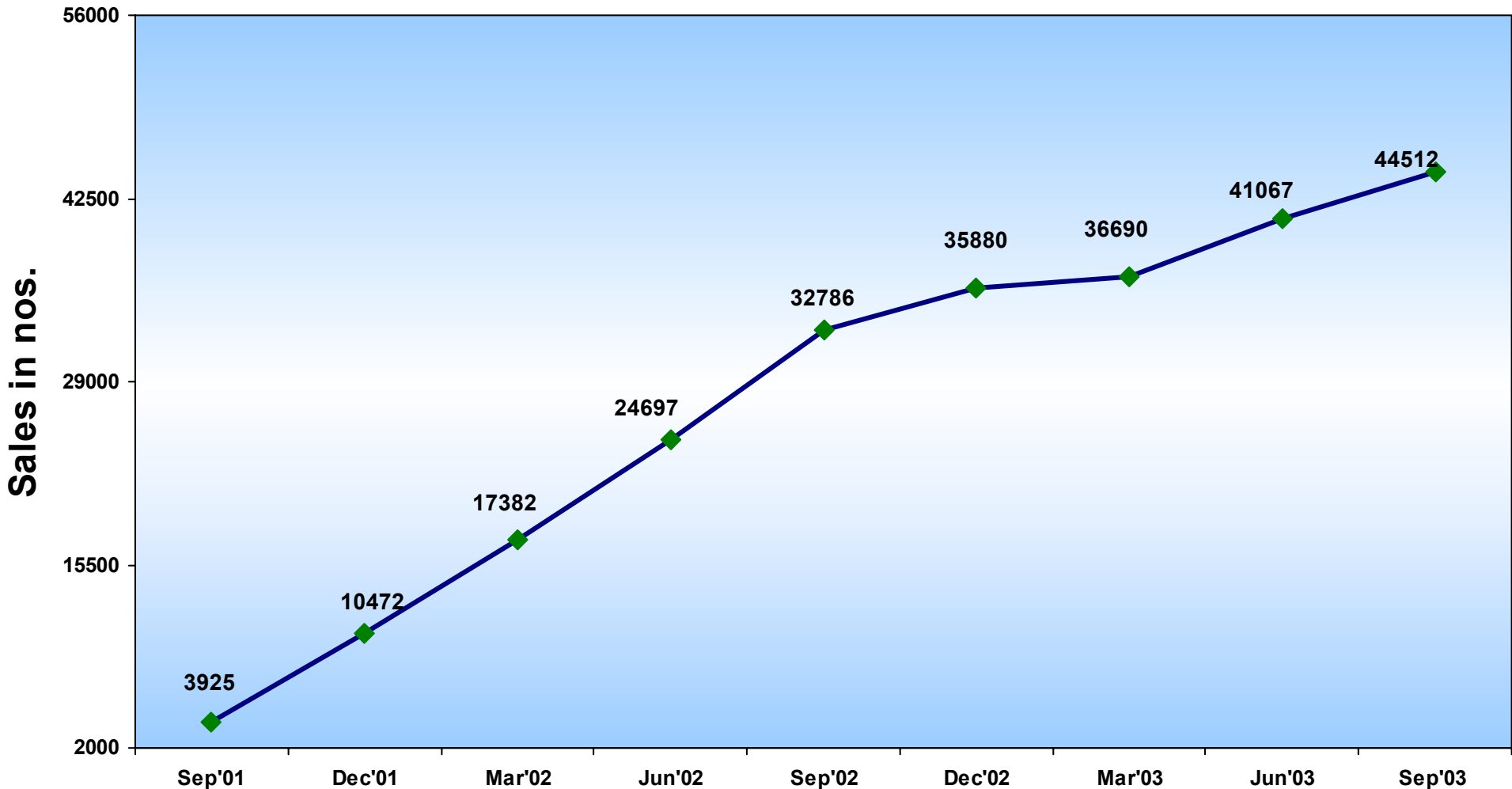
Centra

Victor GLX

- N 40 will be launched in early 2004-05

• R & D	2001-02	2002-03	2003-04 projn.
Expenditure	1.5%	2.2%	3.2%
(% of sales)			

TVS Victor – Marching ahead



- **Fastest ramp-up to 50,000 per month in 12 months**
- **Sold 650,000 units within 2 years of launch**

Key initiatives / achievements

Sales & Marketing

- Enhanced and balanced distribution network
- Improved total customer satisfaction
- Brand investment more than doubled in last three years

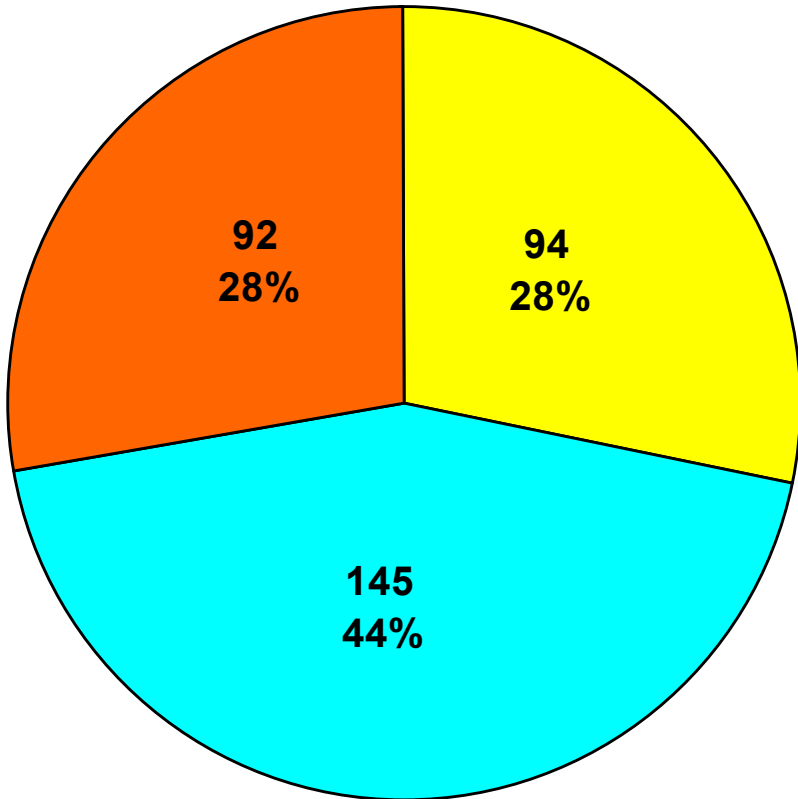
1999-2000 **Rs.278 mn (1.7% of sales)**

2002-2003 **Rs.1059 mn (3.9% of sales)**

Distribution network

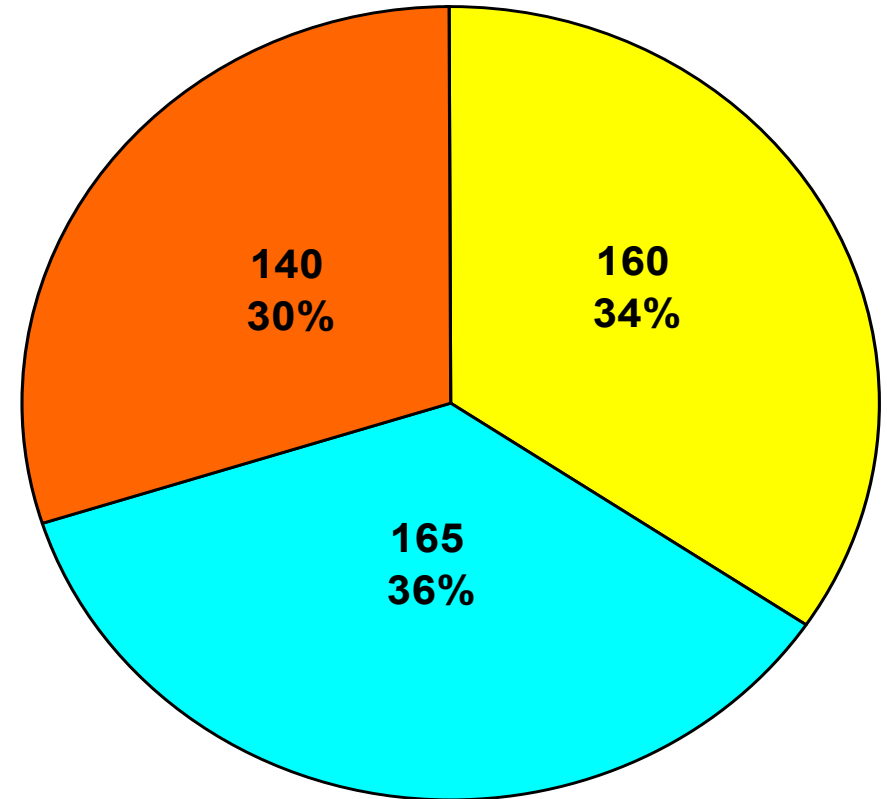
Number of Dealers

Year 2000



■ North & East ■ South ■ West

Year 2003

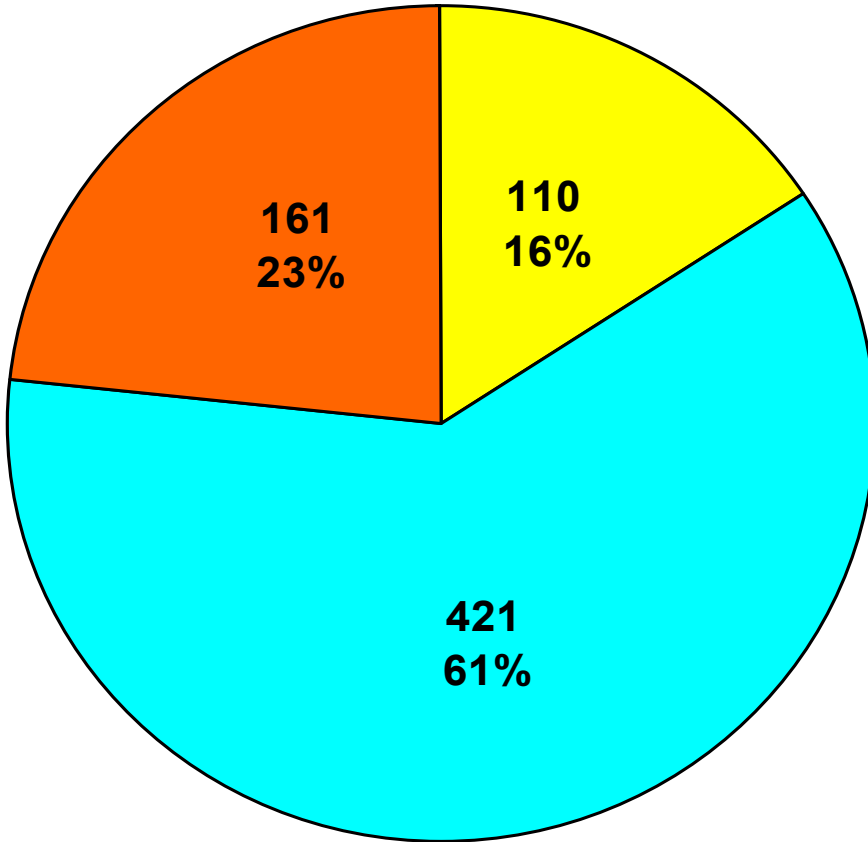


■ North & East ■ South ■ West

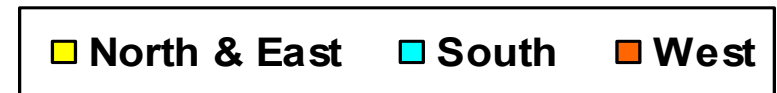
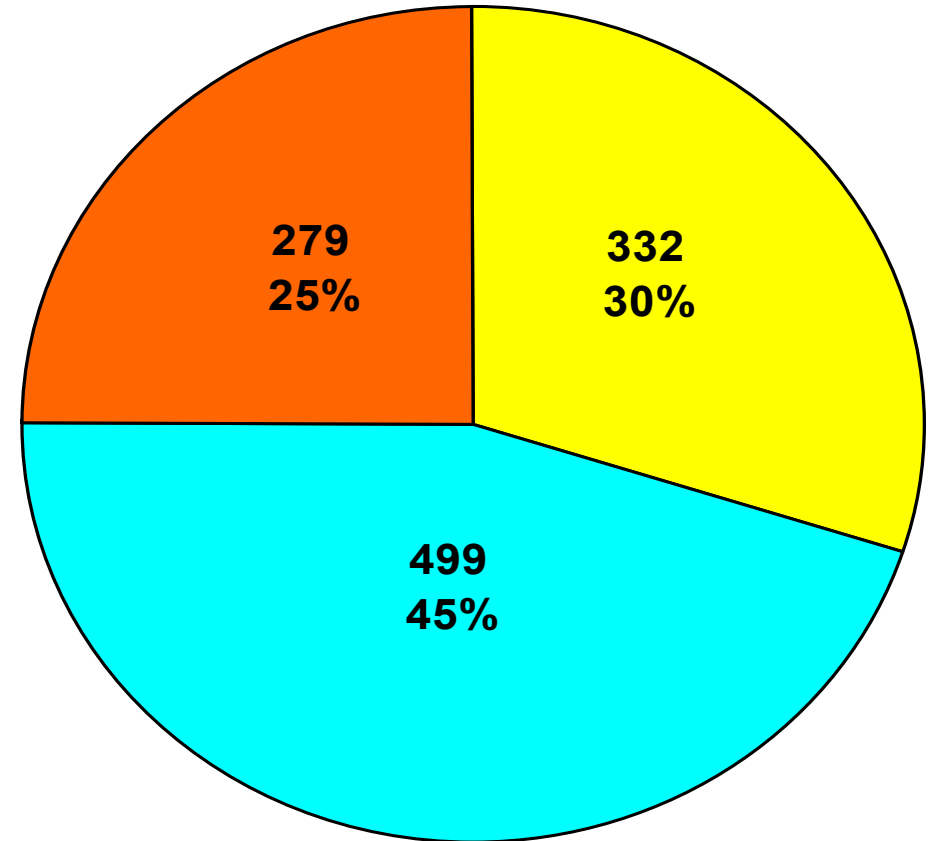
Regionwise total sales numbers

Volumes in ('000)

1998-99



2002-03

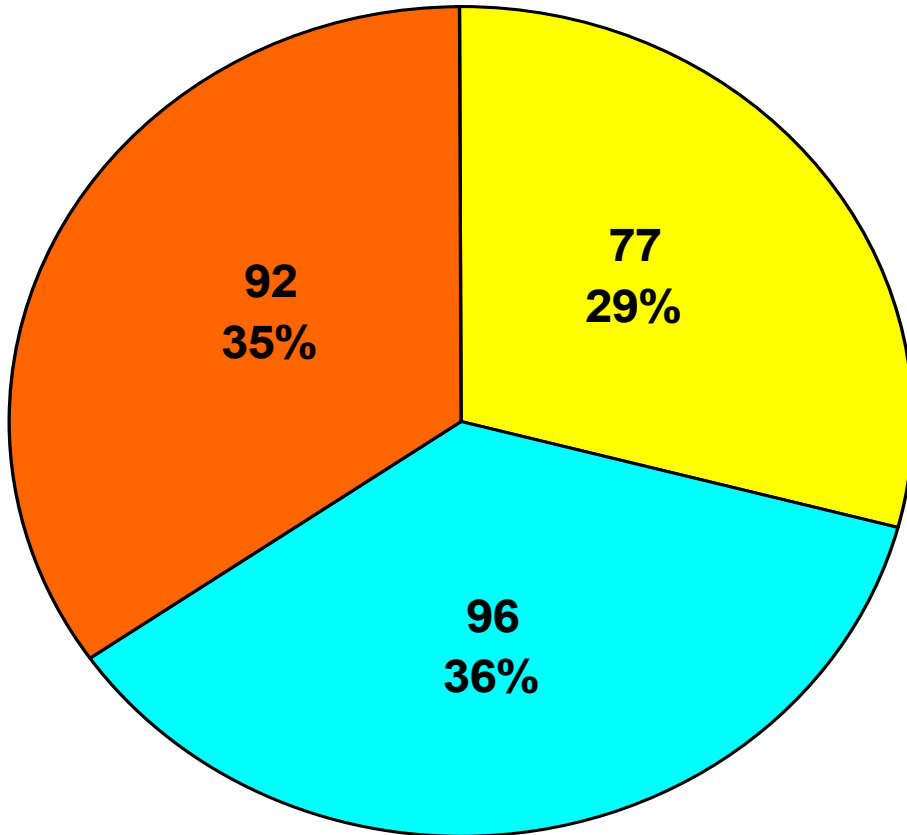


Significant growth in non South markets

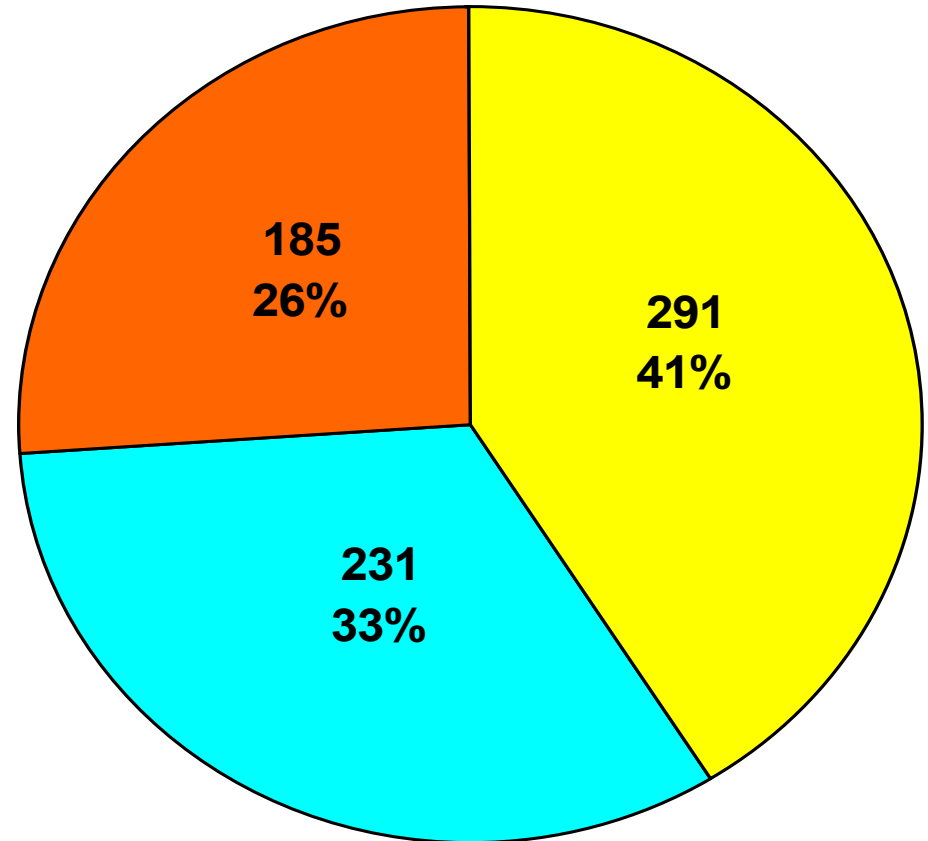
Regionwise motorcycles sales numbers

Volumes in ('000)

1998-99



2002-03



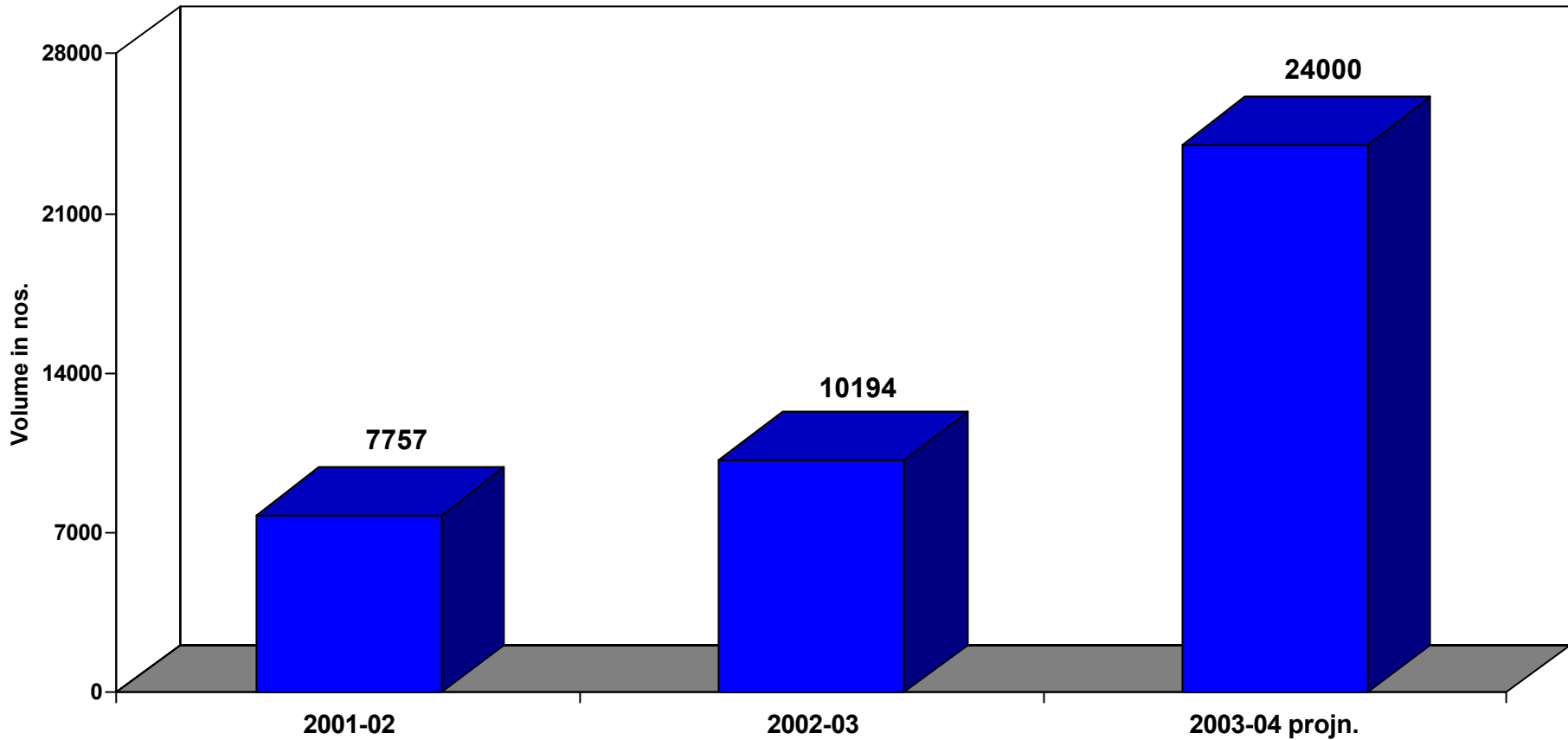
■ North & East ■ South ■ West

■ North & East ■ South ■ West

Significant growth in non South markets

Key initiatives / achievements

Growing exports



Key initiatives / achievements

Cost management :

- Value engineering
 - Global sourcing
 - Manufacturing cost reduction through TPM/JIT
 - Waste elimination projects
 - Channel financing to dealers and suppliers
- Achieved Rs 1 billion cost reduction during 2002-03 (3.7% of sales) and plan for 2003-04 is Rs. 1.1 billion
- Release of Rs. 1 billion in working capital during last year

Key initiatives / achievements

Leveraging information technology

- Integration of suppliers, dealers and service centers through web (mySAP)
- Improved response through integrated supply chain
 - Raw materials turn times improved from 17 to 21
- Extensive usage of IT in engineering applications
 - Lead time for new product development reduced from 27 to 18 months (target 12 months)
- Investment of Rs 200 mn

Identified Rs 200 mn savings potential

Summary of financials

Rs.in million

Particulars	2001-02	2002-03	Growth %
Gross income	19444	27261	40%
EBITDA	1436	2839	98%
Profit before tax	825	2011	144%
Profit after tax	539	1280	137%
EPS (in Rs.)	23	55	137%

Key ratios

Sl.no	RATIOS		2001-02	2002-03
1	EBITDA	%	7.4	10.4
2	Profit after tax / sales	%	2.8	4.7
3	Fixed cost / sales	%	16.7	18.0
4	Sales / net fixed assets	Times	4.6	5.8
5	Inventory turn - total	Times	9.5	10.4
6	Total debt / equity ratio★	Times	0.5	0.3
7	Return on capital employed	%	17.4	34.2
8	Return on networth	%	15.9	34.3
9	Earnings per share	Rs.	23.3	55.4
10	Sales / employee	Rs mn	4.9	6.1

★ All interest bearing debts will be fully repaid next year. The cash and investments as on date is more than the value of debt

Summary of financials

Rs.in million

Particulars	Apr/Sep'02	Apr/Sep'03	Growth %
Gross income	13049	14447	11%
EBITDA	1237	1456	18%
Profit before tax	917	1072	17%
Profit after tax	576	691	20%
EPS (not annualised in Rs.)	25	30	20%

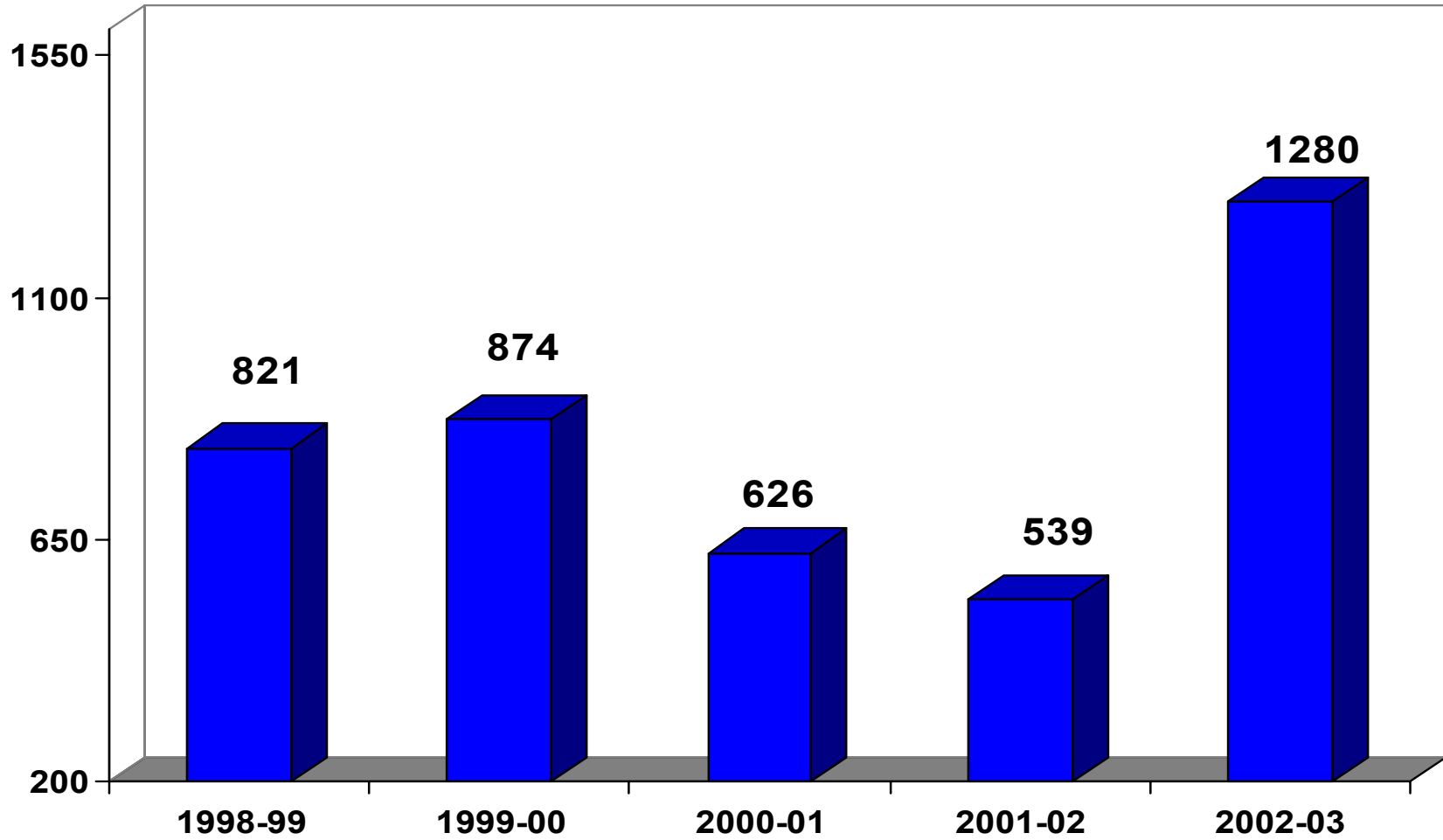
Key ratios

Sl.no	RATIOS		Apr/Sep'02	Apr/Sep'03
1	EBITDA	%	9.2	10.1
2	Profit after tax / sales	%	4.3	4.8
3	Fixed cost / sales	%	16.1	18.3
4	Sales / net fixed assets	Times	5.7	5.6
5	Inventory turn - total	Times	10.4	10.5
6	Total debt / equity ratio★	Times	0.4	0.2
7	Return on capital employed	%	31.5	32.4
8	Return on networth	%	32.8	30.2
9	Earnings per share	Rs.	24.9	29.9
10	Sales / employee	Rs mn	6.1	5.8

★All interest bearing debts will be fully repaid next year. The cash and investments as on date is more than the value of debt

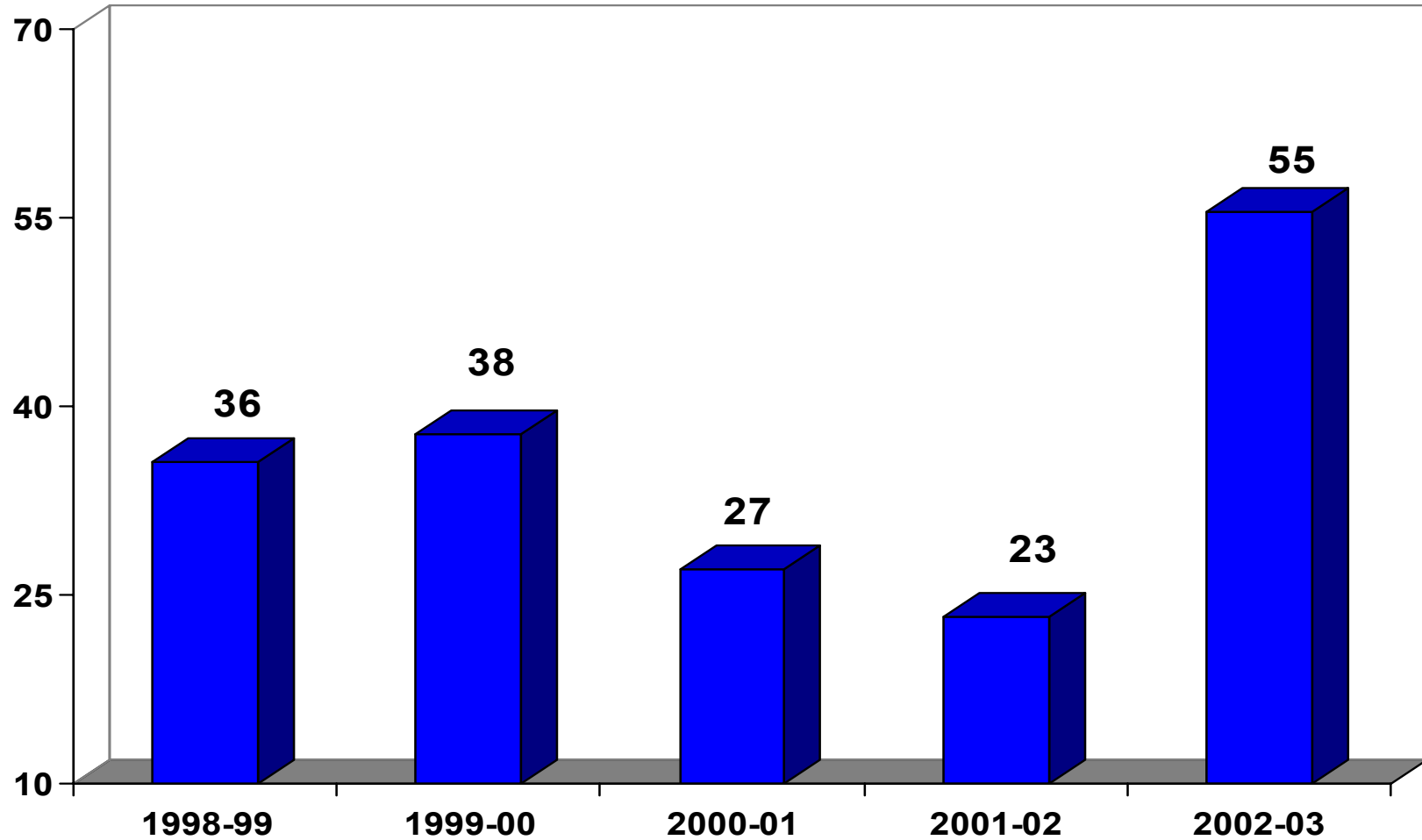
Profit after tax

PAT (Rs Million)



Earnings per share

EPS (Rs)



5.Future plans

New product development

- **Customer engineering**
- **Multiple product development**
- **Develop advanced technologies**
- **Leverage information technology in the area of product data management**
- **Three new products every year**

Sales and marketing

- **Build TVS brand globally**
- **Improve channel management**
- **Trigger growth through retail finance**
- **Leverage customer relationship management (CRM) through IT**

International business

- **Increase distribution in Asian, African and Latin American countries**
- **Intensive sales and marketing efforts in Srilanka and Bangladesh to establish leadership**
- **Market entry into South east Asia.**

Three wheeler business

- **Entry into three wheeler business by next year**
- **Investment in phase 1 of Rs. 500 million**
- **To cater to both passenger and cargo segments**

Investments

Annual capital expenditure of Rs 2.5 billion towards:

- **Capacity expansion**
- **New products**
- **R & D infrastructure**
- **Three wheeler operations**
- **Overseas project**

Merger of Lakshmi Auto Components with TVS-M:

- Rubber & Plastics division of LAC will be transferred to Sundaram Auto Components Ltd. (100% subsidiary of LAC) effective 1st April 2003**
- Engine components division of LAC together with other investments and assets will merge with TVS-M**
- Public shareholder of LAC will get one share of TVS-M for every seven shares of LAC**

Merger of Lakshmi Auto Components with TVS-M

- The exchange ratio is fixed based on valuation report submitted by M/s Deloitte, Haskins & Sells, Chartered Accountants, Mumbai**
- The scheme of amalgamation is subject to approval by shareholders and by the Honourable High Court of Madras.**
- Restructuring will lead to substantial synergy benefits**

Awards and recognitions

- **Deming application prize by JUSE (First powered two wheeler company in the world)**
- **Technology award 2002 from Indian Government for best 'indigenous technology'**
- **'Best managed company' award from Business Today**

Thank you

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