



WELCOME

TVS Motor Company

Investors meet

Mumbai

August 20, 2002

Presentation plan

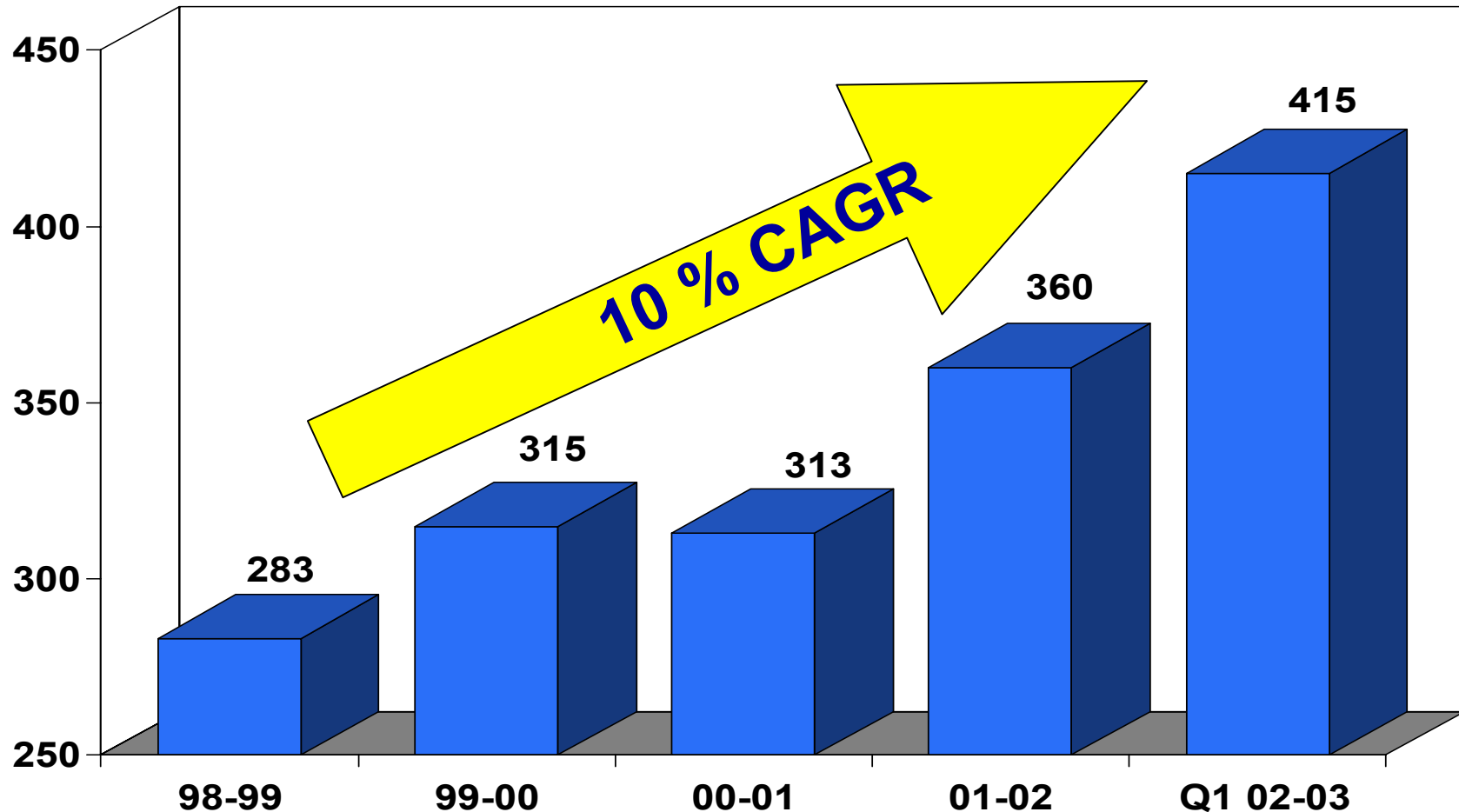
- 1. Two wheeler industry in India**
- 2. TVS Motor performance**
- 3. Key initiatives / achievements**
- 4. Future plans**

1. Two wheeler industry

All India

Two-wheeler sales trend – All India

Monthly average (000's)



Two wheeler industry has grown by 10 % CAGR between 98-99 to Q1 2002-03

Two-wheeler category-wise sales growth –All India

CAGR growth between 98-99 to Q1 2002-03

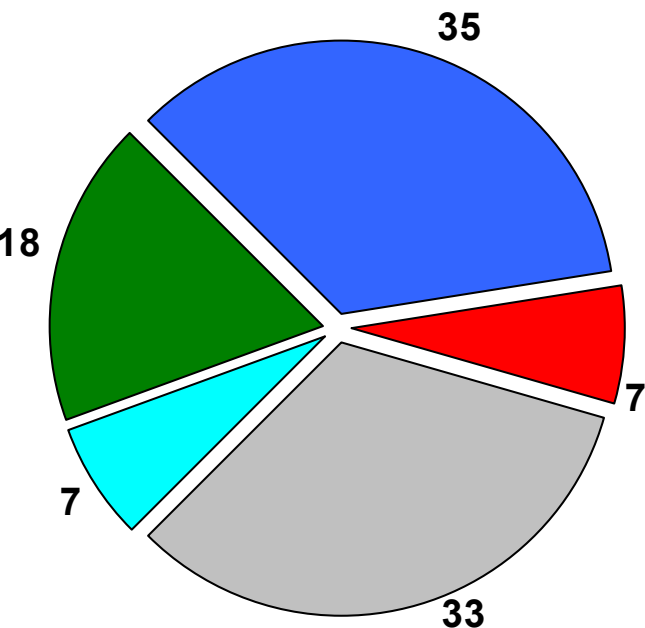
Category	CAGR %
Motorcycles	33%
Step thrus	-25%
Ung geared scooter	18%
Geared scooter	-22%
Mopeds	-12%
Total two wheeler	10%

**Motorcycle is the fastest growing category followed
by un geared scooter**

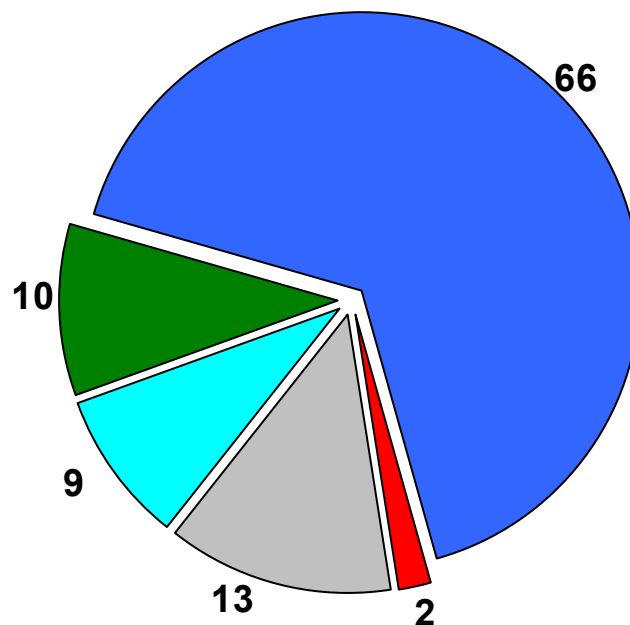
Two-wheeler industry – All India

Category share %

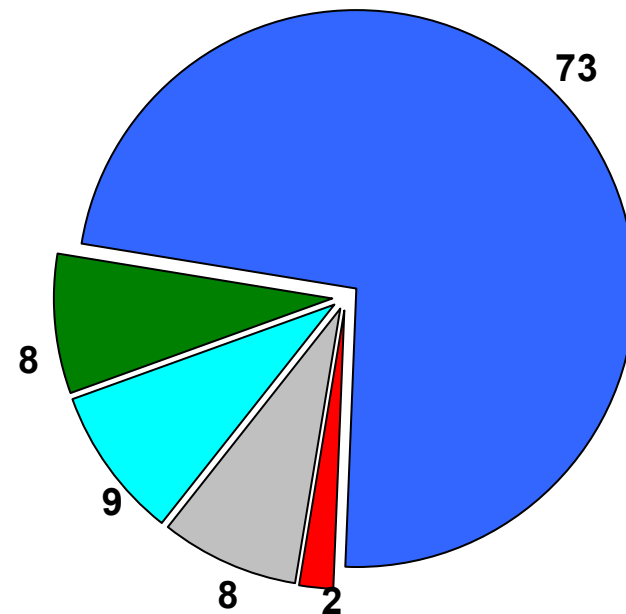
1998-99



2001-02



Q1 2002-03

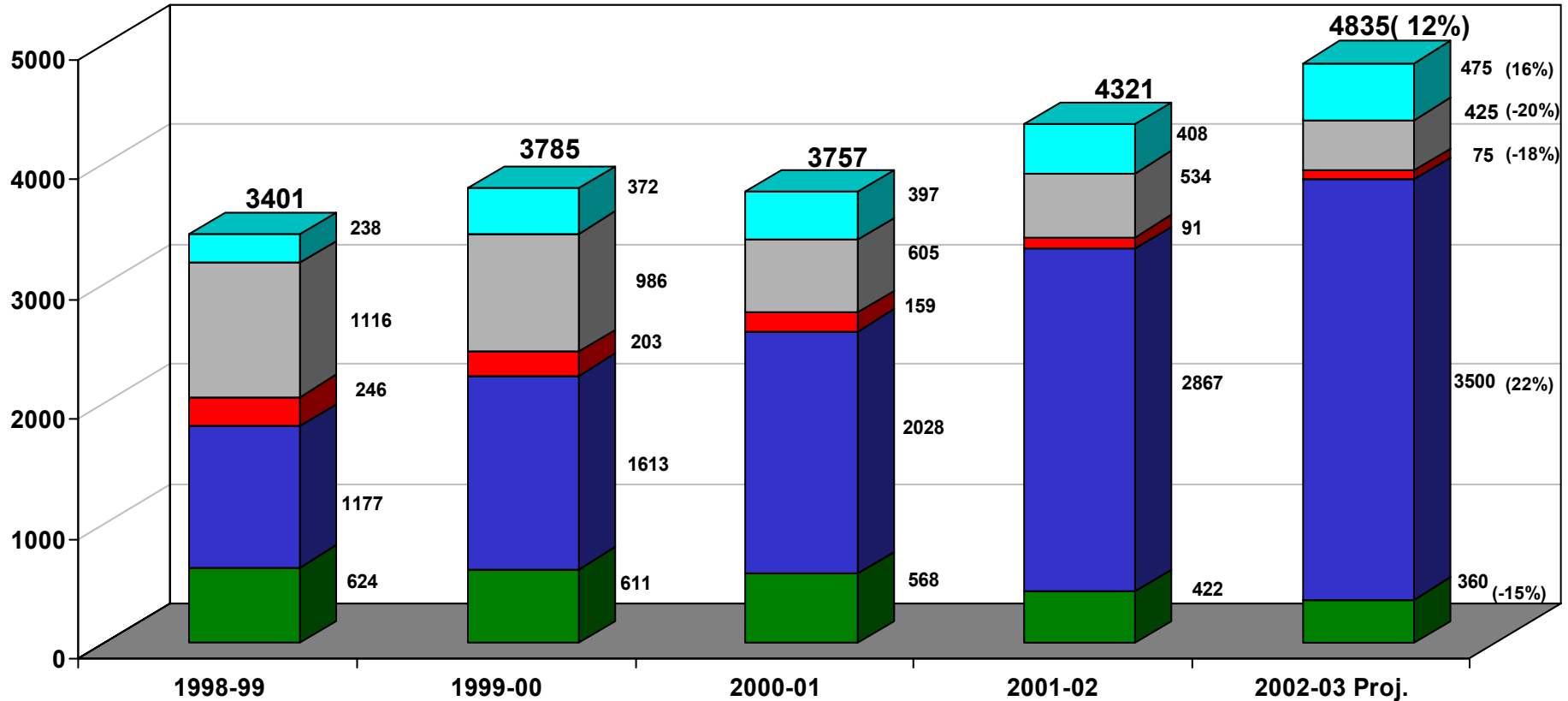


■ Mopeds ■ Motorcycles ■ Step thru ■ Geared scooters ■ Ung geared scooter

Motorcycle and ungeared scooter category have grown

Two-wheeler industry projections –Categorywise

Volume in 000's



■ Mopeds
 ■ Motorcycles
 ■ Step thrus
 ■ Geared scooters
 ■ Ungearred scooters

Two wheeler industry is expected to grow by 12 % over 2001-02
 fuelled by motorcycles growth of 22 %

2.TVS Motor performance

TVS-M vehicle sales (category-wise)

Monthly average (in 000's)

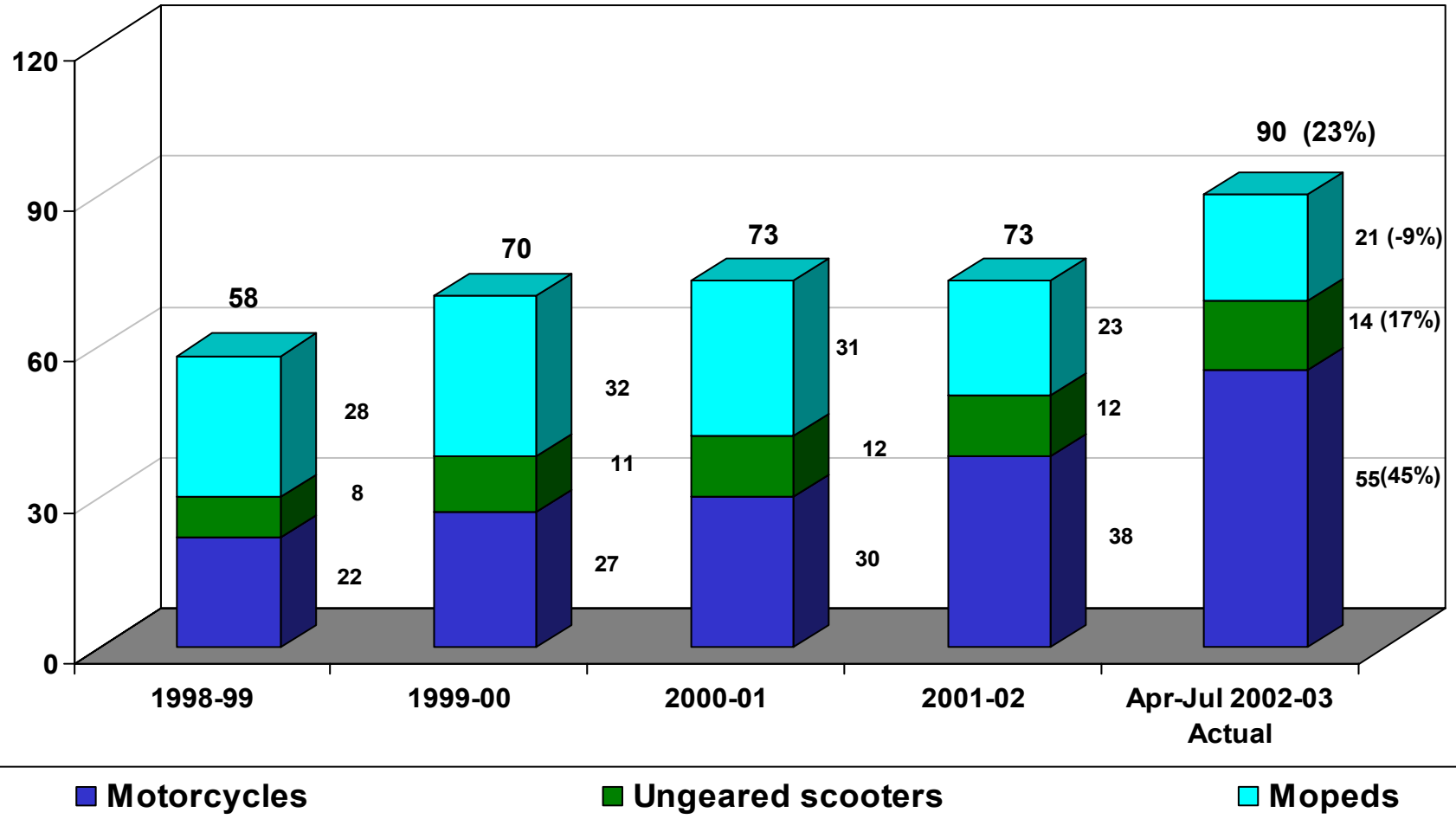


Figure in () indicate growth over 2001-02

TVS-M Sales growth-1st Quarter

Volume in 000s

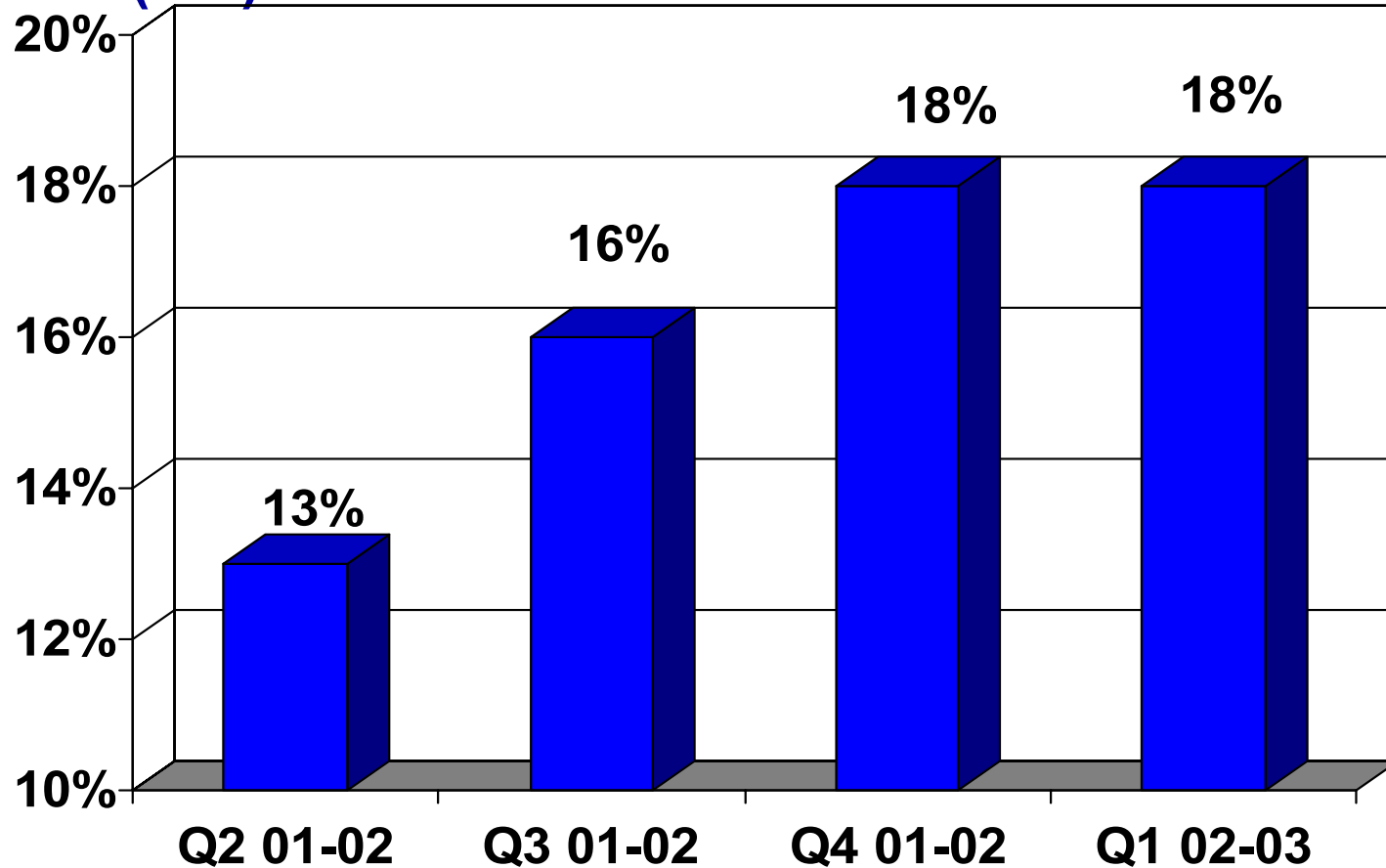
	Q1 2001-02	Q1 2002-03	Growth %
Two wheeler industry	957	1246	30%
TVS-M total sales	184	265	44%
Motorcycle industry	589	911	55%
TVS Motorcycle sales	87	164	89%

Year on year TVS Motorcycle sales has grown by 89% better than industry

TVS-M Motorcycle market share

(last 4 quarters)

Market share(%)



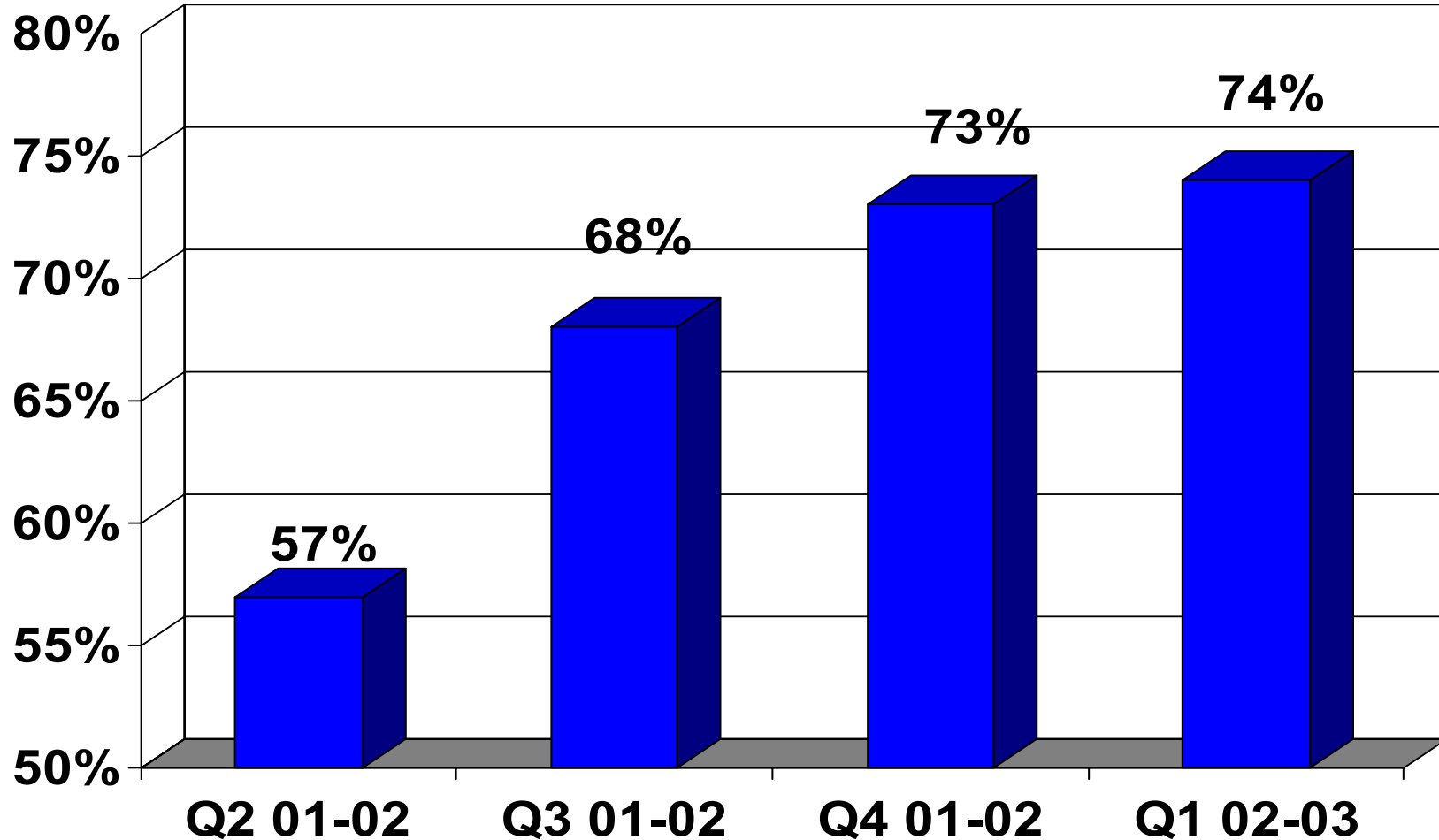
TVS Victor launch helped to regain market share from 13 % to 18%

Market share during July 2002 is 19.6%

TVS-M Motorcycle revenue

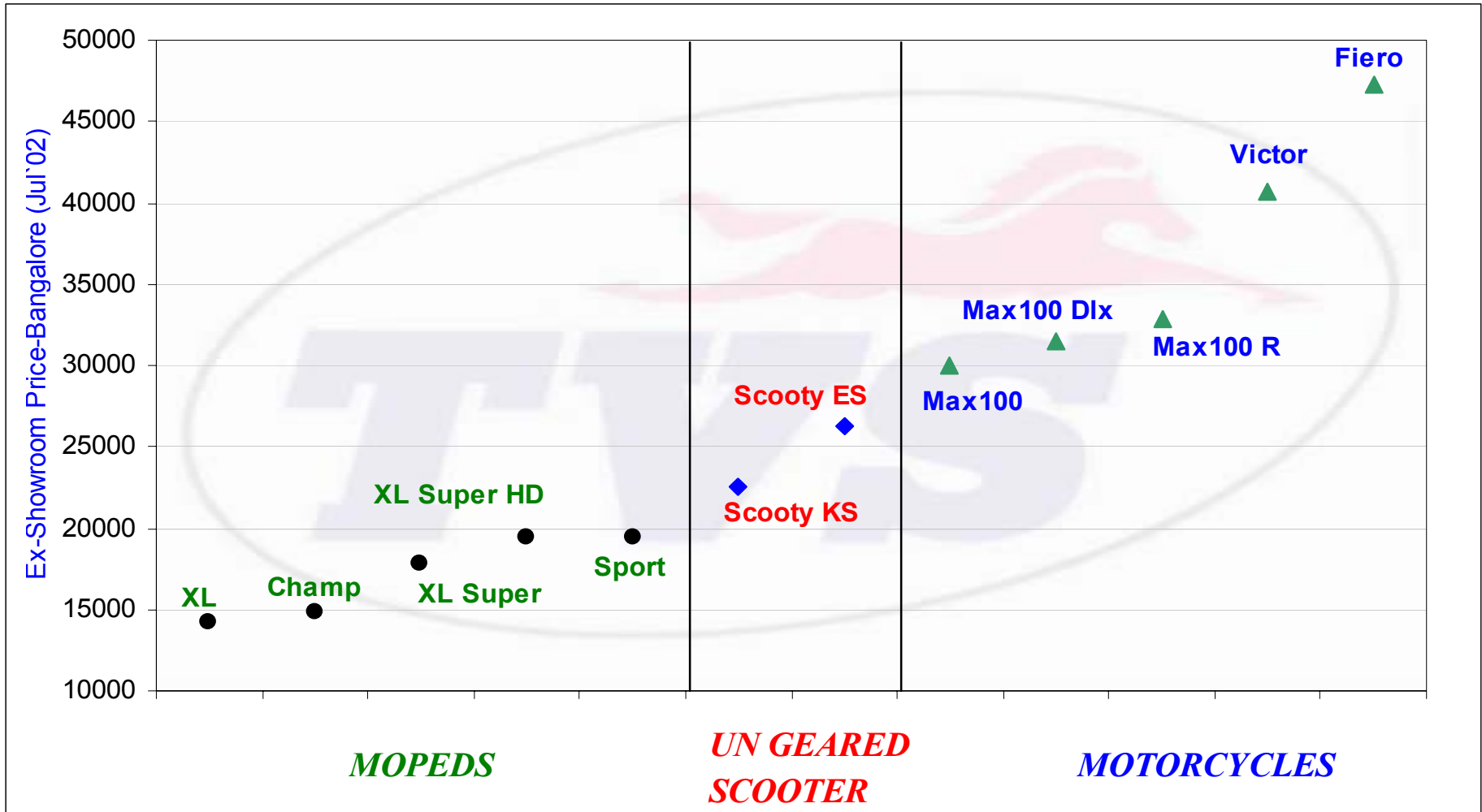
(last 4 quarters)

% of total Vehicle revenue



Percentage revenue from motorcycles has increased
from 57% to 74%

TVS-M Product profile



TVS has products in every category & price range

Key initiatives / achievements

Research & Development (continued) :

- **World class facility for engine development and testing**
- **Won technology award 2002 from Department of Science and Technology for commercialisation of indigenous technology**
- **Pro-E user award for best product and process design during 2001-02**

Key initiatives / achievements

TVS Victor rated “best in class”

- Development completed in record time
- Management of “target cost”
- Unique product features
- Meeting latent needs of user
- Sales promotional activity “Sales on Wheels”
- Fastest ramp-up to 50,000 per month in 12 months

TVS Victor successfully launched and sold 100,000 units within 8 months

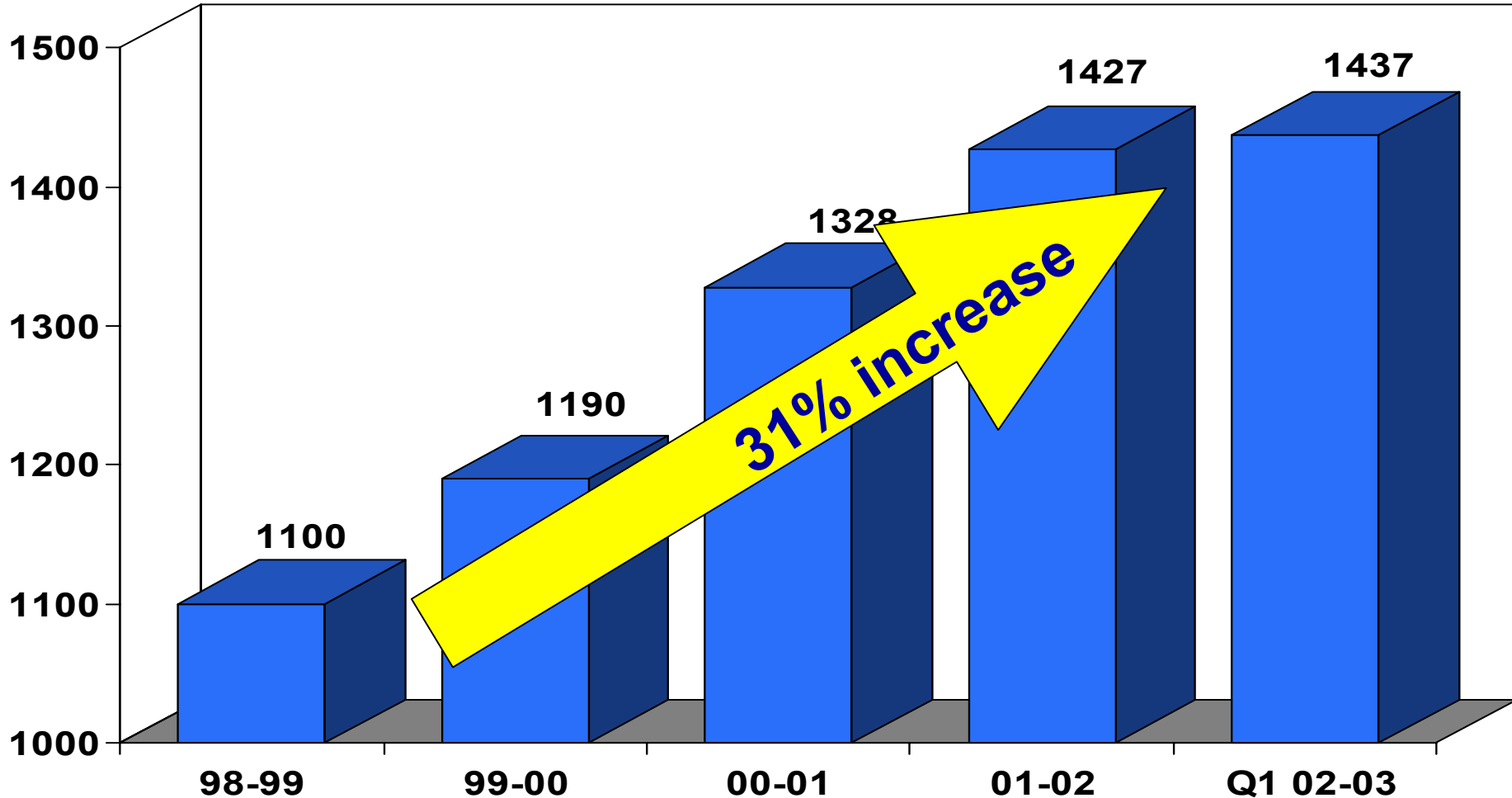
Key initiatives / achievements

Sales & Marketing :

- **Selling focus shifted to 'product benefits'.**
- **Dealer sales and service process for total customer satisfaction**
- **Focused promotion of utility products in rural markets**
- **Enhanced distribution network – All India**

TVS-M Distribution network

Numbers



Total distribution network has grown by 31% from 1998-99 to Q1 2002-03

Dealership - frontage



Key initiatives / achievements

Sales & Marketing (continued) :

- **Sachin Tendulkar as TVS brand ambassador**
- **Focused promotion for Scooty - Over 200,000 young women contacted through special project**
- **Brand investment doubled in last two years**

Key initiatives / achievements

Cost Management :

Variable cost reduction

- Value engineering
- Indigenisation of components
- Strategic buying
- Alternate sourcing
- Manufacturing cost reduction through TPM

Achieved Rs 640 mn cost reduction during 2001-02

Key initiatives / achievements

Cost Management :

Fixed cost reduction

- Productivity improvement through JIT
- Waste elimination projects

Plant productivity improved by 20% during 2001-02

Key initiatives / achievements

Manufacturing :

- **Two production plants – Hosur and Mysore**
- **Flexible manufacturing capacity - 1 million units of motorcycles and 0.6 million units of others (moped and scooty) by end of 2002-03**

Key initiatives / achievements

Information technology :

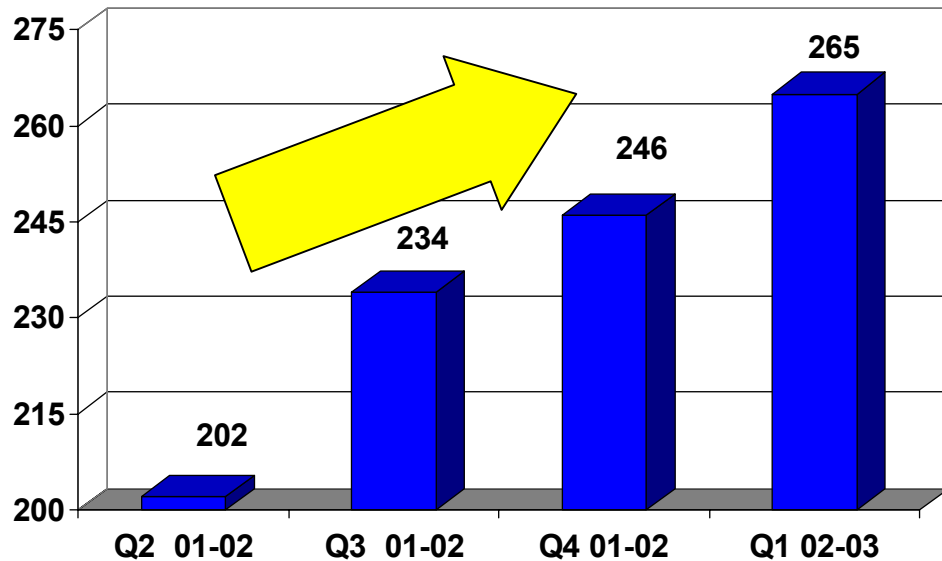
- Integration of suppliers, dealers and service centers through Web (mySAP)
- Improved response through integrated supply chain (Dealers-Manufacturing-Suppliers)
- Investment of Rs 150 mn

Identified Rs 200 mn savings potential

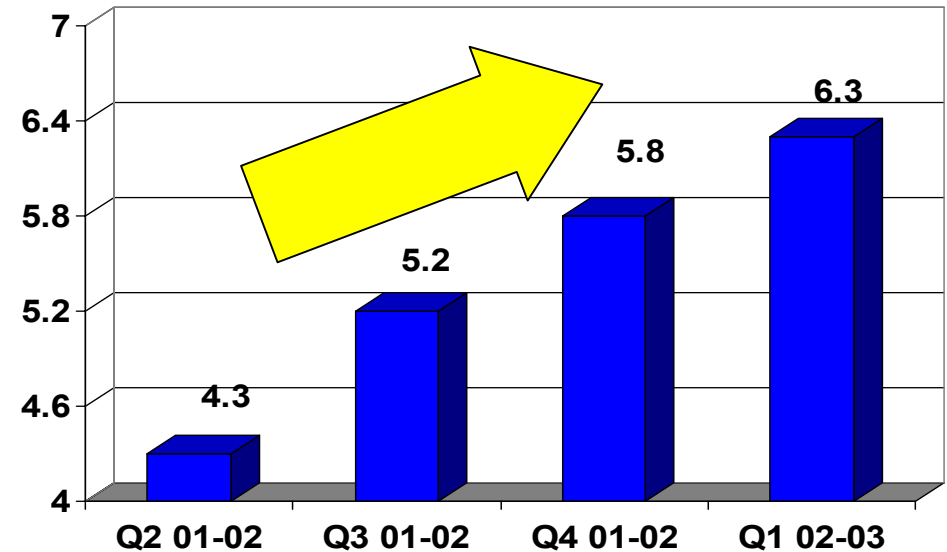
TVS-M Sales and turnover

(last 4 quarters)

Sales ('000 nos)



Sales turnover (Rs Billion)

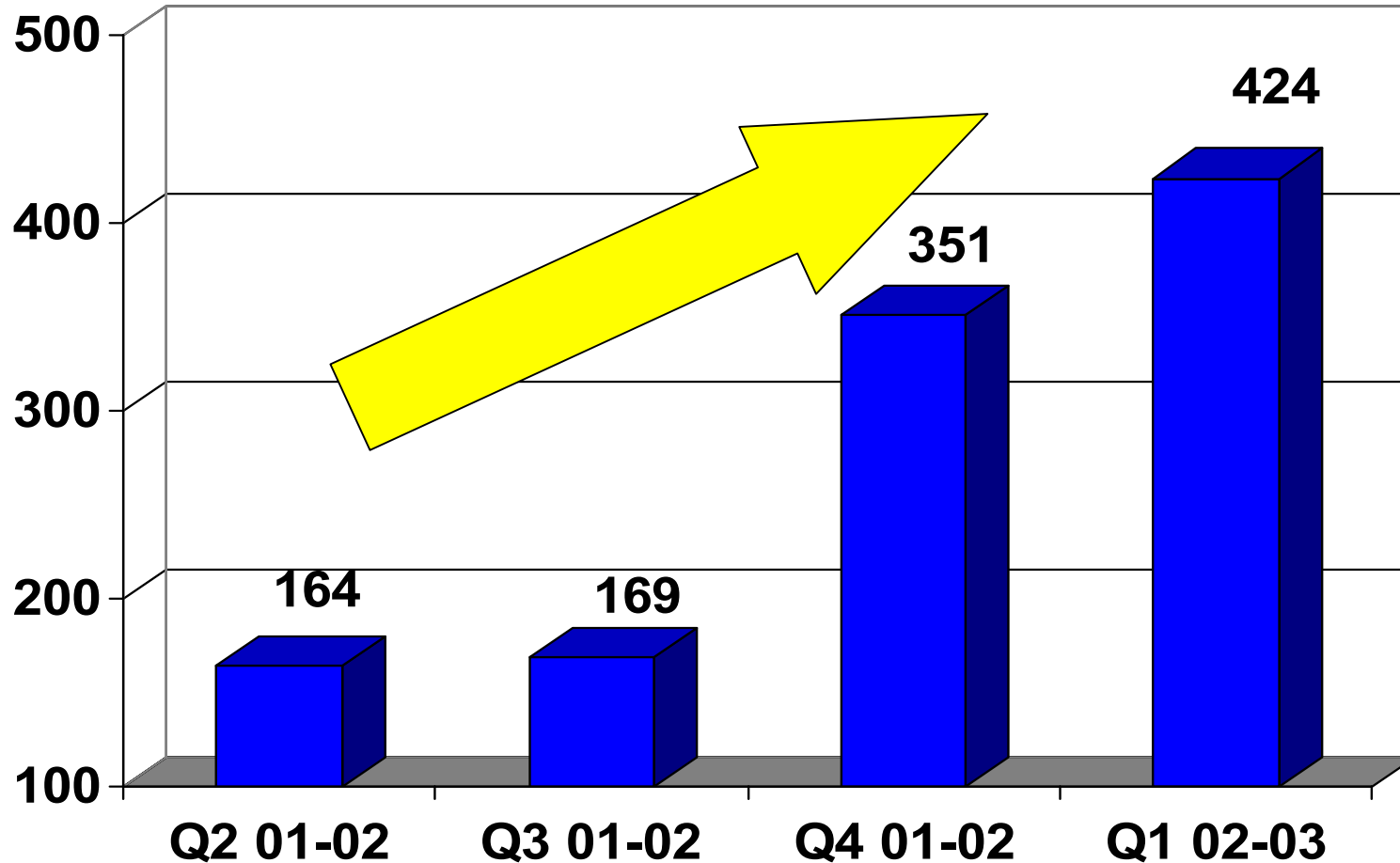


-Motorcycle sales (value) in Q1 2002-03 increased by 93% as compared to Q2 2001-02

TVS-M Profit Before Tax

(last 4 quarters)

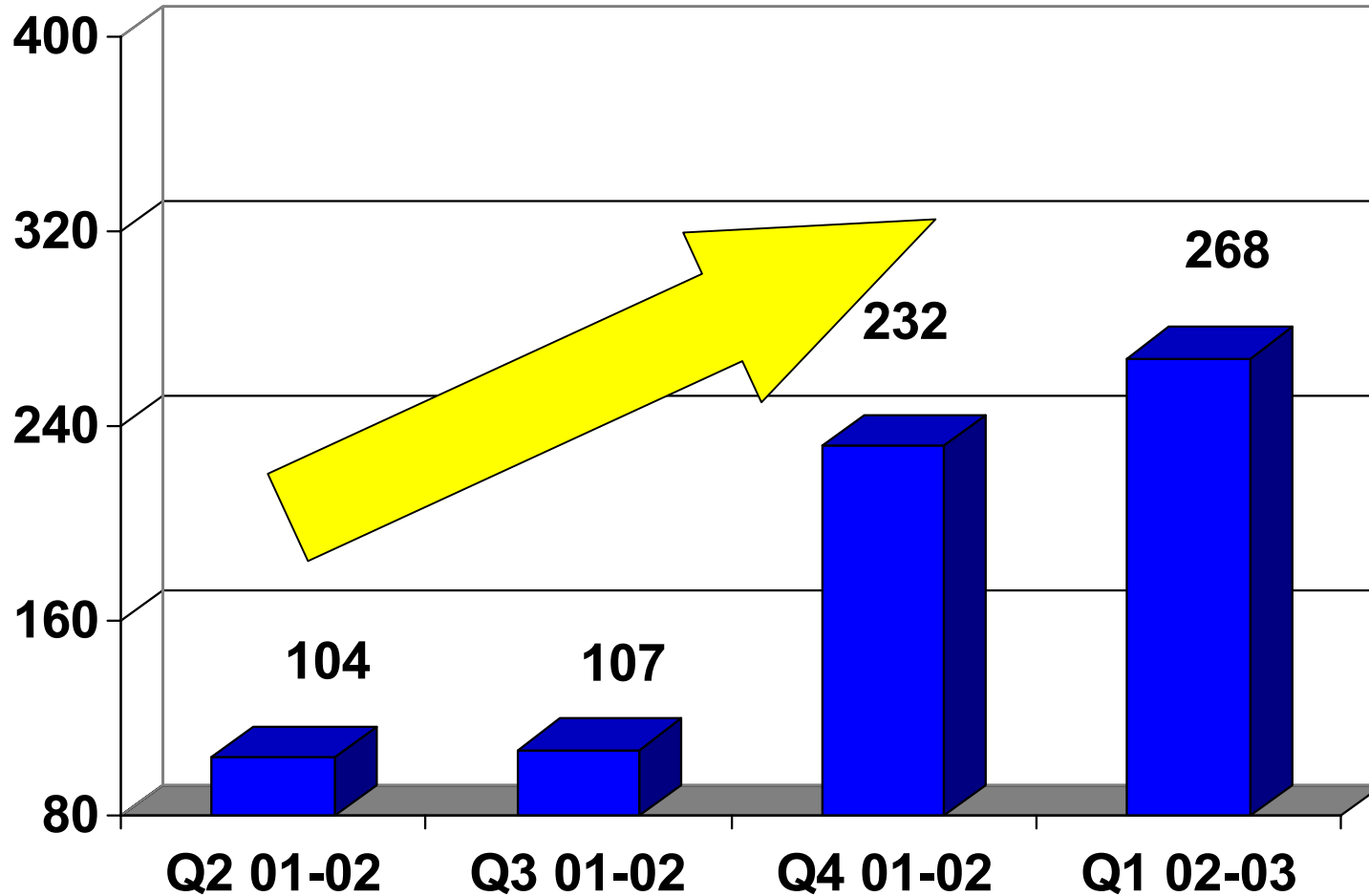
PBT (Rs Million)



TVS-M Profit After Tax

(last 4 quarters)

PAT (Rs Million)



Summary of financials

2000-01 and 2001-02

Rs.in million

Particulars	2000-01	2001-02	Growth %
Gross income	18324	19444	6%
EBITD	1401	1436	3%
Interest	146	118	-19%
Depreciation	437	492	13%
Profit before tax	818	825	1%
Provision for tax			
-Current tax	191	179	-6%
-Deferred tax	NA	107	NA
Profit after tax	627	539	-14%
EPS (in Rs.)	27	23	-14%

Summary of financials

Q1 2001-02 and Q1 2002-03

Rs.in million

Particulars	Q1 2001-02	Q1 2002-03	Growth %
Gross income	4130	6322	53%
EBITD	305	584	91%
Interest	49	27	-45%
Depreciation	118	133	13%
Profit before tax	138	424	208%
Provision for tax			
-Current tax	30	123	309%
-Deferred tax	NA	33	NA
Profit after tax	108	268	149%
EPS (in Rs.) (not annualised)	5	12	149%

TVS-M Key ratios

Sl. no	RATIOS		2000-01	2001-02	Q1 2002-03	
1	Profit before tax / sales		%	4.5	4.2	6.7
2	Fixed cost / sales		%	16.3	16.7	14.7
3	Sales / net fixed assets	Average	Times	4.5	4.6	5.9
4	Inventory turn - total	Average	Times	16.9	16.8	22.6
5	Total debt / equity ratio		Times	0.5	0.5	0.4
6	Return on capital employed	Average	%	17.2	16.3	31.6
7	Return on networth	Average	%	18.7	15.9	31.8
8	Earnings per share		Rs.	27.1	23.3	46.4
9	Sales / employee	Average	Rs million	4.6	4.9	5.9

TVS-M Cash flow

Rs. in million

P A R T I C U L A R S	2000-01	2001-02
PAT (Profit after tax)	627	539
<u>ADD:</u> Depreciation	437	492
<u>LESS:</u> Dividend	205	433
Movement in working capital	(224)	1053
Capital expenditure	(742)	(428)
Other cash flows	(285)	(347)
Net cash flow for the year	(393)	876
Cash and cash equivalents at the beginning	130	(263)
Cash and cash equivalents at the end	(263)	613

4.Future plans

New product development

- **Customer engineering**
- **Multiple product development**
- **Lead time reduction**
- **Develop advanced technologies**
- **Use of information technology in the area of Product Data Management**

Sales and Marketing

- **Build the TVS brand nationally**
- **Improve channel management**
- **Improve finance availability through Harita Finance**
- **Customer relationship management through IT**

International business

- **Increasing distribution in Asian, African and Latin American countries**
- **Intensive Sales & Marketing efforts in Srilanka and Bangladesh to establish leadership**
- **Market entry in South East Asia.**
- **Target to achieve 15% of turnover through International business within five years**

Cost management

Variable cost:

- Value engineering
- Strategic buying
- Alternate sourcing
- Manufacturing cost reduction through TPM
- E-buying
- Global sourcing

Fixed cost:

- Accelerate TPM, JIT
- Improve indirect area productivity through business process re-engineering

Investments

**Rs. 2000 mn capital expenditure in 2002-03 and
Rs. 1500 mn in each year during next two years**

- **Capacity expansion**
- **New products**
- **R & D Infrastructure**
- **Information technology**

Will be funded by internal accruals

Thank you