

## TVS motor reports turnover of RS. 3291 CR, exports up 32% in FY '07-'08

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The financial year 2007-08 was an eventful year for TVS Motor Company. During the year, the company completed its product portfolio with the launch of TVS Flame in the executive segment. It also entered the three-wheeler segment with the launch of TVS King. The year marked the commencement of commercial production from its Nalagarh Plant located in Himachal Pradesh. The company also crossed another important milestone with the commencement of commercial production at its state-of-the-art plant located at Karawang near Jakarta, Indonesia and the successful launch of TVS Neo, the bebek, (exclusively developed for the Indonesian market) by its subsidiary PT TVS Motor Company.

With the various initiatives and a complete portfolio in two wheelers, the company is now in a better position to reverse the declining trend in sales and to report improved results.

### **INDUSTRY:**

The year witnessed a decline of 5% in the two-wheeler industry consequent to restricted availability of retail finance, high interest rates and stringent norms exercised by financiers. The economy segment of the motorcycle category was severely hit and suffered maximum decline of 19%.

### **COMPANY FINANCIAL PERFORMANCE:**

During the year ended March 2008, while the company recorded overall two wheeler sales of 12.77 lakh units, motorcycles recorded sales of 6.10 lakh units compared to 9.23 lakh units over the previous period. Till the launch of the TVS Flame towards the end of the year, the company was absent in the executive segment, which accounts for over fifty percent of the motorcycle market. TVS Motor Company's motorcycle portfolio was largely dependent on the entry level StaR range of products and non-availability of retail finance had a severe impact on sales.

TVS Motor Company recorded total revenue of Rs. 3291 crores for the year ended March 2008 compared to 3920 crores recorded during corresponding previous year. Profit before tax during the year ended March 2008 stood at Rs. 35.37 crores as against Rs. 90.85 crores recorded in the corresponding period last year. Profit after tax stood at Rs. 31.77 crores as against Rs. 66.60 crores recorded last year.

### **NEW PRODUCTS LAUNCHED DURING 2007-08**

During the year the company launched products in the economy, executive and premium segments of the motorcycle market and improved its portfolio. The company also launched the TVS King, making its debut in the three-wheeler industry in India. Among the products launched are the 125cc TVS Flame, which is one of the most stylishly designed products from the TVS stable. TVS also launched the Star City with an enhanced engine capacity of 110cc, Apache RTR with a 160cc engine.

## **FUTURE OUTLOOK - COMPANY PLANS AND PRODUCT LAUNCHES**

The high inflation and restricted availability of retail finance will continue to affect the prospects of the two-wheeler industry. However, the company will have the benefit of all the new products launched towards the end of 2007 -08. This will help the company to reverse the declining trend in sales and to report improved results. The company can also leverage the capacity created at its HP plant and its entry into the three-wheeler industry.

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.

Total Productive Maintenance (TPM) is practiced in all the plants to ensure significant improvement in productivity and reduction in manufacturing cost. During 2007-08 Hosur Plant & Mysore plant were awarded the TPM excellence certificate by the Japanese Institute of Plant Management (JIPM).

During the year 2008 - 2009, the company has planned a slew of new launches:

### **TVS Scooty Electric, Scooty Wimbledon Collection & All New Scooty Variant :**

In April 2008, the company launched the TVS Scooty Electric, announcing its entry into the electric two-wheeler market. The product has been well received in the market.

As part of the agreement with the All England Lawn Tennis Club (AELTC), the company launched two excitingly designed, limited edition scooters, inspired by contemporary, classic and sporty imagery of 'the Spirit of Wimbledon'.

The company will further strengthen its presence in the scooters segment with the introduction of an all-new variant of Scooty which will offer next generation features and styling to customers.

### **Apache RTR Fuel Injection:**

The company will launch an upgrade of Apache, a 160 cc motorcycle and introduce fuel injection technology for the first time in the 160 cc category. This high performance motorcycle offers superior performance of a fuel injected 160cc engine and introduces data logging for the first time in the category.

Futuristic technology, contemporary styling and superior quality will continue to be the focus for all new products.

### **Four Stroke Three Wheelers:**

The company plans to introduce four-stroke versions of its three-wheeler in Petrol, LPG and CNG versions for domestic and export markets during 2008-09.

## **INTERNATIONAL BUSINESS**

Exports witnessed a steep growth of 32 % as compared to 28 % in the previous year, recording sales of 136,000 units in comparison to 103,000 units in 2006-07. The company increased its export footprint to more than 50 countries during the financial year. Exports will continue to be a major focus area of the company.

#### **PT TVS INDONESIA:**

PT TVS Motor Company, Indonesia, a subsidiary of TVS Motor Company developed the

TVS Neo 110cc, a product engineered exclusively for the Indonesian market that has received extremely satisfactory response from customers. Apache RTR, launched during the last fiscal year has also caught the fancy of Indonesian customers. The company has already established a network of 25 dealers and plans to add another 125 dealers during 2008 -09.

#### **AWARDS**

The company won several awards during the financial year '07-'08. The result of continuous improvements in quality and engineering was evident in the company winning five prestigious awards at the Auto Expo 2008. The Apache RTR 160 bagged three awards including Performance Bike of the Year by NDTV Bike Awards, Bike of the Year up to 160cc by Overdrive and Design of the year by NDTV Bike Awards. The TVS Scooty Pep+ won the TNS Voice of the Customer Award as the No.1 Scooterette by Autocar CNBC Awards. TVS Motor Company's concept bike named 'Qube' was chosen as the Concept Bike of the Year by Overdrive.

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