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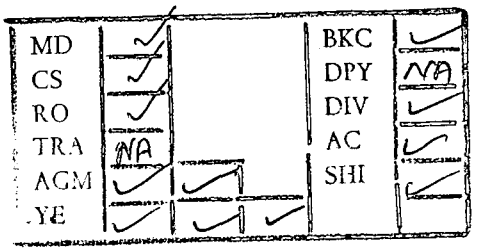

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TVS SRICHAKRA LIMITED

Fifteenth Annual Report 1997-98

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BOARD OF DIRECTORS

S NARAYANAN
Chairman

R NARESH
Vice-Chairman

SHOBHANA RAMACHANDHRAN
Managing Director

K R RAGAVAN
M S VIRARAGHAVAN
W P A R NAGARAJAN
N H ATTHREYA
J V RAGHAVAN
HARSHAD N BHANSALI
SITARAM RAO VALLURI
M V N RAO
LIC Nominee (Upto 24.4.1998)

BANKERS

STATE BANK OF INDIA
West Veli Street, Madurai 625 001

AUDITORS

SUNDARAM & SRINIVASAN
Plot No. 8A, Visalakshipuram,
Madurai 625 014

REGISTERED OFFICE

TVS Building
7-B, West Veli Street,
Madurai 625 001

ADMINISTRATIVE OFFICE

10, Jawahar Road,
Madurai 625 002

WORKS

Vellaripatti Village
Melur Taluk 625 122
Madurai District
Tamil Nadu

SUBSIDIARIES

NITYA SARVAMANGALA TRADING
AND HOLDING LIMITED

TVS SRICHAKRA HOLDINGS LIMITED

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fifteenth Annual General Meeting of the Company will be held at 10.00 AM on Thursday, the 27th August, 1998, at Lakshmi Sundaram Hall, 15-A Gokhale Road, Madurai 625 002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and Profit & Loss Account for the year ending 31st March, 1998 and Reports of the Directors and Auditors thereon.
2. To declare a dividend
3. To appoint a Director in the place of Mr. M S Viraraghavan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. W P A R Nagarajan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. N H Atthreya, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Sundaram & Srinivasan, Chartered Accountants, Madurai, retire and are eligible for re-appointment.

SPECIAL BUSINESS

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

   RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company for keeping the Register of Members/Debentureholders together with the Index of Members, Index of Debentureholders and copies of all returns prepared under Sections 159 and 160 of the Companies Act, 1956, as also copies of certificates and documents required to be annexed thereto under Sections 160 and 161 of the Companies Act, 1956, at No.6 Bhulabhai Desai Road, Chokkikulam, Madurai 625 002, instead of at No.9, Jawahar Road, Chokkikulam, Madurai 625 002.

By Order of the Board
SHOBHANA RAMACHANDHRAN
Managing Director

Place : Madurai
Date : 20.6.1998

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. THE PROXIES TO BE VALID SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the share Transfer books of the Company will remain closed from 18th August, 1998 to 27th August, 1998, both days inclusive.

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4. Dividend, as recommended by the Board of Directors, if declared at the meeting shall be paid without deduction of tax at source, to those members whose name(s) appear in the Register of Members of the Company as on 27th August, 1998.

5. Pursuant to Section 205A of the Companies Act, 1956, Company has transferred the unpaid dividend amounting to Rs.1,02,906/- relating to the year 1993-94 to the General Revenue Account of the Central Government. Members who have valid claims to the unclaimed dividend referred above may claim the same from the Registrar of Companies, Shastri Bhavan, 26 Haddows Road, Chennai 600 006.

6. 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.

7. Members, who are desirous of seeking any further information or clarification, are requested to write to the Company, at least 7 days before the meeting so as to enable the Company to keep such details ready.

8. Members are requested to notify immediately any change in their address, to the Company.

9. Members are requested to sign at the space provided in the enclosed attendance sheet and hand over the slip at the entrance of the meeting hall.

10. All correspondences be addressed to the Administrative Office of the Company at No.10 Jawahar Road, Madurai 625 002, quoting the Folio Number.

EXPLANATORY STATEMENT

As required under section 173(2) of the Companies Act, 1956.

Item No.7

Section 163 of the Companies Act, 1956, contains the stipulation that the statutory registers, returns and other records of the Company shall be kept at the Registered Office the Company and in case it is desired to keep the same at any other place within the city, town or village in which the Registered Office is situate, then the same shall have the approval of the Company in the General Meeting by way of a special resolution passed for this purpose. As of now, these registers and records are being kept, with the approval of the Company, at No.9 Jawahar Road, Chokkikulam, Madurai 625 002. Now it is proposed to keep these statutory registers and records at No.6 Bhulabhai Desai Road, Chokkikulam, Madurai 625 002, on account of administrative convenience. In addition, the Registrar of Companies shall be given in advance, a copy of the said proposed special resolution.

The proposed special resolution seeks the consent of the members to comply with the requirements of the Companies Act, 1956. No Director of the Company is concerned or interested in this item of business.

By Order of the Board
SHOBHANA RAMACHANDHRAN
Managing Director

Place : Madurai
Date : 20.6.1998

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Rs. in lakhs

FIVE YEAR FINANCIAL SUMMARY

	1993-94	1994-95	1995-96	1996-97	1997-98
Share Capital	475.35	717.90	717.92	717.92	717.92
Reserves & Surplus	128.51	320.17	543.35	732.27	1282.37
Net Worth	603.86	1038.07	1261.27	1450.19	2000.29
Total Capital Employed	1544.61	2116.60	2515.33	3551.77	4543.97
Gross Fixed Assets	1069.44	1423.79	2102.77	2940.50	3526.14
Net Fixed Assets	700.92	1051.99	1574.89	2218.81	2635.67
Sales & Other Income	4879.90	7668.20	10477.45	11650.19	13465.77
Production Volume					
– Tyres (Nos.)	15,24,426	22,19,564	28,79,212	32,92,883	35,48,402
– Tubes (Nos.)	11,46,060	17,18,593	20,88,620	24,79,829	33,05,387
Profit before Deprn & Int.	331.21	544.56	817.48	1097.53	1722.56
Profit before Tax	114.25	271.34	375.04	444.48	1035.20
Profit after Tax	114.25	193.34	369.04	386.48	745.20
Earnings Per Share (Rs.)	2.40	# 2.69	5.11	5.38	10.38
Dividend Amount	57.04	84.31	143.58	157.94	179.48
Rate of Dividend	12%	* 15%	20%	22%	25%

Annualised EPS Rs.3.55
* Prorata dividend on Right Shares

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DIRECTORS' REPORT

Your Directors have great pleasure in presenting you the Fifteenth Annual Report of the Company together with the Audited Accounts for the year ending 31st March, 1998.

FINANCIAL HIGHLIGHTS

	(Rs. in lakhs)	
	31.3.1998	31.3.1997
Profit before depreciation and interest	1722.56	1097.53
Profit before tax	1035.20	444.48
Profit after tax	745.20	386.48
Less: Prior period expenditure	-	23.83
Add : Balance brought forward from the Profit & Loss Account	505.20	355.29
Profit available for appropriation	1250.40	717.94
Transfer to General reserve	100.00	39.00
Transfer to Debenture Redemption Reserve	100.00	-
Proposed Dividend	179.48	157.94
Tax on proposed dividend	17.95	15.79
Balance carried forward to the Profit & Loss Account	852.97	505.20

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PERFORMANCE

Your Company's turnover for the year under review has increased by 13% over previous year, to Rs. 130.40 crores. Further, the production volumes of tyres and tubes have increased by 8% and 33% respectively to 3.5 million nos. and 3.3 million nos. The Profit before Depreciation and Interest has increased by 57% to Rs. 1722.56 lakhs, in view of profit on sale of investments and rationalisation of operating costs. The Profit after Tax has increased by 93% to Rs. 745.20 lakhs and Earnings Per Share increased to Rs. 10.38 per share as against Rs.5.38 per share for the previous year.

The Company was able to recover from the decline in exports in 1996-97; the FOB value of exports has increased by 79% to Rs.1611.34 lakhs.

EXPANSION

During the year under review, the plant capacity has been increased to 36 lakh nos. of tyres per annum (from 33 lakh nos.) and 33 lakh nos of tubes per annum (from 24 lakh nos). Further investment of Rs. 240 lakhs was made to set up additional non-conventional energy sources for captive consumption. These expansion schemes were funded by internal accruals and private placement of secured, redeemable non-convertible debentures aggregating to Rs. 300 lakhs.

Your Company would continue to pursue the policy of phased expansion, in the coming years.

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COMPETITION AND ORGANISATIONAL DEVELOPMENT

Subject to the policies of new Government, today we are progressively becoming a part of the global market. Further liberalisation of economic policy, particularly, reduction of tariff barriers is likely to take place in the near future, compelling the Indian corporates to view the entire world as one single market. As you may be aware, the import of automotive tyres has already been permitted. We are aware that our survival and long term growth, by and large, would depend on our competitiveness to match such new entrants with larger financial resources, inspite of a constraint in terms of our size.

In this context, your Company has already taken up an exercise to review its key business processes so as to improve productivity.

CHANGE OF NAME

With effect from 1st October, 1997, the name of your Company has been changed from "SRICHAKRA TYRES LIMITED" to "TVS SRICHAKRA LIMITED".

SUBSIDIARIES AND ASSOCIATE COMPANIES

During the year under review, your Company has invested Rs.32.75 lakhs in the equity share capital of the Subsidiaries. As you may be aware, the subsidiaries are Investment Companies, which have invested in the Joint Ventures promoted by the Company.

The accounts of the Subsidiary Companies are attached to the Balance Sheet of the Company, as per the requirement of Section 212 of the Companies Act, 1956.

Your Company divested its stakes in DuPont South Asia Limited, a Joint Venture promoted with DuPont, USA, during the year under review.

DIVIDEND

Your Directors are pleased to recommend a dividend of 25% absorbing a sum of Rs.179.48 lakhs. The dividend will be paid to all the shareholders whose names appear in the Register of Members as on the book closure date.

DEPOSITS

The amount of deposits held by the Company as at 31st March, 1998, was Rs.379.13 lakhs. All deposits which matured during the year were either renewed or repaid on the due dates except 52 deposits for Rs.2.92 lakhs which remain unclaimed.

COST AUDIT

The Board of Directors have appointed Mr.K S Rajagopalan, Cost Accountant, Madurai to audit the cost accounts of the Company relating to the manufacture of rubber tyres and tubes for the financial year ending 31st March, 1999, in compliance with the Central Government directives in this regard.

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DIRECTORS

We regret to inform the demise of Mr.Ambalal K Patel, Director, who was on our Board from June, 1983.

Further, Mr. M V N Rao, the Director nominated by Life Insurance Corporation of India (LIC) ceased to be a Director with effect from 25th April, 1998, as the term loan has been repaid.

The Directors wish to place on record the valuable services rendered by Mr.A K Patel and Mr.M V N Rao, during their tenure of office and association with the Company as its Directors.

Mr. M S Viraraghavan, Mr. W P A R Nagarajan and Mr. N H Atthreya retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

M/s Sundaram & Srinivasan, Chartered Accountants, Madurai, retire and are eligible for re-appointment.

STATUTORY STATEMENTS

As required by Section 212 of the Companies Act, 1956, a statement showing the Company's interest in the subsidiaries is enclosed to the Balance Sheet of the Company.

In terms of Section 217(1)(e) of the Companies Act, 1956, and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the additional information as required is furnished as Annexure forming part of the Report.

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure forming part of the Report.

ACKNOWLEDGEMENTS

Your Directors acknowledge the continued support and co-operation from Financial Institutions, Banks, Customers, Vendors, Dealers, Debenture and Deposit holders.

Further your Directors thank the Shareholders for their continued confidence on the company.

Your Directors thank the employees for their good performance.

For and on behalf of the Board

Place : Chennai
Date : 3.6.1998

SHOBHANA RAMACHANDHRAN
Managing Director

K R RAGAVAN
Director

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ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 31.3.1998.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken

Additional Wind Electric Generators have been commissioned to reduce the fuel cost.

b) Additional Investments and proposals, if any, being implemented for reduction in consumption of energy.

Non conventional energy devices are being used to the fullest extent possible.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

By adopting the above measures, we have been able to reduce the energy consumption. Further installation of Wind Electric Generators is expected to reduce the energy cost.

d) Total energy consumption and energy consumption per unit of production.

FORM A

(A) POWER AND FUEL CONSUMPTION :

	1997-98	1996-97
1. Electricity		
a) Purchased:		
Units	87,10,196	76,24,143
Total amount (Rs.)	3,15,68,733	2,21,84,767
Rate/Unit (Rs.)	3.62	2.91
b) Own Generation:		
i) Through Diesel Generator (Units)	18,53,795	21,67,615
Units per litre of diesel oil	2.11	2.63
Cost/Unit (Rs.)	4.62	2.99
ii) Through Wind Electric Generator (Units)	16,81,883	9,35,418
Total Cost (Rs.)	8,80,137	3,31,802
Rate/Unit (Rs.)	0.52	0.35
2. Coal - Leco		
Quantity (MT)	4,680	2,934
Total Cost (Rs.)	97,35,790	69,60,006
Average rate (Rs.)/MT	2,080	2,372

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