



Report  junction.com

# ***TVS SRICHAKRA LIMITED***

Sixteenth Annual Report 1998-99

CONTENTS	Page No
NOTICE	2
FIVE YEAR FINANCIAL SUMMARY	6
DIRECTORS' REPORT	7
ANNEXURES TO THE DIRECTORS' REPORT	10
AUDITORS' REPORT	13
BALANCE SHEET	16
PROFIT & LOSS ACCOUNT	17
SCHEDULES	18
CASH FLOW STATEMENT	33
STATEMENT OF INTEREST IN SUBSIDIARIES	34
ANNUAL REPORTS OF THE SUBSIDIARIES:	
NITYA SARVAMANGALA TRADING AND HOLDING LIMITED	36
TVS SRICHAKRA HOLDINGS LIMITED	40



**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

**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****TYRE DIVISION**

VELLARIPATTI VILLAGE  
MELUR TALUK  
MADURAI DISTRICT  
TAMIL NADU

**MOULDED PRODUCTS DIVISION**

NARASINGAMPATTI VILLAGE  
THERKUTHERU, MELUR TALUK  
MADURAI DISTRICT  
TAMIL NADU

**SUBSIDIARIES**

NITYA SARVAMANGALA TRADING  
AND HOLDING LIMITED  
TVS SRICHAKRA HOLDINGS LIMITED



## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held at 10.00 AM on Wednesday, the 15th September, 1999, 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, 1999 and Profit and Loss Account for the year ending 31st March, 1999 and Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. J V Raghavan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. S Narayanan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. K R Ragavan, 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 authorise the Board of Directors 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 an ordinary resolution :

RESOLVED THAT pursuant to Schedule XIII (as amended) read with applicable provisions of the Companies Act, 1956, and subject to such approvals and consents as may be necessary, the approval of the Company be and is hereby accorded to the appointment of Mr. R Naresh as a Whole-Time Director of the Company, designated as "Executive Vice Chairman", for a period of five (5) years from 16th June, 1999, on such salary, commission and perquisites as set out hereunder :

- a) Salary : Rs.60,000/- (Rupees Sixty thousand only) per month.
- b) Commission : Two percent of net profits for each financial year or part thereof computed in the manner laid down under the applicable provisions contained in the Companies Act, 1956.
- c) Perquisites : The value and details of which are set out in the explanatory statement to the notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter or vary the composition/elements of the remuneration payable to Mr. R Naresh in such manner as agreed to between the Board of Directors and Mr. R Naresh, within the overall limits as set out above.

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

RESOLVED THAT in accordance with Schedule XIII (as amended) read with applicable provisions of the Companies Act, 1956, subject to such approvals and consents as may be necessary and in supersession of the resolution passed at the Twelfth Annual General Meeting of the Company held on 11th September, 1995 in respect of the appointment of Miss Shobhana Ramachandhran as Managing Director of the



Company, the approval of the Company is hereby accorded to vary, alter or modify the terms of the appointment and remuneration of Miss. Shobhana Ramachandran, Managing Director with effect from 1st April, 1999 for the remaining period of her office upto 24th August, 2001, on such salary, commission and perquisites as set out hereunder :

- a) Salary : Rs.60,000/- (Rupees Sixty thousand only) per month.
- b) Commission : Two percent of net profits for each financial year or part thereof computed in the manner laid down under the applicable provisions contained in the Companies Act, 1956.
- c) Perquisites : The value and details of which are set out in the explanatory statement to the notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter or vary the composition/elements of the remuneration payable to Miss. Shobhana Ramachandran in such manner as agreed to between the Board of Directors and Miss. Shobhana Ramachandran within the overall limits as set out above.

Place : Madurai  
Date : 17.6.1999

By Order of the Board  
**SHOBHANA RAMACHANDRAN**  
Managing Director

#### 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 1st September, 1999 to 15th September, 1999, both days inclusive.
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 15th September, 1999.
5. Pursuant to Section 205A of the Companies Act, 1956, Company has transferred the unpaid dividend amounting to Rs.1,44,037/- relating to the year 1994-95 to the General Revenue Account of the Central Government. Members who have valid claims to the unclaimed dividend referred to 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 correspondence be addressed to the Administrative Office of the Company at No.10 Jawahar Road, Madurai 625 002, quoting the Folio Number.



11. a) Members holding shares of the Company under more than one Registered Folio are requested to send to the Company, details of all such Folios, together with the Share Certificates for consolidating the Folios into one.
- b) Even if, the members are holding shares in different names but belonging to the same family, members may get the shares transferred into one Folio of their choice.

This will help the Company to reduce the servicing cost and enable the members to effectively track the dividend and other correspondence as well as to convert their holdings into marketable lots.

#### EXPLANATORY STATEMENT

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

##### Item No.7

As of now, Miss. Shobhana Ramachandhran, Managing Director is the only whole-time Director of the Company. In view of the growing operations of the Company, it has been considered necessary and desirable by the Board of Directors to appoint yet another whole-time Director. Accordingly, the Board of Directors of your Company at their meeting held on 16th June, 1999, unanimously approved the appointment of Mr. R Naresh as a Whole-Time Director, for a period of five (5) years with effect from 16th June, 1999 on such salary, commission and perquisites as set out in the resolution under Item No.7 of the notice convening this Annual General Meeting.

##### Perquisites

The value and details of perquisites as referred to in the resolution set out under Item No.7 is given hereunder :

- a) House Rent Allowance at the rate of fifty percentage of the salary.
- b) Medical Expenses incurred for the Executive Vice Chairman and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- c) Leave Travel Concession for the Executive Vice Chairman and his family once in a year incurred in accordance with the rules of the Company.
- d) Fees of clubs, subject to a maximum of two clubs. This will not include admission and the membership fees.
- e) Personal Accident Insurance for an amount, the annual premium of which does not exceed Rs.2,500/-.
- f) Contribution to Provident Fund, Superannuation and Annuity Fund in accordance with the rules specified by the Company. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- g) Encashment of leave at the end of the tenure.
- h) Provision of car for use on Company's business and telephone at residence.

In terms of the last paragraph of the resolution(s), the Board of Directors are authorised to alter or vary the composition/elements of the remuneration of the Executive Vice Chairman.

Further, where in any financial year during the currency of tenure of the Executive Vice Chairman, the Company has no profits or if profits are inadequate, the minimum remuneration payable to the Executive Vice Chairman shall be the same substantive salary and perquisites as above mentioned, subject to the ceiling set out under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Further, Mr. R Naresh is holding the position of a Joint Managing Director in yet another Company. Hence, the compensation payable to Mr. R Naresh shall be subject to such restrictions as set out under Schedule XIII to and applicable provisions contained in the Companies Act, 1956. Mr. R Naresh is one of the promoters of the Company.

Your Directors recommend that the appointment of and remuneration to Mr. R Naresh, as set forth above be approved by the Members at this Meeting.



Miss. Shobhana Ramachandhran being the sister of Mr. R Naresh and Mr. R Naresh are / may be deemed to be concerned or interested in the resolution set out under Item 7.

The explanatory statement together with the abstract(s) under Section 302 be treated as the Memorandum issued pursuant to Section 302 of the Companies Act, 1956.

#### **Item No.8**

Miss. Shobhana Ramachandhran was re-appointed as Managing Director of the Company at the Twelfth Annual General Meeting, for a period of five (5) years with effect from 25th August, 1996, at a salary of Rs.35,000/- per month plus a commission of 2% of net profits and perquisites. In view of the growth of the Company, the Board of Directors of your Company at their Meeting held on 16th June, 1999 enhanced the remuneration payable to Miss. Shobhana Ramachandhran, Managing Director, which are set out in the resolution under Item No.8 of the notice convening this meeting, with effect from 1st April, 1999 till the end of her current tenure of office, namely 24th August, 2001.

#### **Perquisites**

The value and details of perquisites as referred to in the resolution set out under Item No. 8 is given hereunder :

- a) House Rent Allowance at the rate of fifty percentage of the salary.
- b) Medical Expenses incurred for the Managing Director and her family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- c) Leave Travel Concession for the Managing Director and her family once in a year incurred in accordance with the rules of the Company.
- d) Fees of clubs, subject to a maximum of two clubs. This will not include admission and the membership fees.
- e) Personal Accident Insurance for an amount, the annual premium of which does not exceed Rs.2,500/-.
- f) Contribution to Provident Fund, Superannuation and Annuity Fund in accordance with the rules specified by the Company. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- g) Encashment of leave at the end of the tenure.
- h) Provision of car for use on Company's business and telephone at residence.

In terms of the last paragraph of the resolution(s), the Board of Directors are authorised to alter or vary the composition/elements of the remuneration of the Managing Director.

Further, where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or if profits are inadequate, the minimum remuneration payable to the Managing Director shall be the same substantive salary and perquisites as above mentioned, subject to the ceiling set out under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Considering the valuable contribution made by Miss. Shobhana Ramachandhran, Managing Director to the growth of the Company over the years, your Directors recommend that her remuneration as set forth above be approved by the Members at this Meeting.

Mr. R Naresh being the brother of Miss. Shobhana Ramachandhran and Miss. Shobhana Ramachandhran are / may be deemed to be concerned or interested in the resolution set out under Item No. 8.

The explanatory statement together with the abstract(s) under Section 302 be treated as the Memorandum issued pursuant to Section 302 of the Companies Act, 1956.

Place : Madurai  
Date : 17.6.1999

By Order of the Board  
**SHOBHANA RAMACHANDHRAN**  
Managing Director



### FIVE YEAR FINANCIAL SUMMARY

	Rs. in lakhs				
	1994-95	1995-96	1996-97	1997-98	1998-99
SHARE CAPITAL	717.90	717.92	717.92	717.92	765.71
RESERVES & SURPLUS	320.17	543.35	732.27	1282.37	1962.01
NET WORTH	1038.07	1261.27	1450.19	2000.29	2727.72
TOTAL CAPITAL EMPLOYED	2116.60	2515.33	3551.77	4543.97	5037.06
GROSS FIXED ASSETS	1423.79	2102.77	2940.50	3526.14	4183.50
NET FIXED ASSETS	1051.99	1574.89	2218.81	2635.67	2903.85
SALES & OTHER INCOME	7668.20	10477.45	11650.19	13465.77	15491.19
PRODUCTION VOLUME					
- TYRES (NOS.)	22,19,564	28,79,212	32,92,883	35,48,402	40,78,712
- TUBES (NOS.)	17,18,593	20,88,620	24,79,829	33,05,387	39,12,780
PROFIT BEFORE DEPRN. & INT.	544.56	817.48	1097.53	1722.56	2030.59
PROFIT BEFORE TAX	271.34	375.04	444.48	1035.20	1315.56
PROFIT AFTER TAX	193.34	369.04	386.48	745.20	950.56
EARNINGS PER SHARE (Rs.)	# 2.69	5.11	5.38	10.38	12.41
DIVIDEND AMOUNT	84.31	143.58	157.94	179.48	268.00
RATE OF DIVIDEND	* 15%	20%	22%	25%	35%

# Annualised EPS Rs. 3.55

\* Prorata dividend on Right Shares



**DIRECTORS' REPORT**

Your Directors have great pleasure in presenting you the Sixteenth Annual Report of the Company together with the Audited Accounts for the year ending 31st March, 1999.

**AMALGAMATION**

The Scheme of Amalgamation of Auto Rubbers, Tools Limited (Transferor Company) with the Company, as approved by the Shareholders was confirmed by the Hon'ble High Court of Judicature at Chennai on 23rd April, 1999, with effect from 1st April, 1998. Hence, the accounts of the transferor Company is incorporated in the accounts of your Company, effective 1st April, 1998.

**FINANCIAL HIGHLIGHTS**

	(Rs. in lakhs)	
	31.3.1999	31.3.1998
Profit before depreciation and interest	2030.59	1722.56
Profit before tax	1315.56	1035.20
Profit after tax	950.56	745.20
Add : Balance brought forward from the Profit and Loss Account	852.97	505.20
Balance brought forward from the Profit and Loss Account of Transferor Company	47.14	—
Profit available for appropriation	1850.67	1250.40
Transfer to General Reserve	100.00	100.00
Transfer to Debenture Redemption Reserve	100.00	100.00
Proposed Dividend	268.00	179.48
Tax on proposed dividend	29.48	17.95
Balance carried forward to the Profit and Loss Account	1353.19	852.97

**PERFORMANCE**

Your Company's turnover for the year under review has increased by 16% over previous year, to Rs.151.95 crores. The other income for the year under review is Rs. 295.76 lakhs, as compared to Rs.411.19 lakhs for the previous year.

The Earnings Per Share, considering the enlarged equity, has increased to Rs.12.41 per share, as against Rs.10.38 per share for the previous year.

The FOB value of exports has increased from Rs.1611.35 lakhs in the previous year to Rs.1842.05 lakhs. Company continues to actively explore opportunities for expanding the export business.

**TVS SRI CHAKRA LIMITED****DIRECTORS' REPORT (Contd.)****EXPANSION**

During the year under review, the plant capacity of the tyre division has been increased to 45 lakh nos of tyres and tubes, each per annum, apart from modernisation of existing facilities, both of which were funded out of internal accruals.

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

**ORGANISATIONAL DEVELOPMENT**

During the year under review, your Company underwent a Productivity Improvement Programme, under the guidance and direct involvement of a UK based management consulting firm. Further, your Company has recently taken up a Total Productive Maintenance programme (TPM), in collaboration with Japan Institute of Plant Maintenance (JIPM), Japan, which is expected to contribute significant productivity savings, in the coming years.

As you may be aware, your Company is already an ISO 9001 Company.

Your Board strongly believes that these organisational development measures have to be taken up on a continual basis to sustain the competitive edge required for survival and growth.

**NEW PRODUCTS**

Your Company has recently launched a new premium range of scooter tyres, under the name "CONTA", which have been well received in the market. Your Company will endeavour to bring new products, continually with the objective of meeting the emerging needs of customers, both in the OE as well as replacement markets.

**SUBSIDIARIES AND ASSOCIATE COMPANIES**

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.

**DIVIDEND**

Your Directors are pleased to recommend a dividend of 35% absorbing a sum of Rs.268 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, 1999 was Rs.407.56 lakhs. All deposits which matured during the year were either renewed or repaid on the due dates except 151 deposits for Rs.6.92 lakhs which remain unclaimed.