



TVS TYRES
R I D E S M A R T

TWENTY SECOND ANNUAL REPORT 2004-05

TVS SRICHAKRA LIMITED

BOARD OF DIRECTORS

S NARAYANAN
Chairman

R NARESH
Executive Vice Chairman

SHOBHANA RAMACHANDHRAN
Managing Director

K R RAGAVAN

M S VIRARAGHAVAN

N H ATTHREYA

J V RAGHAVAN

SITARAM RAO VALLURI

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**AUDIT COMMITTEE**

M S VIRARAGHAVAN

Chairman

N H ATTHREYA

SITARAM RAO VALLURI

K R RAGAVAN

**SHAREHOLDERS / INVESTORS
COMMITTEE**

S NARAYANAN

Chairman

SHOBHANA RAMACHANDHRAN

J V RAGHAVAN

AUDITORS

SUNDARAM & SRINIVASAN

PLOT NO.8A, VISALAKSHIPURAM

MADURAI 625 014

BANKERS

STATE BANK OF INDIA

WEST VELI STREET

MADURAI 625 001

REGISTERED OFFICE

TVS BUILDING

7-B, WEST VELI STREET

MADURAI 625 001

ADMINISTRATIVE OFFICE

10, JAWAHAR ROAD

MADURAI 625 002

e-mail : secretarial@tvstyres.comdemat@tvstyres.comwebsite : www.tvstyres.com**PLANT LOCATION**

VELLARIPATTI VILLAGE

MELUR TALUK

MADURAI DISTRICT

625 122

NARASINGAMPATTI VILLAGE

THERKUTHERU, MELUR TALUK

MADURAI DISTRICT

625 122

REGISTRAR AND SHARE TRANSFER AGENT

INTEGRATED ENTERPRISES (INDIA) LIMITED

II FLOOR, "KENCES TOWERS"

NO.1, RAMAKRISHNA STREET

NORTH USMAN ROAD, T. NAGAR

CHENNAI - 600 017

e-mail : yesbalu@iepindia.comsureshbabu@iepindia.com

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held at 10.00 AM on Wednesday, the 14th September, 2005, 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, 2005 and Profit and Loss Account for the year ending 31st March, 2005 and Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. S Narayanan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. K R Ragavan, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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.

By Order of the Board

Place : Chennai

SHOBHANA RAMACHANDHRAN

Date : 26.5.2005

Managing Director

NOTES

1. **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, 2005 to 14th September, 2005, both days inclusive, for payment of dividend on equity shares.
4. Dividend, as recommended by the Board of Directors, if declared at the meeting shall be paid, to those members whose name(s) appear in the Register of Members of the Company as on 14th September, 2005. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
5. 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.
6. Members, who are desirous of seeking any further information or clarification relating to the annual accounts, 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.

NOTICE TO SHAREHOLDERS (Contd.)

7. MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY ANY CHANGE IN THEIR ADDRESS TO M/s INTEGRATED ENTERPRISES (INDIA) LIMITED, CHENNAI, THE SHARE TRANSFER AGENT OF THE COMPANY. (For further details / address, please refer Page No.21).
8. a) Members are requested to sign at the space provided in the attendance sheet appended to this Annual Report and hand over the same at the entrance of the meeting hall.
- b) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Members who have not encashed their dividend warrants in respect of the dividend declared for the year ended 31.3.1998 and for any subsequent years, are requested to make their claim to the Share Transfer Agent of the Company.
10. The details of unclaimed dividend / unclaimed interest on public deposits and unclaimed public deposits transferred to Investor Education and Protection Fund (IEPF), during the year 2004-2005 are given below. It may be noted that Members and Depositors are not entitled to claim these amounts from IEPF.

Particulars	Amount transferred Rs.
Unclaimed dividend – 1996 – 1997	2,61,227/-
Unclaimed interest on Matured Deposits	1,785/-

Details of Directors seeking re-election, pursuant to Clause 49 of the Listing Agreement.

At this Twenty Second Annual General Meeting of the Company, Mr S Narayanan and Mr K R Ragavan retire by rotation and being eligible, offer themselves for re-appointment. Brief resume, nature of expertise in specific functional areas and details of other Directorships and Committee positions of the aforementioned Directors are given below, in line with the requirement of Code of Corporate Governance.

a) Mr S NARAYANAN

Mr S Narayanan has got more than five decades of experience in automobile industry, particularly on sale of spare parts and service. Mr S Narayanan is the Executive Director of Madras Auto Service, a division of T V Sundram Iyengar & Sons Ltd.

Mr S Narayanan has special expertise in marketing and procurement functions; apart from general management.

Mr S Narayanan is on the Board of your Company from 6.6.1983 .

Mr S Narayanan is holding Directorship/Committee positions in other companies, as follows :

Directorship details	Committee position
Vice Chairman India Motor Parts & Accessories Ltd	Chairman, Audit Committee Chairman, Shareholders/ Investors Grievance Committee
Director Sundaram Finance Ltd	Nil
Director Lucas Indian Service Ltd	Nil


NOTICE TO SHAREHOLDERS (Contd.)

b) Mr K R RAGAVAN

Mr K R Ragavan is graduate in Commerce and has undergone Management Training at ASCI, Hyderabad and Modern Management Council, Mumbai. Mr K R Ragavan started his career on the shop floor of service workshop of TVS; Mr K R Ragavan has more than 5 decades of experience in marketing Automobiles, spare parts and accessories and service. Mr K R Ragavan has played an active role in many trade and industry bodies, for more than four decades and has held several key positions.

In the last few decades, Mr K R Ragavan has served as the Executive Director of Sundaram Motors, a division of T V Sundram Iyengar & Sons Ltd.

Mr K R Ragavan has special expertise in marketing function, apart from general management and business re-engineering.

Mr K R Ragavan is on the Board of your Company from 6.6.1983.

Mr K R Ragavan is holding Directorship in Axles India Limited, India Motor Parts & Accessories Limited and Sundharams Private Limited.

Mr K R Ragavan does not hold Committee positions in other Companies.

By Order of the Board

Place : Chennai

SHOBHANA RAMACHANDHRAN

Date : 26.5.2005

Managing Director

FIVE YEAR PERFORMANCE AT A GLANCE

Rs. In lakhs

PARTICULARS	2000 - 2001	2001-2002	2002-2003	2003-2004	2004-2005
A. OPERATING RESULTS					
GROSS INCOME	16576	18695	24153	23168	22770
PROFIT BEFORE DEPN. INT. & TAX	1575	1650	1912	1785	1341
PROFIT BEFORE INT. & TAX	1141	1177	1395	1235	752
PROFIT BEFORE TAX (PBT)	842	928	1199	1051	618
PROFIT AFTER TAX (PAT)	648	617	784	690	416
DIVIDENDS	268	268	268	253	153
DIVIDEND TAX	27	-	34	32	21
RETAINED PROFITS	353	349	482	405	242
B. FINANCIAL STATUS					
GROSS FIXED ASSETS	5626	5962	6435	6753	7746
NET FIXED ASSETS	3555	3428	3412	3199	3642
INVESTMENTS	126	126	116	220	113
NET CURRENT ASSETS	1987	2684	3196	3459	3748
SHARE CAPITAL	766	766	766	766	766
RESERVES AND SURPLUS	2999	2706	3222	3690	3938
NET WORTH	3764	3472	3988	4456	4704
LOAN FUNDS	1937	2263	2252	1927	2157
DEFERRED TAX LIABILITY (NET)	-	621	571	549	665
TOTAL CAPITAL EMPLOYED	5702	6356	6811	6932	7526
C. KEY RATIOS					
PBDIT TO NET SALES (%) *	9.88	9.47	8.15	8.13	5.86
PBIT TO NET SALES (%) *	6.88	6.56	5.67	5.42	2.90
PBT TO NET SALES (%) *	4.81	5.02	4.72	4.51	2.22
PBIT TO AV. CAPITAL EMPLOYED (%) *	17.35	17.65	17.92	16.02	7.95
RETURN ON AVERAGE NET WORTH (%)	18.07	17.05	21.02	16.34	9.08
EARNINGS PER SHARE (Rs.)	8.47	8.06	10.24	9.01	5.43
DIVIDEND PER SHARE (Rs.) #	3.86	3.50	3.95	3.73	2.28
DIVIDEND PAY OUT (%) #	45.55	43.44	38.56	41.33	41.97
BOOK VALUE PER SHARE (Rs.)	49.16	45.35	52.08	58.19	61.43
DEBT EQUITY RATIO (NO. OF TIMES)	0.51	0.65	0.49	0.39	0.46

* Excluding other income

Including dividend tax

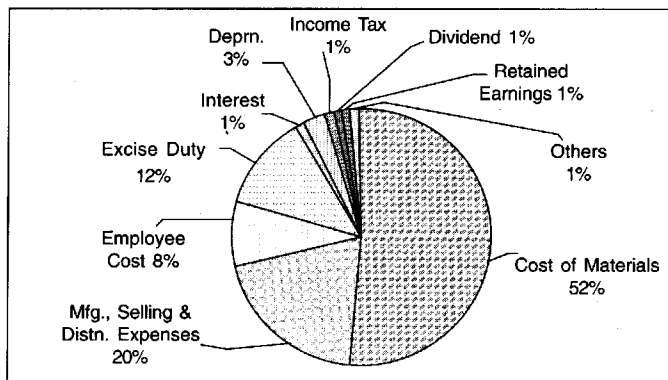
DIRECTORS' REPORT

Your Directors hereby present you the Twenty Second Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS

	Rs. in lakhs	
	31.3.2005	31.3.2004
Profit before depreciation and interest	1341	1785
Profit before tax	618	1051
Profit after tax	416	690
Add : Prior period Provision written back	6	64
Balance brought forward from the Profit & Loss Account	2771	2378
Profit available for appropriation	3193	3132
Less : Transfer to General Reserve	45	76
Proposed dividend	153	253
Tax on proposed dividend	21	32
Balance carried forward to the Profit and Loss Account	2974	2771

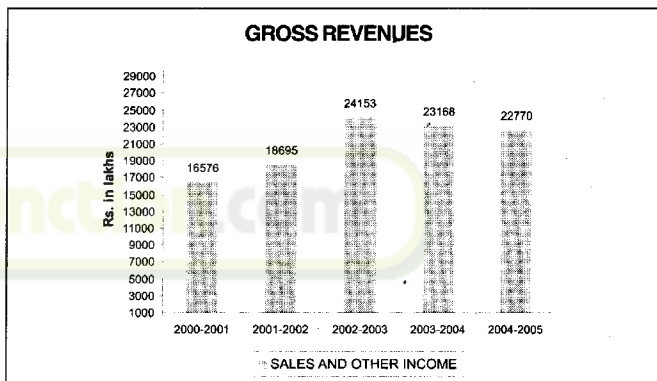
SPLIT OF GROSS REVENUE FOR 2004-2005



PERFORMANCE

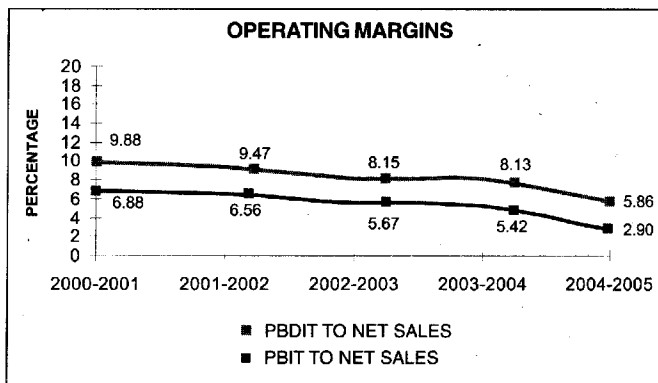
Your Company's turnover for the year under review has marginally declined by 1.97%, over previous year, to Rs.226 crores. The other income for the year under review is Rs.177 lakhs, compared to Rs.134 lakhs in the previous year. The prices of the major raw materials have gone up steeply during the year, which adversely impacted the profitability of the Company. Your Company's cost reduction measures could offset only a portion of the cost increase. Your Company recorded a profit before tax of Rs.787 lakhs, as against Rs.1051 lakhs for the previous year, before considering the extraordinary item of the reversal of Additional Excise Duty (AED) of Rs.169 lakhs.

GROSS REVENUES



Your Company's profit after tax for the year ended 31st March, 2005 declined by 40% to Rs.416 lakhs, against Rs.690 lakhs in the previous year.

OPERATING MARGINS



In view of the steep increase in the input cost, the impact of which would be for the whole of the current financial

DIRECTORS' REPORT (Contd.)

year 2005 – 2006, your Company is seeking to get a reasonable price increase from the customers. The cost reduction measures and productivity improvement programs will also be taken up to partially offset the impact of input cost increase.

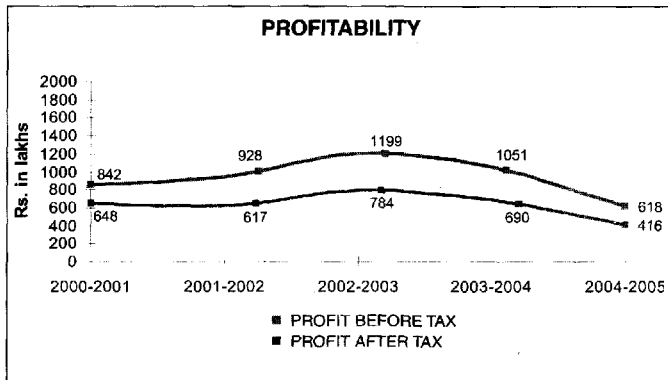
the market has become fiercely competitive, for both the OEMs as well as its suppliers.

Your Company has launched few new products in the market, with better functionality and aesthetics to cater to the evolving needs of the market.

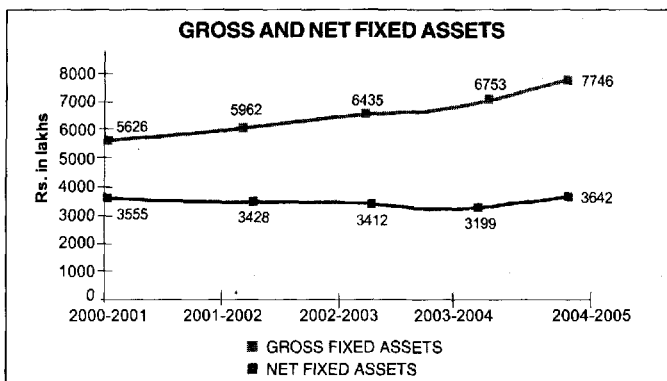
Your Company has chalked out a plan to increase the turnover and market share in aftermarket.

EXPANSION

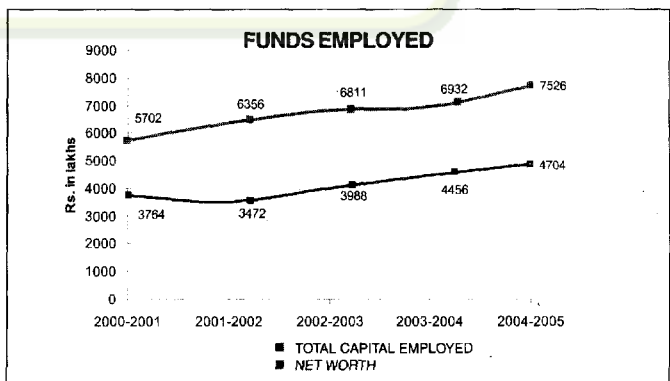
Your Company is planning to expand its production capacity, substantially, during the current financial year 2005 – 2006. Your Company is also planning to enter certain new product lines, which offers good potential for growth and profitability. The extent of expansion, the investment and the means of finance are being worked out.

**EXPORTS**

Your Company's export turnover has grown by 25% to Rs.34 crores, during the year under review. Your Company has chalked out an ambitious plan to grow in the export market, by introduction of new products and developing new territories, apart from improving the overseas distribution channel. This segment of the business is expected to grow at a faster rate, in the coming years.

**MARKETING**

The two wheeler vehicle production and sales went up by around 15%, during the financial year 2004–2005. However,

**CORPORATE GOVERNANCE**

Pursuant to the provisions contained in the Listing agreement, a Management Discussion and Analysis Report, a report on Corporate Governance together with the Auditors' Certificate on the compliance of conditions of Corporate Governance is furnished as Annexure forming part of this Directors' Report.