



TVS TYRES
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TWENTY THIRD ANNUAL REPORT 2005-06

TVS SRICHAKRA LIMITED

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BOARD OF DIRECTORS

S NARAYANAN
Chairman

R NARESH
Executive Vice Chairman

SHOBHANA RAMACHANDHRAN
Managing Director

K R RAGAVAN (Till 22.3.2006)

M S VIRARAGHAVAN

N H ATTHREYA

J V RAGHAVAN

SITARAM RAO VALLURI

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**AUDIT COMMITTEE**

M S VIRARAGHAVAN

Chairman

N H ATTREYA

SITARAM RAO VALLURI

K R RAGAVAN (till 22.3.2006)

SHAREHOLDERS / INVESTORS COMMITTEE

S NARAYANAN

Chairman

SHOBHANA RAMACHANDHRAN

J V RAGHAVAN

AUDITORS

SUNDARAM & SRINIVASAN

OLD NO. 111, NEW NO. 250

P. T. RAJAN ROAD,

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.com

demat@tvstyres.com

website : 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.com

sureshbabu@iepindia.com

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Third Annual General Meeting of the Company will be held at 10.00 AM on Monday, the 7th August, 2006, 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, 2006 and Profit and Loss Account for the year ending 31st March, 2006 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 Sitaram Rao Valluri, 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.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, and subject

to such approvals and consents as may be necessary, the approval of the Company is hereby accorded to the re-appointment of Ms Shobhana Ramachandhran as the Managing Director of the Company for a period of five years, with effect from 25th August, 2006 on such salary, commission and perquisites as setout hereunder, which the Company is entitled to pay in terms of Section I of Part II of Schedule XIII to the Companies Act, 1956.

- a) Salary : Rs.1,25,000/- (Rupees one lakh twenty five thousand only) per month in the scale of annual increase of Rs.25,000/- (Rupees twenty five thousand only) per month. Annual increase shall be effective 1st April, every year.
- 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 setout 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 Ms Shobhana Ramachandhran in such manner as agreed to between the Board of Directors and Ms Shobhana Ramachandhran within the overall limits as setout above.

By Order of the Board

Place : Chennai **SHOBHANA RAMACHANDHRAN**

Date : 29.5.2006 *Managing Director*

NOTICE TO SHAREHOLDERS (Contd.)**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 August, 2006 to 7th August, 2006, 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 7th August, 2006. 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.
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.22).
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 31.3.1999 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 2005-2006 are given below. It may be noted that Members and


NOTICE TO SHAREHOLDERS (Contd.)

Depositors are not entitled to claim these amounts from IEPF.

Particulars	Amount transferred Rs.
Unclaimed dividend – 1997 – 1998	2,91,373/-
Unclaimed interest on Matured Deposits	2,084/-

EXPLANATORY STATEMENT

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

Item No.6

Ms Shobhana Ramachandhran was re-appointed as Managing Director of the Company at the Eighteenth Annual General Meeting, for a period of five (5) years, with effect from 25th August, 2001.

Further, the Board of Directors of your Company, at their meeting held on 29th May, 2006 have unanimously approved the re-appointment of Miss Shobhana Ramachandhran as the Managing Director, for a period of five (5) years, with effect from 25th August, 2006, at such salary, commission and perquisites as set out in the resolution No.6 of the notice convening this Annual General Meeting. The appointment, if approved, will be in conformity with the requirements of Part I and II of Schedule XIII to the Companies Act, 1956.

Perquisites:

The value and details of perquisites as referred to in the resolutions set out under item No.6 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.10,000/-.

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 chauffeur driven 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

NOTICE TO SHAREHOLDERS (Contd.)

mentioned, subject to the ceiling setout under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Considering the valuable contribution made by Ms Shobhana Ramachandhran, Managing Director, to the growth of the Company over the years, your Directors recommend that her re-appointment and remuneration as setforth above be approved by the Members at this Meeting.

Mr R Naresh being the brother of Ms Shobhana Ramachandhran and Ms Shobhana Ramachandhran are / may be deemed to be concerned or interested in the resolution setout under item 6.

The explanatory statement together with the accompanying notice be treated as an abstract of the terms of appointment and memorandum of interest under section 302 of the Companies Act, 1956.

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

At this Twenty third Annual General Meeting of the Company, Mr M S Viraraghavan and Mr Sitaram Rao Valluri 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 M S VIRARAGHAVAN

Mr M S Viraraghavan is a retired IAS Officer of the Andhra Pradesh Cadre.

Mr M S Viraraghavan, during his tenure, has worked in several senior positions in the Andhra Pradesh Government.

Mr M S Viraraghavan is on the Board of your Company from the inception and has a special expertise in general management.

Mr M S Viraraghavan is not holding Directorship / Committee positions in any other Company.

Mr M S Viraraghavan is holding 900 equity shares of Rs.10/- each in your Company.

b) Mr SITARAM RAO VALLURI

Mr S R Valluri, a Doctorate in Aeronautics, and a Fellow Member in many of the prestigious research institutes in India.

Mr S R Valluri has held several senior positions, in various Government organizations. Was awarded "Padmasri" by the Government of India, in 1974.

Mr S R Valluri is on the Board of your Company from 23.2.1991 and has a special expertise in technology development and general management.

Mr S R Valluri is not holding Directorship / Committee positions in any other Company.

Mr S R Valluri does not hold any equity shares in your Company.

By Order of the Board

Place : Chennai **SHOBHANA RAMACHANDHRAN**
Date : 29.5.2006 *Managing Director*

**FIVE YEAR PERFORMANCE AT A GLANCE**

Rs. In lakhs

PARTICULARS	2001-2002	2002-2003	2003-2004	2004-2005	2005-06
A. OPERATING RESULTS					
GROSS INCOME	18695	24153	23168	22770	33340
PROFIT BEFORE DEPN. INT. & TAX	1650	1912	1785	1341	1535
PROFIT BEFORE INT. & TAX	1177	1395	1235	752	875
PROFIT BEFORE TAX (PBT)	928	1199	1051	618	635
PROFIT AFTER TAX (PAT)	617	784	690	416	365
DIVIDENDS	268	268	253	153	153
DIVIDEND TAX	-	34	32	21	21
RETAINED PROFITS	349	482	405	242	191
B. FINANCIAL STATUS					
GROSS FIXED ASSETS	5962	6435	6753	7746	9851
NET FIXED ASSETS	3428	3412	3199	3642	5357
INVESTMENTS	126	116	220	113	125
NET CURRENT ASSETS	2684	3196	3459	3748	8177
SHARE CAPITAL	766	766	766	766	766
RESERVES AND SURPLUS	2706	3222	3690	3938	4303
NET WORTH	3472	3988	4456	4704	5069
LOAN FUNDS	2263	2252	1927	2157	7888
DEFERRED TAX LIABILITY (NET)	621	571	549	665	702
TOTAL CAPITAL EMPLOYED	6356	6811	6932	7526	13659
C. KEY RATIOS					
PBDIT TO NET SALES (%) *	9.47	8.15	8.13	5.86	4.62
PBIT TO NET SALES (%) *	6.56	5.67	5.42	2.90	2.36
PBT TO NET SALES (%) *	5.02	4.72	4.51	2.22	1.54
PBIT TO AV. CAPITAL EMPLOYED (%) *	17.65	17.92	16.02	7.95	6.54
RETURN ON AVERAGE NET WORTH (%)	17.05	21.02	16.34	9.08	7.47
EARNINGS PER SHARE (Rs.)	8.06	10.24	9.01	5.43	4.77
DIVIDEND PER SHARE (Rs.) #	3.50	3.95	3.73	2.28	2.28
DIVIDEND PAY OUT (%) #	43.44	38.56	41.33	41.97	47.85
BOOK VALUE PER SHARE (Rs.)	45.35	52.08	58.19	61.43	66.20
DEBT EQUITY RATIO (NO. OF TIMES)	0.65	0.49	0.39	0.46	1.56

* Excluding other income

Including dividend tax

DIRECTORS' REPORT

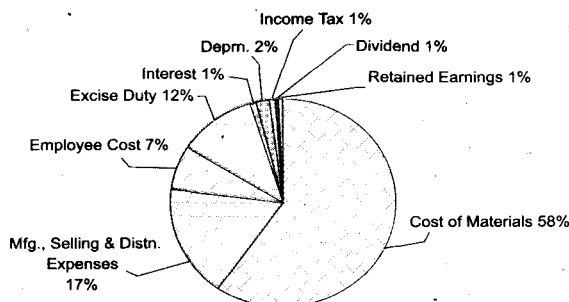
Your Directors hereby present you the Twenty Third Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS

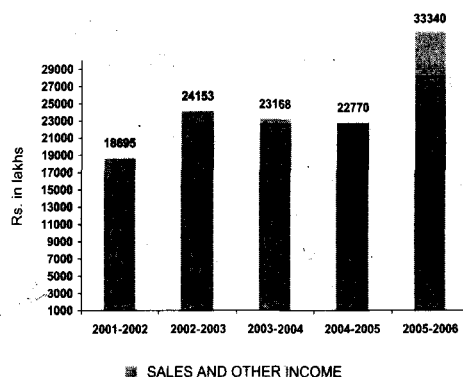
Rs. in lakhs

31.3.2006 31.3.2005

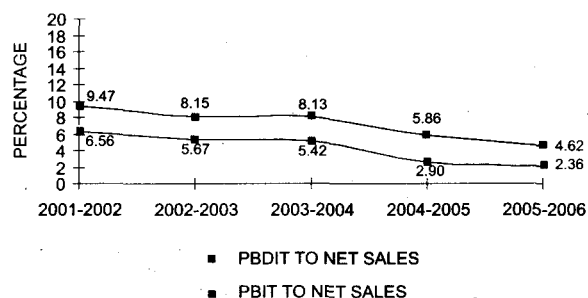
Profit before depreciation and interest	1535	1341
Profit before tax	635	618
Profit after tax	365	416
Add : Prior period Provision written back	-	6
Balance brought forward from the Profit & Loss Account	2974	2771
Profit available for appropriation	3339	3193
Less : Transfer to General Reserve	30	45
Proposed dividend	153	153
Tax on proposed dividend	21	21
Balance carried forward to the Profit and Loss Account	3134	2974

SPLIT OF GROSS REVENUE FOR 2005-2006**PERFORMANCE**

Your Company's turnover for the year under review has grown over previous year, to Rs.331 crores. The prices of the major raw materials, particularly natural rubber and petroleum based inputs have gone up substantially,

GROSS REVENUES

during the year, which adversely impacted the profitability of the Company. The price increases obtained by the Company, from the OE business segment, could off set only a portion of the input cost increase, severely

OPERATING MARGINS

impacting the bottom line, in view of the size of this business segment. Inspite of growth in revenues and your Company's sustained cost reduction measures,