



**TVS TYRES**  
R I D E S M A R T

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**TWENTY FOURTH ANNUAL REPORT 2006-07**

**TVS SRICHAKRA LIMITED**

**BOARD OF DIRECTORS**

S NARAYANAN

Chairman

R NARESH

Executive Vice Chairman

SHOBHANA RAMACHANDHRAN

Managing Director

M S VIRARAGHAVAN

N H ATTHREYA

J V RAGHAVAN

SITARAM RAO VALLURI

P VIJAYARAGHAVAN

**AUDIT COMMITTEE**

M S VIRARAGHAVAN

*Chairman*

N H ATTHREYA

SITARAM RAO VALLURI

**ADMINISTRATIVE OFFICE**

10, JAWAHAR ROAD,

MADURAI 625 002

e-mail : [investorgrievances@tvstyres.com](mailto:investorgrievances@tvstyres.com)[demat@tvstyres.com](mailto:demat@tvstyres.com)website : [www.tvstyres.com](http://www.tvstyres.com)**SHAREHOLDERS / INVESTORS  
COMMITTEE**

S NARAYANAN

*Chairman*

SHOBHANA RAMACHANDHRAN

J V RAGHAVAN

**PLANT LOCATION**

VELLARIPATTI VILLAGE

MELUR TALUK

MADURAI DISTRICT

PIN 625 122

**AUDITORS**

SUNDARAM &amp; SRINIVASAN

NEW NO. 250

P T RAJAN ROAD

MADURAI 625 014

NARASINGAMPATTI VILLAGE

THERKUTHERU, MELUR TALUK

MADURAI DISTRICT

PIN 625 122

**BANKERS**

STATE BANK OF INDIA

WEST VELI STREET

MADURAI 625 001

**REGISTRAR AND SHARE TRANSFER AGENT**

INTEGRATED ENTERPRISES (INDIA) LIMITED

"KENCES TOWERS", II Floor

NO.1, RAMAKRISHNA STREET

NORTH USMAN ROAD, T. NAGAR

CHENNAI - 600 017

e-mail : [yesbalu@iepindia.com](mailto:yesbalu@iepindia.com)[sureshbabu@iepindia.com](mailto:sureshbabu@iepindia.com)**REGISTERED OFFICE**

TVS BUILDING

7-B, WEST VELI STREET

MADURAI 625 001

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## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held at 10.25 AM on Friday, the 14th September, 2007, 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, 2007 and Profit and Loss Account for the year ending 31st March, 2007 and Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr N H Atthreya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr J V Raghavan, 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 appoint Mr P Vijayaraghavan as a Director, and for that purpose to consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution, a notice of intention to move the same having been received from a member as required under Section 257 of the Companies Act, 1956.

RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956, Mr P Vijayaraghavan be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, any sum or sums of money for the purpose of the business of the Company, notwithstanding that the moneys to be borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed by the Board of Directors shall not exceed at any time the aggregate of the paid-up capital and free reserves of the Company by more than Rs.150 Crores (Rupees One Hundred and Fifty Crores).

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

RESOLVED THAT the Company do hereby accord its consent under Section 293(1)(a) of the Companies Act, 1956 to mortgaging and / or charging by the Board of Directors of the Company, all or any of the movable or immovable properties, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company for securing

- a) any loan as may be obtained from Banks / Other Financial Institutions.
- b) any issue of debentures made by the Company from time to time provided that the total amount so borrowed and outstanding (excluding temporary loans obtained from the banks in the

**NOTICE TO SHAREHOLDERS** (Contd.)

ordinary course of business) does not exceed at any time the aggregate of the paid-up capital and free reserves of the Company by more than Rs.150 Crores (Rupees One Hundred and Fifty Crores).

By Order of the Board

Place : Chennai **SHOBHANA RAMACHANDHRAN**

Date : 31.5.2007 *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, 2007 to 14th September, 2007, 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, 2007. 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 31.3.2001 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 transferred to Investor Education and Protection Fund (IEPF), during the year 2006-2007 are given below. It may be noted that Members are not entitled to claim these amounts from IEPF.

<b>Particulars</b>	<b>Amount transferred Rs.</b>
Unclaimed dividend – 1998-1999	4,07,152/-
Unclaimed dividend – 1999-2000 first interim	2,70,655/-



## NOTICE TO SHAREHOLDERS (Contd.)

### EXPLANATORY STATEMENT

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

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

At this Twenty fourth Annual General Meeting of the Company, Mr N H Athreya and Mr J V Raghavan 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.

#### Mr N H ATTHREYA

Mr N H Athreya is a pioneer in Management Consultancy. Since 1955, he has advised scores of organizations of all sizes and sectors.

Mr N H Athreya holds a Masters in Mathematics from the Madras University and a Doctorate in Business Administration from the Bombay University. A fellow of the Institute of Cost and Management Accountants, London, he holds post graduates diplomas in Industrial Administration, Methods Engineering and Organizational Psychology. He had his professional apprenticeship in management consultancy with Sir Walter Scott and his associates in Australia.

Professor Athreya is a Member of a number of national and international organizations. He is an adjunct professor at a U.S.A University and a visiting professor at a number of national professional institutes.

Mr Athreya has published over 25 books on various aspects of management.

Mr Athreya, is the Hon. Director of the Indian Centre for Encouraging Excellence.

Mr N H Athreya is on the Board of your Company from the inception.

Mr N H Athreya does not hold Committee positions in other Companies.

Mr N H Athreya is holding Directorship in M/s F.D.C. Limited

#### Mr J V RAGHAVAN

Mr J V Raghavan is an Engineer by qualification; has more than four decades of experience in Engineering Industry.

Mr J V Raghavan is actively associated in the standardisation work for our National Bureau of Indian Standards as a member in several committees for more than 35 years.

Mr J V Raghavan has special expertise in Project Management and General Management.

Mr J V Raghavan was instrumental in guiding the Company towards tapping non-conventional energy sources like Wind Electric Generators and agri-waste fired boilers.

Mr J V Raghavan is on the Board of your Company from 1983 onwards.

Mr J V Raghavan does not hold Directorship or Committee position in other Companies.

#### Item No. 6

Mr P Vijayaraghavan was appointed as an Additional Director on 25.8.2006. As per Section 262 of the Companies Act, 1956, Mr P Vijayaraghavan holds office upto the date of this Annual General Meeting. The Company has received notice from a Member signifying his intention to propose Mr P Vijayaraghavan as a candidate for the office of Director at this Annual General Meeting along with a deposit of Rs.500/- (Rupees Five hundred).

**NOTICE TO SHAREHOLDERS** (Contd.)

Brief resume, nature of expertise in specific functional areas and details of other Directorships and Committee Positions of Mr P Vijayaraghavan are given below, in line with the requirement of Code of Corporate Governance.

Mr P Vijayaraghavan holds a Masters in Science.

Mr P Vijayaraghavan has more than three decades of experience in Rubber Industry.

Mr P Vijayaraghavan headed functions for Manufacturing, R&D, Quality, Sales and Marketing and Exports of your Company.

Mr P Vijayaraghavan has travelled extensively to more than 40 Countries in building the Exports of the Company.

None of the Directors, except Mr P Vijayaraghavan is concerned or interested in the above resolution.

**Item No. 7**

At the Annual General Meeting of the Company held on 11th September, 1995, the Company accorded its consent under Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors for borrowing any sum or sums of money provided the amount so borrowed and outstanding shall not exceed at any point of time the aggregate of the paid-up capital and free reserves of the Company by more than Rs.50 Crores. In view of the increasing operations of the Company, it is felt necessary and desirable to enhance the borrowing powers of the Board of Directors to Rs.150 Crores (Rupees One Hundred and Fifty Crores) over and above the aggregate of the paid-up capital and free reserves.

Accordingly, the resolution pursuant to Section 293(1)(d) of the Companies Act, 1956 set out under item 7 of the Notice is submitted to the Members for consideration.

None of the Directors is interested in the resolution.

**Item No. 8**

Where the Company avails term loans from Banks or Financial Institutions or if it makes an issue of debentures, it may be necessary to mortgage or charge its property as security.

Since the mortgage and / or charge by the Company of its property may be considered as disposal of Company's property, it is necessary for the Members to approve of the same by passing a resolution under Section 293(1)(a) of the Companies Act, 1956.

At the Annual General Meeting of the Company held on 11th September, 1995, the Company accorded its consent under Section 293(1)(a) of the Companies Act, 1956, to the Board of Directors for borrowing any sum or sums of money provided the amount so borrowed and outstanding shall not exceed at any point of time the aggregate of the paid-up capital and free reserves of the Company by more than Rs.50 Crores. In view of the increasing operations of the Company, it is felt necessary and desirable to enhance the borrowing powers of the Board of Directors to Rs.150 Crores (Rupees One Hundred and Fifty Crores) over and above the aggregate of the paid-up capital and free reserves.

The resolution set out under item No.8 will empower the Board of Directors to mortgage / charge the Company's property, where required, provided that the amount so borrowed and outstanding shall not exceed at any point of time the aggregate of the paid-up capital and free reserves of the Company by more than Rs.150 Crores (Rupees One Hundred and Fifty Crores).

None of the Directors is interested in the resolution.

By Order of the Board

Place : Chennai **SHOBHANA RAMACHANDHRAN**

Date : 31.5.2007 *Managing Director*



**FIVE YEAR PERFORMANCE AT A GLANCE**

Rs. In lakhs

PARTICULARS	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
<b>A. OPERATING RESULTS</b>					
GROSS INCOME	24153	23168	22770	33340	47729
PROFIT BEFORE DEPN. INT. & TAX	1912	1785	1341	1535	2679
PROFIT BEFORE INT. & TAX	1395	1235	752	875	1867
PROFIT BEFORE TAX (PBT)	1199	1051	618	612	1057
PROFIT AFTER TAX (PAT)	784	690	416	365	680
DIVIDENDS	268	253	153	153	191
DIVIDEND TAX	34	32	21	21	33
RETAINED PROFITS	482	405	242	191	405
<b>B. FINANCIAL STATUS</b>					
GROSS FIXED ASSETS	6435	6753	7746	9851	11476
NET FIXED ASSETS	3412	3199	3642	5357	6149
INVESTMENTS	116	220	113	125	125
NET CURRENT ASSETS	3196	3459	3748	8003	11838
SHARE CAPITAL	766	766	766	766	766
RESERVES AND SURPLUS	3222	3690	3938	4129	4533
NET WORTH	3988	4456	4704	4895	5299
LOAN FUNDS	2252	1927	2157	7888	12054
DEFERRED TAX LIABILITY (NET)	571	549	665	702	759
TOTAL CAPITAL EMPLOYED	6811	6932	7526	13484	18112
<b>C. KEY RATIOS</b>					
PBDIT TO NET SALES (%) *	8.15	8.13	5.86	4.62	5.89
PBIT TO NET SALES (%) *	5.67	5.42	2.90	2.36	3.94
PBT TO NET SALES (%) *	4.72	4.51	2.22	1.54	1.99
PBIT TO AV. CAPITAL EMPLOYED (%) *	17.92	16.02	7.95	6.59	10.38
RETURN ON AVERAGE NET WORTH (%)	21.02	16.34	9.08	7.60	13.34
EARNINGS PER SHARE (Rs.)	10.24	9.01	5.43	4.77	8.88
DIVIDEND PER SHARE (Rs.) #	3.95	3.73	2.28	2.28	2.92
DIVIDEND PAY OUT (%) #	38.56	41.33	41.97	47.85	32.92
BOOK VALUE PER SHARE (Rs.)	52.08	58.19	61.43	63.92	69.20
DEBT EQUITY RATIO (NO. OF TIMES)	0.49	0.39	0.46	1.61	2.27

\* Excluding other income

# Including dividend tax

**DIRECTORS' REPORT**

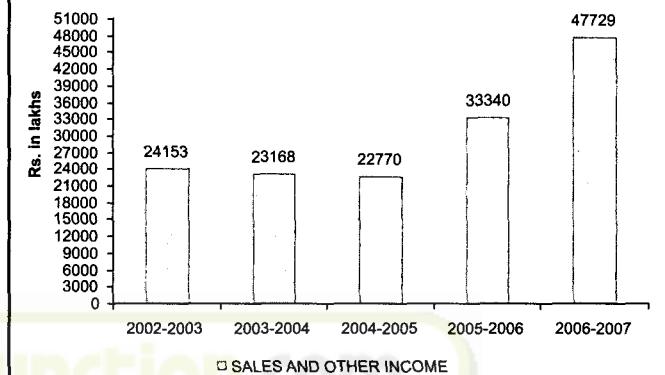
Your Directors hereby present you the Twenty Fourth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2007.

**FINANCIAL HIGHLIGHTS**

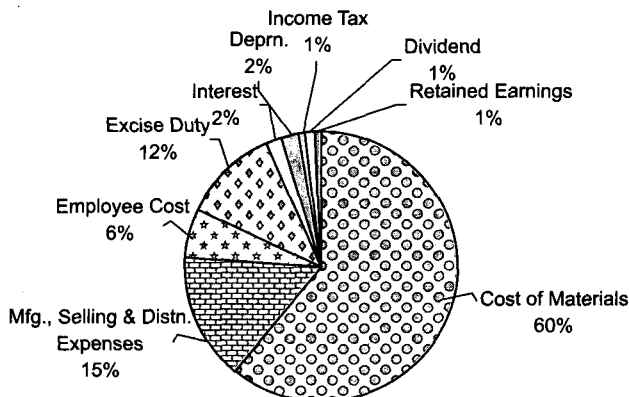
	Rs. in lakhs	
	31.3.2007	31.3.2006
Profit before depreciation and interest	2679	1535
Profit before tax	1057	612
Profit after tax	680	365
Add : Balance brought forward from the Profit & Loss Account	3134	2974
Profit available for appropriation	3763	3339
Less : Transfer to General Reserve	70	30
Proposed dividend	191	153
Tax on proposed dividend	33	21
Balance carried forward to the Profit and Loss Account	3469	3134

**PERFORMANCE**

Your Company's turnover for the year under review has grown over previous year, to Rs.475 crores by more than 43%. The growth in turnover has been contributed mainly by Exports. On the flip side, the prices of the major raw materials, particularly natural rubber and petroleum based inputs have gone up substantially, during the year.

**GROSS REVENUES**

However, due to your Company's sustained cost reduction measures your Company was able to muster a higher profit before tax (PBT) at Rs.1057 lakhs as against Rs.612 lakhs in the previous year (an increase of 73%).

**SPLIT OF GROSS REVENUES****OPERATING MARGINS**