



TWENTY FIFTH ANNUAL REPORT 2007 - 08

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

**SHAREHOLDERS / INVESTORS
COMMITTEE**

S NARAYANAN

Chairman

SHOBHANA RAMACHANDHRAN

J V RAGHAVAN

AUDITORS

SUNDARAM & SRINIVASAN

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 : investorgrievances@tvstyres.comdemat@tvstyres.comwebsite : www.tvstyres.com**PLANT LOCATION**

VELLARIPATTI VILLAGE

MELUR TALUK

MADURAI DISTRICT

PIN 625 122

NARASINGAMPATTI VILLAGE

THERKUTHERU, MELUR TALUK

MADURAI DISTRICT

PIN 625 122

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.comsureshbabu@iepindia.com

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held at 10.30 AM on Thursday, the 18th September, 2008, 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, 2008 and Profit and Loss Account for the year ending 31st March, 2008 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 M S Viraraghavan, 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 a special resolution :

RESOLVED THAT subject to compliance with the applicable statutes and regulations, including the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, consent of the Company be and is hereby accorded, for delisting of its shares from the Madras Stock Exchange Limited, Chennai and the Board of Directors of the Company be and

is hereby authorised to do all such acts, deeds, and things which may be necessary, usual, expedient or proper to give effect to this resolution.

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

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 payment of remuneration by way of commission to such of the Directors of the Company, who are neither in the whole-time employment nor a Managing Director, at a rate not exceeding 1% (one percentage) of the net profits of the Company in aggregate, for a period of five years with effect from 1st April, 2008.

RESOLVED FURTHER THAT the Board of Directors, at their discretion, may decide on the quantum of remuneration, by way of commission to be distributed amongst such of the aforementioned Directors, from time to time, as they may deem fit, within the overall limit of 1% (one percentage) of net profits of the Company.

By Order of the Board

Place : Chennai

SHOBHANA RAMACHANDHRAN

Date : 30.5.2008

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.**

NOTICE TO SHAREHOLDERS (Contd.)

3. The Register of Members and the Share Transfer books of the Company will remain closed from 10th September, 2008 to 18th September, 2008, 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 18th September, 2008. 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, atleast 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 31.3.2002 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 2007-2008 are given below. It may be noted that Members are not entitled to claim these amounts from IEPF.

Particulars	Amount transferred Rs.
Unclaimed dividend – 1999-2000 first interim	2,70,655
Unclaimed dividend – 1999-2000 second interim	1,89,910

EXPLANATORY STATEMENT

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

Item No.6

The shares of the Company are listed with the Madras Stock Exchange Limited (MSE), Chennai, Bombay Stock Exchange Limited (BSE), Mumbai and National Stock Exchange of (India) Limited, (NSE) Mumbai. Our shares are rarely traded at Madras Stock Exchange Limited at Chennai. Further, as the Company's shares are listed in BSE and NSE, trading can be conveniently done, from any part of the Country, through the nation wide network of BSE / NSE trading terminals. Hence, the Board of Directors is of the view that it would be desirable to delist the Company's shares from the said Stock Exchange in accordance with the provisions of applicable Regulations.

Your Directors recommend the resolution be passed as a special resolution.

None of the Directors of the Company is concerned or interested in this item of business.



NOTICE TO SHAREHOLDERS (Contd.)

Item No. 7

At the Annual General Meeting held on 25th August, 2003, payment of Commission to non Whole-Time Directors have been approved for a period of five years with effect from 1st April, 2003 and upto 31st March, 2008.

As the role and responsibilities of non Whole-Time Directors have considerably increased, it is desirable to pay remuneration by way of commission to non Whole-Time Directors, for a further period(s), as set out under Item No.7 of the notice convening this meeting.

All the Directors, except Mr R Naresh, Executive Vice Chairman and Miss Shobhana Ramachandhran, Managing Director are interested in the resolution.

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

At this Twenty Fifth Annual General Meeting of the Company, Mr S Narayanan and Mr M S Viraraghavan 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 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 and 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 positions
Chairman India Motor Parts & Accessories Ltd	Chairman, Shareholders/Investors Grievance Committee
Director Sundaram Finance Ltd Lucas Indian Service Ltd Sundharams Pvt. Ltd	Nil

Mr S Narayanan is holding 2,195 equity shares of Rs.10/- each in your Company.

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.

By Order of the Board

Place : Chennai

SHOBHANA RAMACHANDHRAN

Date : 30.5.2008

Managing Director

TVS SRICHAKRA LIMITED**FIVE YEAR PERFORMANCE AT A GLANCE**

Rs. in lakhs

PARTICULARS	2003-2004	2004-2005	2005-06	2006-07	2007-08
A. OPERATING RESULTS					
GROSS INCOME	23168	22770	33340	47729	52428
PROFIT BEFORE DEPN. INT. & TAX	1785	1341	1535	2679	3388
PROFIT BEFORE INT. & TAX	1235	752	875	1867	2480
PROFIT BEFORE TAX (PBT)	1051	618	612	1057	1371
PROFIT AFTER TAX (PAT)	690	416	365	680	932
DIVIDENDS	253	153	153	191	268
DIVIDEND TAX	32	21	21	33	46
RETAINED PROFITS	405	242	191	404	614
B. FINANCIAL STATUS					
GROSS FIXED ASSETS	6753	7746	9851	11476	12729
NET FIXED ASSETS	3199	3642	5357	6149	6383
INVESTMENTS	220	113	125	125	125
NET CURRENT ASSETS	3459	3748	8003	11838	15998
SHARE CAPITAL	766	766	766	766	766
RESERVES AND SURPLUS	3690	3938	4129	4533	5148
NET WORTH	4456	4704	4895	5299	5914
LOAN FUNDS	1927	2157	7888	12054	15855
DEFERRED TAX LIABILITY (NET)	549	665	702	759	737
TOTAL CAPITAL EMPLOYED	6932	7526	13485	18112	22506
C. KEY RATIOS					
PBDIT TO NET SALES (%) *	8.13	5.86	4.62	5.89	6.45
PBIT TO NET SALES (%) *	5.42	2.90	2.36	3.94	4.46
PBT TO NET SALES (%) *	4.51	2.22	1.54	1.99	2.04
PBIT TO AV. CAPITAL EMPLOYED (%) *	16.02	7.95	6.59	10.38	10.07
RETURN ON AVERAGE NET WORTH (%)	16.34	9.08	7.60	13.35	16.63
EARNINGS PER SHARE (Rs.)	9.01	5.43	4.77	8.88	12.17
DIVIDEND PER SHARE (Rs.) #	3.73	2.28	2.28	2.92	4.10
DIVIDEND PAY OUT (%) #	41.33	41.97	47.85	32.92	33.64
BOOK VALUE PER SHARE (Rs.)	58.19	61.43	63.92	69.20	77.23
DEBT EQUITY RATIO (NO. OF TIMES)	0.39	0.46	1.61	2.27	2.68

* Excluding other income

Including dividend tax



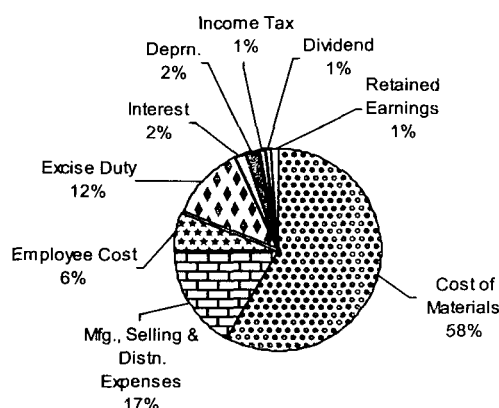
DIRECTORS' REPORT

Your Directors hereby present you the Twenty Fifth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

	Rs. in lakhs	
	31.3.2008	31.3.2007
Profit before depreciation and interest	3396	2679
Profit before tax	1370	1057
Profit after tax	932	680
Add: Balance brought forward from the Profit & Loss Account	3469	3134
Profit available for appropriation	4397	3763
Less: Transfer to General Reserve	95	70
Proposed dividend	268	191
Tax on proposed dividend	46	33
Balance carried forward to the Profit and Loss Account	3988	3469

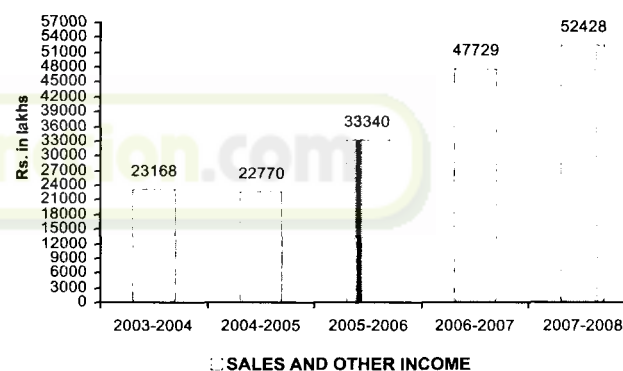
SPLIT OF GROSS REVENUES



PERFORMANCE

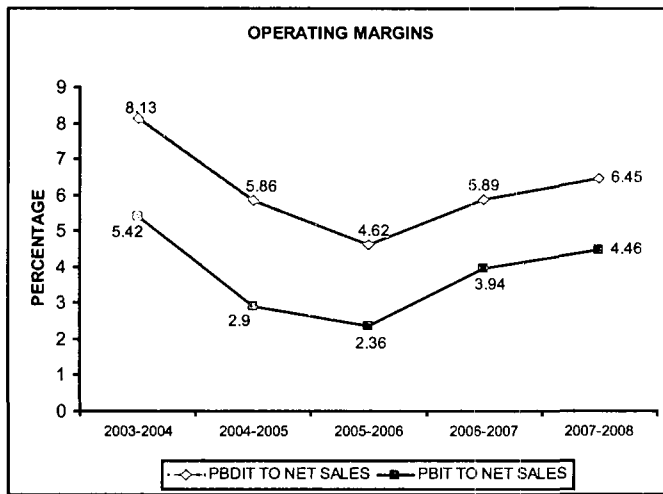
Your Company's turnover for the year under review has grown over previous year, to Rs.520 Crores, despite a negative growth in two wheeler market. This growth in turnover was mainly due to increased contribution from After Market and Exports segments. Volatility in the prices major raw materials, particularly Natural Rubber and petroleum based inputs has affected the margins, during this year also. Your Company was able to register a higher profit before tax (PBT) at Rs.1370 lakhs as against Rs.1057 lakhs in the previous year, due to strategic sourcing of major raw materials, particularly Natural Rubber. There was a significant increase in interest cost during the year. This was mainly due to the increased working capital requirements, strategic sourcing of raw materials and also increase in interest rates due to non availability of packing credit facility in US Dollar.

GROSS REVENUES



Your Company's profit after tax for the year ended 31st March, 2008 also improved to Rs.932 lakhs, against Rs.680 lakhs in the previous year.

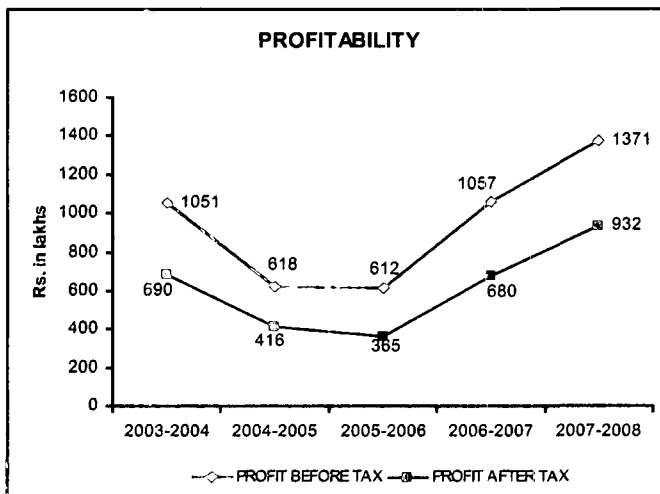
The growth in two wheeler market has shown a negative growth rate during the year 2007-08, resulting in reduced off-take from OEMs. However, your Company has been able to increase After Market and Exports sales and maintain the top line. The bottom line has got affected due to the fact that the increase in raw materials price could not be passed on in full to the Customers. To offset the slump in bottom line due to spiraling input costs, your Company has initiated a series of cost reduction measures and productivity improvement programs.

DIRECTORS' REPORT (Contd.)**EXPORTS**

Your Company has achieved an Export turnover of Rs.90 crores from Rs.75 crores last year, in spite of rupee becoming stronger against dollar. The growth achieved was 28%.

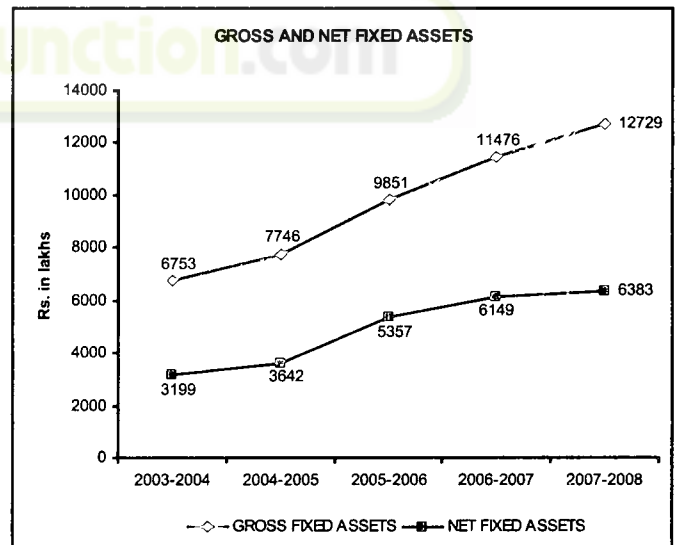
Significant addition of new products have enabled the Company to grow in the niche segment and also pave way for further expansion in the trade by adding more new customers in various countries. In the year 2007-08 your Company has expanded the distribution net work to more than 60 distributors around the globe. The number of countries where the export has made a significant presence has gone up from 28 to 56 in the last 3 years.

Your Company has also identified the futuristic demand for motorcycle tyres in Africa and has made a significant beginning and the future for two wheeler tyre Exports to Africa and South America is also encouraging.

**MARKETING**

The two wheeler industry was growing at a double digit growth of 15% consistently for the last 3 years. However, the year ended 31.3.2008 registered a negative growth of around 8%. The main factor for the slow down of the Industry continues to be higher interest rates and also the regulations by the bankers on lending. This slow down has impacted your Company's sales volume with OEMs. With concerted efforts in the After Market, your Company was able to restrict this negative growth.

The After Market continued to be buoyant. The intense focus through the sales promotion activities driven the market growth substantially. Your Company will continue to enhance the brand image in the coming years through these activities which will result in higher market share. During the course of the year your Company launched Terrific Trio, which supplemented the efforts on the volumes. Your Company plan to sustain the growth level in the coming year also.

**EXPANSION**

Your Company proposes to expand its capacity from 110 lakh nos of tyres and tubes each per annum to 150 lakh nos of tyres and tubes each, per annum. Your Company is hopeful of utilizing the expanded capacity of Tyres and Tubes during the year 2008-09, in the export as well as domestic market.