

Twenty sixth Annual Report 2008-09

TVS SRICHAKRA LIMITED

BOARD OF DIRECTORS

S NARAYANAN
Chairman

R NARESH
Executive Vice Chairman

SHOBHANA RAMACHANDHRAN
Managing Director

M S VIRARAGHAVAN

N H ATTREYA

J V RAGHAVAN

SITARAM RAO VALLURI

P VIJAYARAGHAVAN

S RAVICHANDRAN

T CHINNADURAI



AUDIT COMMITTEE

M S VIRARAGHAVAN

Chairman

N H ATTREYA

SITARAM RAO VALLURI

ADMINISTRATIVE OFFICE

10, JAWAHAR ROAD,

MADURAI 625 002

e-mail : investorgrievances@tvstyres.com

demat@tvstyres.com

website : www.tvstyres.com

SHAREHOLDERS / INVESTORS COMMITTEE

S NARAYANAN

Chairman

SHOBHANA RAMACHANDHRAN

J V RAGHAVAN

P VIJAYARAGHAVAN

PLANT LOCATION

VELLARIPATTI VILLAGE

MELUR TALUK

MADURAI DISTRICT

PIN 625 122

NARASINGAMPATTI VILLAGE

THERKUTHERU, MELUR TALUK

MADURAI DISTRICT

PIN 625 122

AUDITORS

SUNDARAM & SRINIVASAN

NEW NO. 250

P T RAJAN ROAD

MADURAI 625 014

PLOT NO.7, SECTOR - 1,

INTEGRATED INDUSTRIAL ESTATE,

SIDCUL, PANTNAGAR 263153,

RUDRAPUR, TEHSIL - KICHHA,

DISTRICT UDHAM SINGH NAGAR,

UTTRAKHAND

BANKERS

STATE BANK OF INDIA

WEST VELI STREET

MADURAI 625 001

REGISTERED OFFICE

TVS BUILDING

7-B, 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

sureshbabu@iepindia.com

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Company will be held at 10.15 AM on Friday, the 25th September, 2009, 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, 2009 and Profit and Loss Account for the year ending 31st March, 2009 and Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr Sitaram Rao Valluri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr N H Attthreya, 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 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 Mr R Naresh as the Whole-Time Director designated as "Executive Vice Chairman" of the Company for a period of five years, with effect from 16th June, 2009 on such salary, commission and perquisites as set out 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 and 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 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 setout above.

7. To appoint Mr S Ravichandran 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 S Ravichandran be and is hereby appointed as a Director of the Company, liable to retire by rotation.

8. To appoint Mr T Chinnadurai 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 T Chinnadurai be and is hereby appointed as a Director of the Company, liable to retire by rotation.

By Order of the Board

Place : Chennai

SHOBHANA RAMACHANDHRAN

Date : 30.5.2009

Managing Director

TVS SRICHAKRA LIMITED**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 16th September, 2009 to 25th September, 2009, 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 25th September, 2009. 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 31.3.2003 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 2008-2009 is given below. It may be noted that Members are not entitled to claim these amounts from IEPF.

Particulars	Amount transferred Rs.
Unclaimed dividend - 2000-2001	4,91,496.00

EXPLANATORY STATEMENT

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

Item No. 6

Mr R Naresh was appointed as Whole-Time Director of the Company designated as "Executive Vice Chairman" at the Twentieth Annual General Meeting, for a period of five (5) years, with effect from 16th June, 2004.

Further, the Board of Directors of your Company, at their meeting held on 30th May, 2009 have unanimously approved the re-appointment of Mr R Naresh as a Whole-Time Director, for a period of five (5) years with effect from 16th June, 2009, 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 resolution 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 Whole-Time Director 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 Whole-Time Director and his family once in a year incurred in accordance with the rules of the Company.



NOTICE TO SHAREHOLDERS (Contd.)

- d) Fees of clubs, subject to a maximum of two clubs. This will not include admission and the life 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 Executive Vice Chairman.

Further, where in any financial year during the currency of tenure of the Whole-Time Director, the company has no profits or if profits are inadequate, the minimum remuneration payable to the Whole-Time 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 Mr R Naresh, Executive Vice Chairman to the growth of the Company over the years, your Directors recommend that his re-appointment and remuneration as set forth above be approved by the Members at this Meeting.

Miss Shobhana Ramachandran being related to Mr R Naresh and Mr R Naresh are / may be deemed to be concerned or interested in the resolution set out under item 6.

This explanatory statement together with the abstract under Section 302 dated 30th May, 2009 as earlier circulated to shareholders, be treated as the Memorandum issued pursuant to Section 302 of the Companies Act, 1956.

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

At this Twenty Sixth Annual General Meeting of the Company, Mr Sitaram Rao Valluri and Mr N H Atthreya retire by rotation and being eligible, offer themselves for re-appointment.

A 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 SITARAM RAO VALLURI

Mr S R Valluri, is 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.

Dr N H ATTTHREYA

Dr N H Atthreya is a pioneer management consultant. Since 1955, he has advised scores of organizations of all sizes and sectors.

Dr N H Atthreya 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 Atthreya 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.

Dr Atthreya has published over 25 books on various aspects of management. Dr Atthreya, is the Hon. Director of the Indian Centre for Encouraging Excellence.

TVS SRICHAKRA LIMITED**NOTICE TO SHAREHOLDERS (Contd.)**

Dr N H Atthreya is on the Board of your Company from the inception. He is a member of the Audit Committee in F.D.C. Limited.

Dr N H Atthreya is holding Directorship in M/s F.D.C. Limited. Dr N H Atthreya is holding 1200 equity shares in your Company.

Item No. 7

Mr S Ravichandran was appointed as an Additional Director on 30.3.2009. As per Section 262 of the Companies Act, 1956, Mr S Ravichandran holds office upto the date of this Annual General Meeting. The Company has received notice from a Member signifying his intention to propose Mr S Ravichandran as a candidate for the office of Director at this Annual General Meeting along with a deposit of Rs.500/- (Rupees Five hundred).

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

Mr S Ravichandran is a Graduate in Engineering and holds Post Graduate Diploma in Agri Management, IIM - Ahmedabad.

Mr S Ravichandran has more than two decades of experience in automobile field and was actively involved in setting up various Joint Ventures globally.

Mr S Ravichandran is holding Directorship / Committee positions in other Companies, as follows :

Directorship details	Committee positions
Director TVS Infrastructure Limited TVS Dynamic Global Freight Services Limited TVS Commutation Solutions Limited TVS Automotive Europe Limited, U.K. TVS CJ Components Limited, U.K. TVS Logistics Iberia S.L., Spain TVS Autoserv GmbH., Germany TVS Logistics Siam Limited, Thailand	Nil

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

None of the Directors, except Mr S Ravichandran is concerned or interested in the above resolution.

Item No. 8

Mr T Chinnadurai was appointed as an Additional Director on 30.3.2009. As per Section 262 of the Companies Act, 1956, Mr T Chinnadurai holds office upto the date of this Annual General Meeting. The Company has received notice from a Member signifying his intention to propose Mr T Chinnadurai as a candidate for the office of Director at this Annual General Meeting along with a deposit of Rs.500/- (Rupees Five hundred).

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

Mr T Chinnadurai is a Graduate in Mechanical Engineering and holds a Masters Degree in Business Administration with specialisation in Marketing.

Mr T Chinnadurai has more than two decades of Techno-Commercial experience with leading transnational organizations, with exposure to international business development, product engineering, logistics and supply chain development

Mr T Chinnadurai is holding Directorship / Committee positions in other Companies, as follows :

Directorship details	Committee positions
Director TVS Dynamic Global Freight Services Limited	Nil

Mr T Chinnadurai does not hold any equity shares in your Company.

None of the Directors, except Mr T Chinnadurai is concerned or interested in the above resolution.

By Order of the Board

Place : Chennai

SHOBHANA RAMACHANDHRAN

Date : 30.5.2009

Managing Director



FIVE YEAR PERFORMANCE AT A GLANCE

Rs. in lakhs

PARTICULARS	2004-05	2005-06	2006-07	2007-08	2008-09
A. OPERATING RESULTS					
GROSS INCOME	22770	33340	47729	52428	64432
PROFIT BEFORE DEPN. INT. & TAX	1341	1535	2679	3388	4162
PROFIT BEFORE INT. & TAX	752	875	1867	2480	3175
PROFIT BEFORE TAX (PBT)	618	612	1057	1371	1316
PROFIT AFTER TAX (PAT)	416	365	680	932	901
DIVIDENDS	153	153	191	268	268
DIVIDEND TAX	21	21	33	46	46
RETAINED PROFITS	242	191	404	614	583
B. FINANCIAL STATUS					
GROSS FIXED ASSETS	7746	9851	11476	12729	14583
NET FIXED ASSETS	3642	5357	6149	6383	7229
INVESTMENTS	113	125	125	125	125
NET CURRENT ASSETS	3748	8003	11838	15998	15607
SHARE CAPITAL	766	766	766	766	766
RESERVES AND SURPLUS	3938	4129	4533	5148	5731
NET WORTH	4704	4895	5299	5914	6497
LOAN FUNDS	2157	7888	12054	15855	15722
DEFERRED TAX LIABILITY (NET)	665	702	759	737	742
TOTAL CAPITAL EMPLOYED	7526	13485	18112	22506	22961
C. KEY RATIOS					
PBDIT TO NET SALES (%)*	5.86	4.62	5.89	6.45	6.97
PBIT TO NET SALES (%)*	2.90	2.36	3.94	4.46	5.26
PBT TO NET SALES (%)*	2.22	1.54	1.99	2.04	2.03
PBIT TO AV. CAPITAL EMPLOYED (%)*	7.95	6.59	10.38	10.07	13.34
RETURN ON AVERAGE NET WORTH (%)	9.08	7.60	13.35	16.63	14.52
EARNINGS PER SHARE (Rs.)	5.43	4.77	8.88	12.17	11.76
DIVIDEND PER SHARE (Rs.) #	2.28	2.28	2.92	4.10	4.10
DIVIDEND PAY OUT (%) #	41.97	47.85	32.92	33.64	34.81
BOOK VALUE PER SHARE (Rs.)	61.43	63.92	69.20	77.23	84.85
DEBT EQUITY RATIO (NO. OF TIMES)	0.46	1.61	2.27	2.68	2.42

* Excluding other income

including dividend tax

DIRECTORS' REPORT

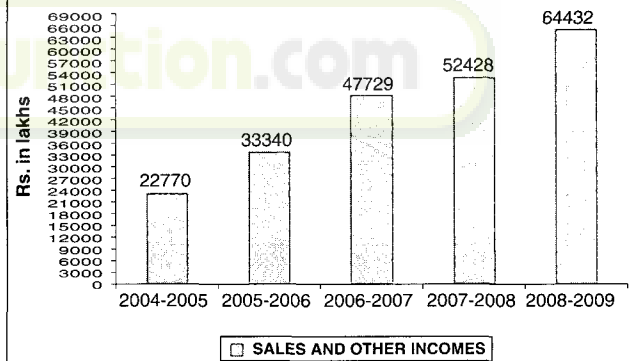
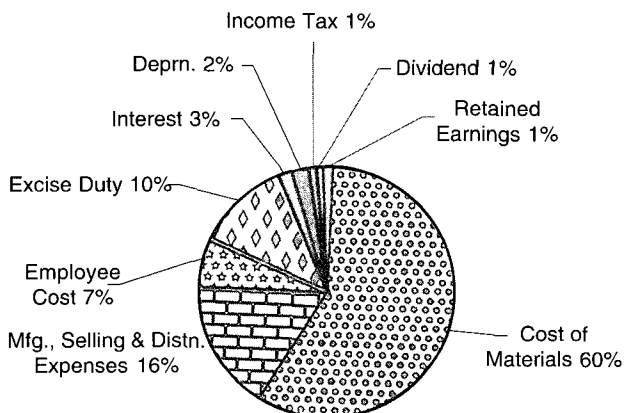
Your Directors hereby present you the Twenty Sixth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

	(Rs. in lakhs)	
	31.3.2009	31.3.2008
Profit before depreciation and interest	4162	3388
Profit before tax	1316	1371
Profit after tax	901	932
Add : Balance brought forward from the Profit & Loss Account	3988	3469
Profit available for appropriation	4885	4397
Less : Transfer to		
General Reserve	95	95
Proposed dividend	268	268
Tax on proposed dividend	46	46
Balance carried forward to the Profit and Loss Account	4476	3988

PERFORMANCE

Your Company has registered a turnover of Rs.643 Crores for the year under review registering a reasonable growth, despite the global recessionary trend. This growth was possible mainly due to increased contribution from After Market segments. Export segment was affected due to the recessionary trends, which was made good by After Market segment to register a growth in top line. In spite of a growth in top line, your Company was able to register a profit before tax (PBT) at Rs.1316 lakhs as against Rs.1370 lakhs in the previous year. There was a significant increase in interest cost during the year. This was mainly due to the increased working capital requirements, increase in interest rates due to non availability of packing credit facility in US Dollar for most part of the year and increased capital outflow for creating additional capacity.

GROSS REVENUES**SPLIT OF GROSS REVENUES**

Your Company was able to maintain the Profit After Tax at Rs.901 lakhs which is almost at the last year's level.

OPERATING MARGINS