



TVS SRICHAKRA LIMITED



27th Annual Report

2009-2010

BOARD OF DIRECTORS

S NARAYANAN
Chairman

R NARESH
Executive Vice Chairman

SHOBHANA RAMACHANDHRAN
Managing Director

M S VIRARAGHAVAN

N H ATTHREYA

J V RAGHAVAN (Till 25.9.2009)

SITARAM RAO VALLURI

P VIJAYARAGHAVAN

S RAVICHANDRAN (Till 25.9.2009)

T CHINNADURAI (Till 25.9.2009)

H JANARDANA IYER



AUDIT COMMITTEE

M S VIRARAGHAVAN
Chairman

N H ATTHREYA
SITARAM RAO VALLURI

SHAREHOLDERS / INVESTORS COMMITTEE

S NARAYANAN
Chairman

SHOBHANA RAMACHANDHRAN
P VIJAYARAGHAVAN

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.com
demat@tvstyres.com
website : www.tvstyres.com

PLANT LOCATION

VELLARIPATTI VILLAGE
MELUR TALUK
MADURAI DISTRICT
PIN 625 122

NARASINGAMPATTI VILLAGE
THERKUTHERU, MELUR TALUK
MADURAI DISTRICT
PIN 625 122

PLOT NO.7, SECTOR - 1,
INTEGRATED INDUSTRIAL ESTATE,
SIDCUL, PANTNAGAR 263153,
RUDRAPUR, TEHSIL - KICHHA,
DISTRICT UDHAM SINGH NAGAR,
UTTRAKHAND

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 : sureshbabu@iepindia.com
corpserv@iepindia.com

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of TVS Srichakra Limited will be held at 10.00 AM on Monday, the 20th September, 2010, 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, 2010 and Profit and Loss Account for the year ending 31st March, 2010 and Reports of the Directors and Auditors thereon.
2. To declare a final dividend.
3. To appoint a Director in place of Mr. P Vijayaraghavan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S Narayanan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Sundaram & Srinivasan, Chartered Accountants, the retiring Auditors, to hold office as Auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

6. To appoint Mr H Janardana Iyer 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 H Janardana Iyer be and is hereby appointed as a Director of the Company, liable to retire by rotation.

By Order of the Board

Place : Chennai

Date : 28.5.2010

SHOBHANA RAMACHANDHRAN

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 proxy form duly stamped and executed, should be deposited at the Registered Office or Administrative Office of the Company at least forty-eight (48) hours before the time fixed for the commencement of the meeting.
3. The Register of Members and the Share Transfer books of the Company will remain closed from 16.9.2010 to 20.9.2010, both days inclusive.
4. The Board of Directors have declared and paid an interim dividend of Rs.10/- per share (100%) for the financial year 2009 – 2010. No further dividend is recommended for the financial year 2009 – 2010.

NOTICE TO SHAREHOLDERS (Contd.)

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 intending to require information about accounts to be explained at the meeting are requested to write to the Company atleast seven (7) days in advance of the Annual General Meeting.
7. Members, holding shares in physical form, are requested to notify / send the following to the Registrar and Share Transfer Agent of the Company.
 - a) any change in their address / mandate / bank details.
 - b) particulars of their bank account, in case they have not been sent earlier.
 - c) Nomination in form 2B, in duplicate, as provided under Section 109A of the Companies Act, 1956, in case they have not been sent earlier.
 - d) Share certificates held in multiple folios in identical names or joint accounts, in the same order of names, for consolidation of such shareholdings into single folio.
8. Unclaimed Dividends – Transfer to Investor Education and Protection Fund.

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the unclaimed dividend will be transferred to the *Investor Education and Protection Fund* on expiry of 7 years from the date of transfer to unpaid dividend account are as under :

Financial Year	Month of dividend transferred to unpaid account	Tentative date for transfer
31.3.2003	September 2003	October 2010
31.3.2004	September 2004	September 2011
31.3.2005	September 2005	October 2012
31.3.2006	August 2006	September 2013
31.3.2007	September 2007	October 2014
31.3.2008	September 2008	October 2015
31.3.2009	October 2009	October 2016

It may be noted that after the expiry of the said due date(s) for transfer of unclaimed dividend to the said Fund, no claim shall lie in respect of unclaimed dividend.

Members who have not encashed their Dividend Warrants for the said financial years and subsequent years are requested to send the same for revalidation to the Share Transfer Agent of the Company at Chennai.

The unpaid dividend in respect of the prior period have already been transferred to the General Revenue Account of the Central Government or the Investor Education and Protection Fund, as the case may be, as per the provisions of the Companies Act, 1956, read with relevant Rules framed thereunder.



NOTICE TO SHAREHOLDERS (Contd.)
DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT).

Name	P Vijayaraghavan	S Narayanan
Age	61 years	84 years
Qualification	M.Sc.,	C.A. Inter
Expertise in Specific Functional Area	He has more than three decades of experience in Rubber Industry. Headed functions for Manufacturing, R&D, Quality, Sales and Marketing and Exports of your Company. He has travelled extensively to more than 40 countries in building the Exports of the Company.	He has got more than five decades of experience in automobile industry, particularly on sale of spare parts and service. He has expertise in marketing and procurement functions, apart from general management.
Date of appointment on the Board of the Company	14.9.2007	6.6.1983
Name(s) of the other public companies in which Directorships held	TVS Srichakra Investments Ltd	India Motor Parts & Accessories Ltd., Sundaram Finance Ltd Lucas Indian Service Ltd
Name(s) of companies in which Committee Membership(s) / Chairmanship(s) held (as per clause 49 of the Listing Agreement)	Nil	Chairman - Shareholders / Investors Grievance Committee - India Motor Parts & Accessories Ltd
No. of shares held	150	2195

NOTICE TO SHAREHOLDERS (Contd.)**EXPLANATORY STATEMENT**

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

Item No.6

Mr H Janardana Iyer was appointed as a Director by the Board on 25.9.2009, in the casual vacancy caused by the resignation of Mr J V Raghavan. He will hold office till the conclusion of the term of the original Director Mr J V Raghavan, which expires at the ensuing Annual General Meeting. As per Section 262 of the Companies Act, 1956, Mr H Janardana Iyer holds office upto the date of this Annual General Meeting. The Company has received notice from a Member signifying his intention to propose Mr H Janardana Iyer as a candidate for the office of Director at this Annual General Meeting along with a deposit of Rs.500/-. (Rupees five hundred)

Details of the Director seeking Appointment in the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement).

Name	H Janardana Iyer
Age	66 years
Qualification	B.E., (Mechanical Engineering)
Expertise in Specific Functional Area	He is having more than four decades of techno commercial experience in the field of Marketing Capital Equipments. His specializations have been in Technical Marketing of Earth Moving Equipments, Construction Equipments, Mining Equipments and Material Handling Equipments both in India as well as in International markets.
Date of appointment on the Board of the Company	25.9.2009 by the Board in the casual vacancy caused by the resignation of Mr. J V Raghavan
Name(s) of the other public companies in which Directorships held	Nil
Name(s) of companies in which Committee Membership(s) / Chairmanship(s) held (as per clause 49 of the Listing Agreement)	Nil
No. of shares held	Nil

By Order of the Board

SHOBHANA RAMACHANDHRAN
Managing Director

Place : Chennai

Date : 28.5.2010



FIVE YEAR PERFORMANCE AT A GLANCE

Rs. in lakhs

PARTICULARS	2005-06	2006-07	2007-08	2008-09	2009-10
A. OPERATING RESULTS					
GROSS INCOME	33340	47729	52428	64432	75916
PROFIT BEFORE DEPN. INT. & TAX	1535	2679	3388	4162	7077
PROFIT BEFORE INT. & TAX	875	1867	2480	3175	5899
PROFIT BEFORE TAX (PBT)	612	1057	1371	1316	4337
PROFIT AFTER TAX (PAT)	365	680	932	901	2982
DIVIDENDS	153	191	268	268	766
DIVIDEND TAX	21	33	46	46	130
RETAINED PROFITS	191	404	614	583	2086
B. FINANCIAL STATUS					
GROSS FIXED ASSETS	9851	11476	12729	14583	19232
NET FIXED ASSETS	5357	6149	6383	7229	11538
INVESTMENTS	125	125	125	125	261
NET CURRENT ASSETS	8003	11838	15998	15607	14977
SHARE CAPITAL	766	766	766	766	766
RESERVES AND SURPLUS	4129	4533	5148	5731	7817
NET WORTH	4895	5299	5914	6497	8583
LOAN FUNDS	7888	12054	15855	15722	17446
DEFERRED TAX LIABILITY (NET)	702	759	737	742	747
TOTAL CAPITAL EMPLOYED	13485	18112	22506	22961	26776
C. KEY RATIOS					
PBDIT TO NET SALES (%)*	4.62	5.89	6.45	6.97	9.29
PBIT TO NET SALES (%)*	2.36	3.94	4.46	5.26	7.61
PBT TO NET SALES (%)*	1.54	1.99	2.04	2.03	5.38
PBIT TO AV. CAPITAL EMPLOYED (%)*	6.59	10.38	10.07	13.34	21.43
RETURN ON AVERAGE NET WORTH (%)	7.60	13.35	16.63	14.52	39.55
EARNINGS PER SHARE (Rs.)	4.77	8.88	12.17	11.76	38.94
DIVIDEND PER SHARE (Rs.) #	2.28	2.92	4.10	4.10	11.70
DIVIDEND PAY OUT (%) #	47.85	32.92	33.64	34.81	30.04
BOOK VALUE PER SHARE (Rs.)	63.92	69.20	77.23	84.85	112.09
DEBT EQUITY RATIO (NO. OF TIMES)	1.61	2.27	2.68	2.42	2.03

* Excluding other income

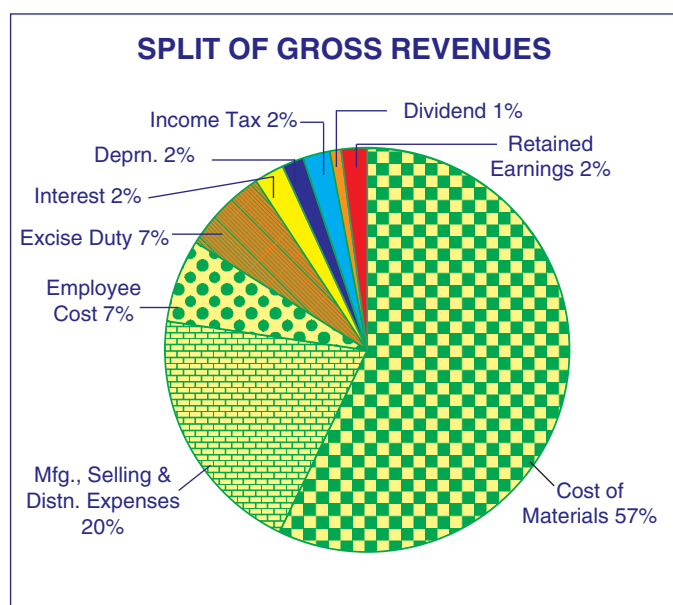
including dividend tax

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Twenty Seventh Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2010.

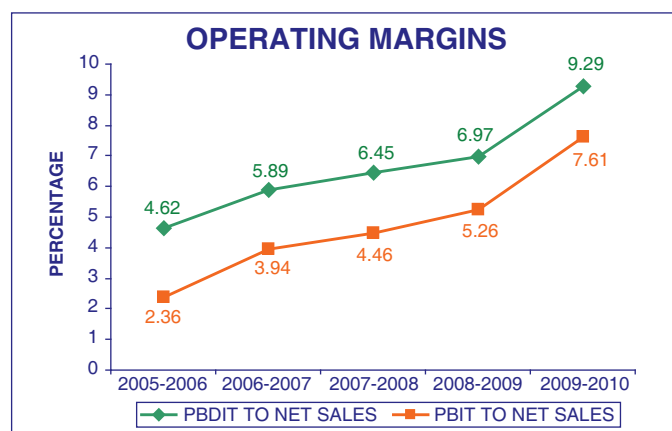
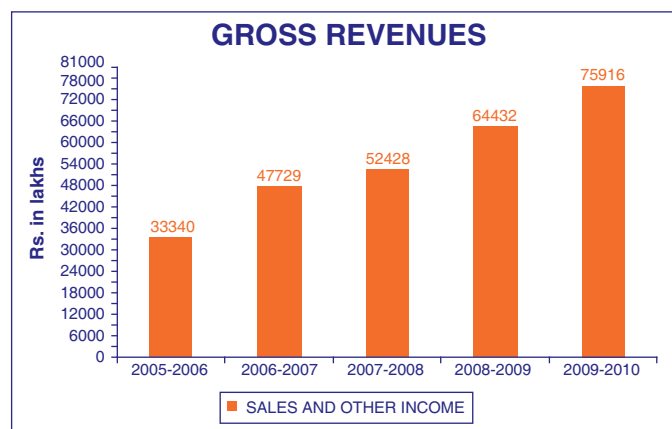
FINANCIAL PERFORMANCE

	(Rs. in lakhs)	
	31.3.2010	31.3.2009
Net Sales	70070.54	57635.07
Profit before Depreciation & Tax	5516.08	2303.37
Less : Depreciation	1178.89	987.66
Provision for Tax – current	1350.00	375.00
– Deferred	5.39	5.00
– Fringe Benefit Tax	–	35.00
Net Profit	2981.80	900.71
Add : Surplus brought forward from Previous Year	4476.50	3988.28
Profit available for appropriation	7458.30	4885.05
Appropriations		
– Dividend to Equity Shareholders	765.70	268.00
– Dividend Tax	130.13	45.55
– General Reserve	300.00	95.00
– Balance Carried Forward	6262.47	4476.50



OPERATIONS

Your Company has recorded a Net Sales of Rs. 701 Crores for the year under review registering a growth of 22% over last year, which has resulted mainly from domestic market. Overseas sales, though it was affected due to recessionary trends, could maintain its sales at the last year's level. The impressive growth in profit has resulted due to cost cutting measures undertaken by your Company.



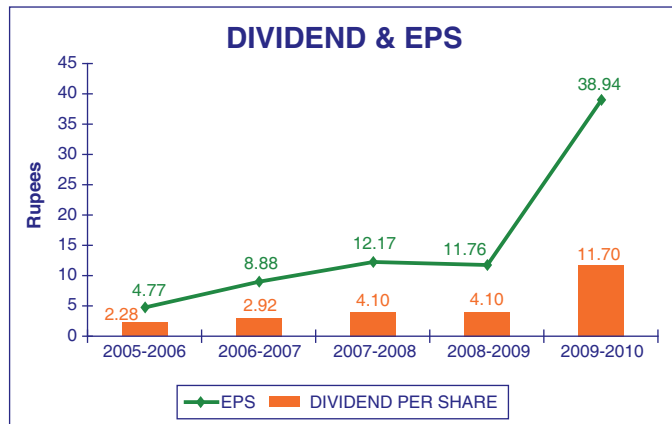
DIVIDEND

The Board of Directors had declared an interim dividend of Rs.10/- per share (100%) on February 11, 2010, absorbing a sum of Rs.889 lakhs, including tax on dividend. No further dividend is recommended by the Board of Directors.

The Directors recommend that after making provision for taxation and dividend, the amount of Rs.300 lakhs be



DIRECTORS' REPORT (Contd.)



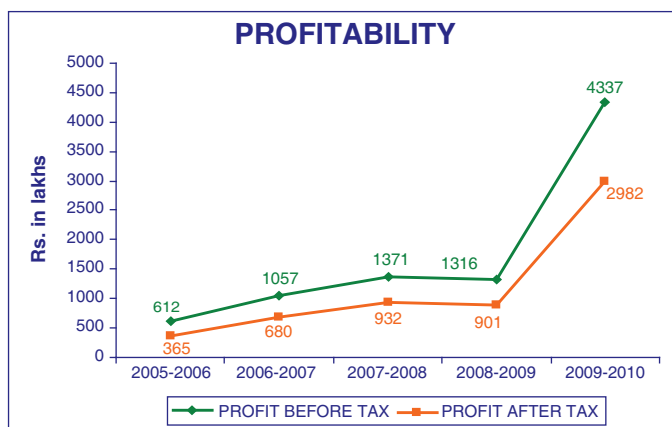
transferred to General Reserve. With this, the Company's reserves and surplus stand at Rs.7817.20 lakhs.

MARKETS

Domestic

The two and three wheeler industry had a healthy growth of over 20% during the year 2009 - 2010. With this growth, the two wheeler vehicle production has crossed the 100 lakh land mark during the year. This buoyancy in vehicle production helped your Company to close the year with the healthy growth in volume in Original Equipment segment.

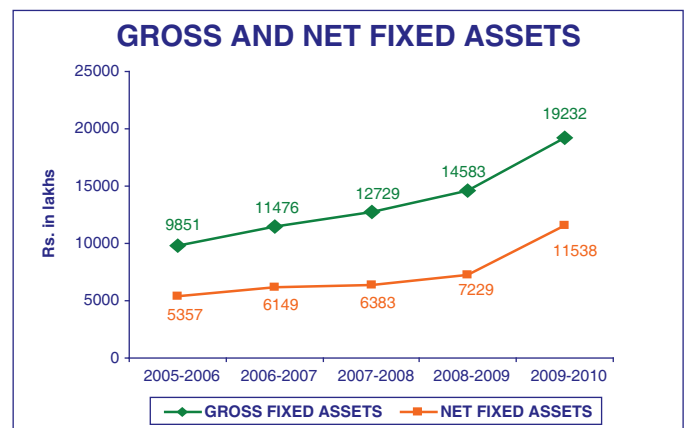
The intensive brand building exercise and greater focus on strengthening the quality of the network helped your Company to achieve higher growth in the After Market segment. Your Company is poised for further growth in brand image and sales volume in the coming years based on the strong foundation laid in the last few years.



Your Company had the distinction of developing better technology driven products in the OE and After Market segment and this augurs well for achieving higher growth levels in the coming years.

Overseas

Significant contribution has come from the new products in the Tractor segment developed by your Company in the last two years, which have been well accepted by the overseas market.



PROSPECTS FOR THE CURRENT YEAR

It is expected by the Company that the Government would increase expenditure in infrastructure and other sectors in the coming years. The Government spending, coupled with better industrial climate and increased purchasing power, would also give further impetus to growth.

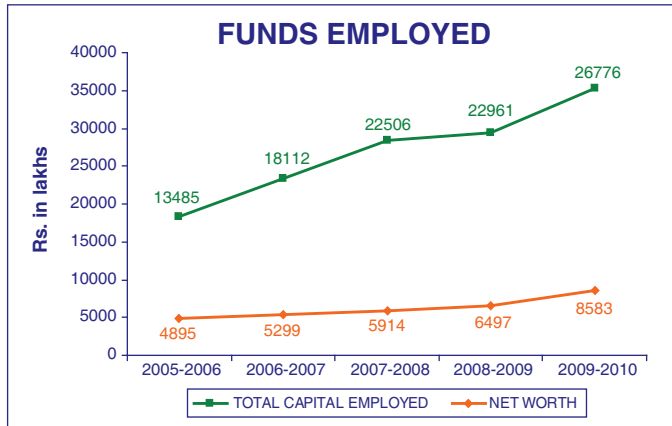
Wide fluctuations in the prices of natural rubber, petroleum products and other duties can be anticipated in the coming years. The Company is geared to handle the situation by concentrating on improving operating efficiencies and implementing all round cost reduction measures to ensure that the cost push does not impact the Company's profitability.

EXPANSION

Your Company has successfully set up new Plant in Uttarakhand and the commercial production has started from July, 2009. This has resulted in substantial increase

DIRECTORS' REPORT (Contd.)

in the capacity to take care of the increasing demand from all segments.



NEW PRODUCT DEVELOPMENT

Your Company has launched several new variants for both domestic and export markets during the year 2009-10, depending on market requirements. In addition to this, Value Engineering exercise was initiated to improve the margins.

HUMAN RESOURCES

The industrial relations in both the manufacturing plants of your Company have been harmonious and cordial. Development of second level functional heads was taken up and substantial progress made in this direction.

DIRECTORS

M/s J V Raghavan, S Ravichandran and T Chinnadurai had resigned from the Board of your Company, due to personal reasons. Your Directors place on record the valuable services rendered by them, during their tenure of office and their association with the Company, as its Directors.

Mr P Vijayaraghavan and Mr S Narayanan are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

Mr H Janardana Iyer was appointed as a Director in the casual vacancy caused by the resignation of

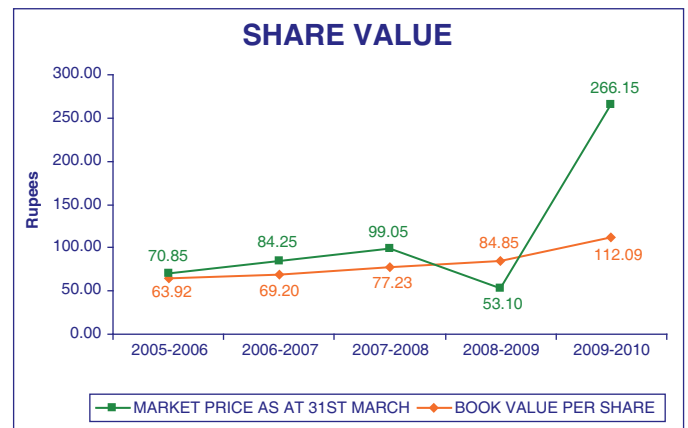
Mr J V Raghavan. He will hold office till the conclusion of the term of the original Director Mr J V Raghavan, which expires at the ensuing Annual General Meeting. Hence, Mr H Janardana Iyer seeks appointment as a Director liable to retire by rotation at the ensuing Annual General Meeting. The Company has received the statutory notice from a shareholder proposing the candidature of Mr H Janardana Iyer to be appointed by the shareholders as a Director liable to retire by rotation.

None of the Directors is disqualified under Section 274(1) (g) of the Companies Act, 1956.

CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance along with the Auditors' certificate confirming compliance is attached to this report.

The Managing Director has confirmed and declared that all the members of the Board and the senior management have affirmed compliance with the code of conduct.



DIRECTORS RESPONSIBILITY STATEMENT

Your Directors state that the annual accounts of the Company have been prepared in conformity, in all material respects, with the generally accepted accounting standards in India and supported by reasonable and prudent judgments and statements so as to give a true and fair view of the state of affairs of the Company and of the results of the operations of the Company. Significant accounting policies followed and other disclosures are detailed in the



DIRECTORS' REPORT (Contd.)

Notes to the Accounts and forming part of the annual accounts.

These financial statements of the Company have been audited by M/s Sundaram & Srinivasan, Chartered Accountants. A reference may be made to their report to the members together with Annexure – A thereto, containing information per requirement under the Companies (Auditor's Report) Order, 2003 attached with these annual accounts.

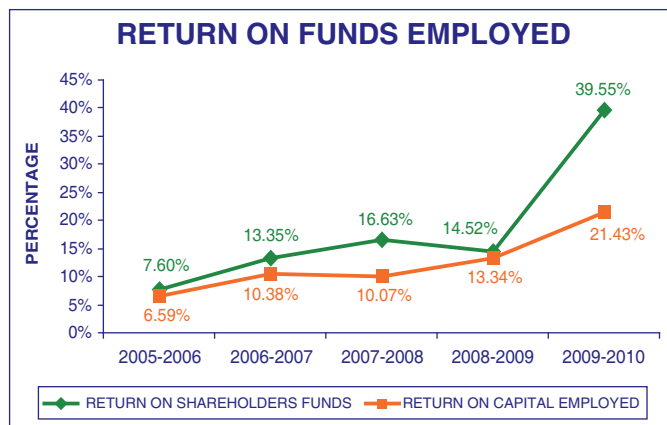
Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The internal control system of the Company is monitored by an independent internal audit team, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control. Internal Auditors, Audit Committee Members and Statutory Auditors have full and free access to all the information and records considered necessary to carry out the assigned responsibilities. The issues raised from time to time are suitably acted upon and followed up at different levels of Management.

The annual accounts have been prepared on a going concern basis.

DEPOSITS

Your Company is not accepting fixed deposits from the Public / Shareholders.



COST AUDIT

Cost Audit for the year ended 31st March, 2010 will be conducted by the Cost Auditor Mr C Ramamoorthy, Madurai and his report will be submitted to the Ministry of Corporate Affairs, Government of India.

AUDITORS

M/s Sundaram & Srinivasan, Chartered Accountants, Madurai, who is our Auditors, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the auditors to the effect that their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure to the Directors Report.

PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration during the financial year 2009–10, in excess of the sum prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

APPRECIATION

Your Directors place on record their appreciation of the contribution made by our employees which made it possible for the Company to achieve these results.

Your Directors also like to take this opportunity to thank the Customers, the Financial Institutions, Bankers, Vendors, Dealers and valued Shareholders for their support and encouragement.

For and on behalf of the Board

Place : Chennai
Date : 28.5.2010

S NARAYANAN
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 31.3.2010.

FORM A
(A) POWER AND FUEL CONSUMPTION :
A. CONSERVATION OF ENERGY:

- a) Energy conservation measures taken;
1. Electrical
 - i) VFD installed in pumps cooling tower fans, Boiler ID, FD fans and drive Motors based on the application.
 - ii) Optimisation of motors done by load study and replaced, where possible, by energy efficient motors and pumps.
 - iii) Compressed air conserved by pipe line sizing and air leak control.
 - iv) Reciprocating Compressors replaced by more efficient Screw Compressors.
 - v) Mercury vapour lamps are replaced with LED lamps in street lighting.
 2. Thermal
 - i) Condensate Recovery improved and feed water temperature increased for optimizing steam generation.
 - ii) Damaged insulation in steam lines are insulated.
- b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy;
- i) Usage of auto / semi auto system in building machines.
 - ii) Using auto system in bias cutter by providing motorized system instead of old pneumatic system.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;
- i) Specific Power and fuel consumption
 - ii) Specific Power and fuel cost
- d) Total energy consumption and energy consumption per unit of production.

	2009 - 10	2008 - 09
1. Electricity		
a) Purchased :		
Units	2,21,00,152	1,51,12,166
Total Amount (Rs.)	8,33,47,800	5,81,68,072
Rate / Unit (Rs.)	3.77	3.85
b) Own Generation :		
i) Through Diesel		
Generating Sets (units)	76,70,904	53,42,253
Units per litre of diesel oil	2.84	2.99
Cost / Unit (Rs.)	10.76	11.21
ii) Through Wind Mill	83,32,104	74,01,015
(for Captive Consumption)		
Total Cost (Rs.)	26,12,890	19,08,064
Rate / Unit (Rs.)	0.31	0.26
2. Furnace Oil		
Quantity (Litres)	48,21,971	7,04,039
Total Cost (Rs.)	9,52,71,114	1,47,76,544
Average rate (Rs.) / Litre	19.76	20.99
3. Others		
Quantity (MT)	30,564	26,535
Total Cost (Rs.)	6,70,73,226	6,21,92,140
Average rate (Rs.) / MT	2,194.54	2,343.76
(B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (Units)	2.52	2.58
Furnace Oil (Litre)	0.32	0.07
Others (Kgs)	2.03	2.46



ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form "B".

FORM B

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the Company :

Development of alternate sources of raw material to improve cost competitiveness; Product quality improvement through continuous process improvements; Development of high performance products to cater domestic market; Process improvement for conserving energy.

2. Benefits derived as a result of the above R & D:

The R & D activities carried out by your Company has assisted in improving replacement market share and also proved your Company's ability to introduce new products as and when required by the domestic market, besides entry into new overseas markets.

3. Future Plan of Action:

Increased automation, manufacture of high performance products, technology upgradation, identification of technology needs for future.

4. Expenditure on R&D:	Rs. in lakhs
a) Capital	48.68
b) Recurring	579.35
c) Total	628.03
d) Total R & D expenditure as a percentage of total turnover	0.89%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, made towards technology absorption, adaptation and innovation :

Introduction of new products resulted in higher growth in all markets and improved consistency in quality of product.

2. Benefits derived as a result of the above efforts :

Company was able to develop a whole range of new products for OEM, Replacement Market and Export Market, in the shortest development cycle time.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished.

a) Technology imported	- Nil
b) Year of import	- Not Applicable
c) Has technology been fully absorbed	- Not Applicable
d) If not fully absorbed, areas where this has not been taken place, reasons therefor and future plans of action	- Not Applicable

C. FOREIGN EXCHANGE EARNINGS & OUTGO :

- a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans.

The Company has expanded the distribution network for export of two wheeler tyres in Latin America and Africa and expect to have a significant growth in the year 2010-11.

b) Earnings	
Exports	Rs. 9,453.25 lakhs
Others	-
c) Outgo	Rs.11,416.91 lakhs

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

Automobile industry continues to be the growth engine for the general economy of the Country and the Tyre industry performance depends primarily on this.

Manufacturing, Distribution & Sales of Tyres, Tubes and Flaps primarily for the Two / Three Wheeler segments in the Domestic Market, and larger tyres for Agricultural and different Industrial segments in the Export Market, are the main business functions of the Company.

In the Domestic front compared to the previous year we did see a phenomenal shift in higher demand due to the Two and Three Wheeler vehicle production growth of around 25% during the year 2009-10 over 2008-09. This coupled with the GDP growth of 7% and General Industrial Production growth at 8.6% (3.6% last year) helped in better performance during the year 2009-10. However, the International Market is yet to bounce back after the severe global recession and hence the Company could not achieved its plans in full as far as Export business is concerned.

During the year steep fall and then followed by gradual and then steep increase of major raw material prices definitely had an impact in the overall business.

During the year we experienced power shortage to the extent of 30% for several months (in the second half of the year) which resulted in the Company having got to grapple with the issue of sourcing alternate power resulting in increase of cost of production.

2. Discussion and Analysis

Market :

Original Equipment Manufacturers:

Company registered a growth in volume and value, however the volume growth was lesser than the industry growth. This happened due to the demand far exceeding the original plans of the vehicle

manufacturers, especially during the first half of the year. During the year, your Company had several opportunities to making inroad with some of the new OEs due to the overall shortage in availability of Two & Three wheeler tyres. The Company could cash-in on some of the opportunities only.

After Market :

The Company strengthened its base in the After Market scenario by registering a planned growth in terms of volume of tyres and tubes during the year. The focus continues to be on Semi-Urban and Rural Markets. The Company launched massive Brand Building Exercise campaign through TV Commercials apart from greater thrust on Below The Line activities during the year 2009-10.

Export :

The year 2010-11 will have mixed fortunes in Export front. Though it will be better than 2009-10, it will not reach the peak enjoyed in the year 2008-09. One positive sign is that since the trade stocks have come down during the recession period, there will be a buying spree in the next two quarters. In view of this, current scenario seems optimistic and with our concentration in two wheeler business, your Company should definitely exceed last year performance by exporting more two wheeler tyres to Africa and Latin America.

As your Company has established good distribution network in Europe, your Company sees opportunity to develop Agricultural Radial tyre business in Europe and have already initiated steps for developing suitable products in order to take the export turnover further up.

Manufacturing :

The Company continued its initiatives in sustaining the manufacturing excellence, derived through TPM recognitions by working on increased productivity, lean and flexible manufacturing systems, and empowered



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

work teams for workmen and targeting continuous cost compression. The Company won the “Green Aspirer” Award from Frost & Sullivan - Green India and an award for Excellence in Supply Chain Management given based on the data base provided by Centre for Monitoring of Indian Economy (CMIE).

3. Outlook

Two wheeler Industry recorded a growth of around 25% in the year 2009-10, and your Company recorded higher growth than the average industry growth.

Market indications are that this year, 2010-11, will see a growth of around 15%. Your Company will continue to focus on retaining the respective Share of Business with the major OEs, focus on increase in the volume of business from the new OEs. Continued thrust on innovation in New Product Development should help us aim for higher growth during the year.

After Market continues to throw open greater opportunities in this year also and your Company will give specific focus in improving the brand image through planned Above The Line and Below The Line activities. Your Company will continue its focus on improving the quality of the Dealer Network and more effective Logistic Management should help us to aim at increased market share during this year.

4. Opportunity and Threats

The tyre industry is dependent on the performance of automobile and infrastructure sectors. The year gone by, with particular reference to second half of the year, witnessed an encouraging trend with increased demand and the tyre industry will have to capitalize on this by augmenting the capacity to the maximum extent possible.

Like any other Company, your Company is also exposed to various threats like competition from small players, retention of employees, increase in raw material prices and other input cost etc.,

5. Risks and Concerns

External Risks :

Fluctuating raw material prices would necessitate constant price revision with vehicle manufacturers.

Uncertainty in global economy, inflationary trend, increase in interest rates on bank loans could result in drop in vehicle sales.

Highly Volatile Foreign Exchange fluctuations.

Power scarcity resulting in increased Conversion Cost.

Strategic sourcing and spot purchasing necessitating higher funds availability.

Your Company has a structured FOREX Policy in place with the following objectives:

- 1) Ensuring adequate hedging of the Company's exposure in Forex, viz. exports, imports and loans. Hedging is done upto a certain level of total exposure and certain portion of exposure is left uncovered to take care of market dynamics.
- 2) Hedging / covers are taken based on Bench mark rate, for various currencies.

Internal Risks:

- Dependence on OE Customers, though After Market share in overall sales has gone up.
- Competition from low cost manufacturers in After Market.
- Continued recession in USA and Europe affecting the Export Market.

In view of new OEMs coming up in India, the share from OE segment has increased in the year 2009-10. However, the momentum maintained in the after market sales has mitigated the risks. In addition, developing tyres for premium segment of vehicles, launch of high technology tyres for Motorcycles such as Tubeless tyres, foray into agricultural radial tyres,

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

increased fitment of the tyres of your Company in Export vehicles, has assisted in de-risking.

Risk Assessment Study across the Company is being continued through outside consultants and actions initiated then and there.

Adequate insurance cover, wherever the risk exists, has been done by your Company.

All safety requirements and norms of various Governmental Agencies are being fully applied with by your Company.

6. Internal Control Systems

Your company has an adequate system of internal control, designed to provide reasonable assurance on the achievement of the objectives relating to efficiency and effectiveness of operations, reliability of financial reporting, compliance to applicable laws and regulations and for safe guarding of assets. Your Company's internal auditors evaluate the internal control in design and in operation; their observations are reviewed by the Senior Management and the Audit Committee.

7. Human Resources

Your Company has always considered its Human Resources as an asset and is committed towards their development for continuous growth. Our belief is that highly engaged, talented and innovative people can lead to Business Excellence.

8. Discussion On Financial Performance With Respect To Operational Performance

	Rs. in lakhs
Sales	75348
Other Income	568
Net profit	2982

9. Cautionary Statement

Certain statements in the Management Discussion and analysis describing the Company's views about the industry, expectations, objectives etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Factors like supply and demand situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as industrial relations and economic developments etc. may influence the Company's operations or performance.



CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

The Company believes in the philosophy of continuous improvement in all facets of its operations. Budgets, investment proposals, significant developments are placed before the Board. Audit, Share Transfer and Shareholder and Investors Committee meets in sufficient intervals to consider aspects relevant to each committee.

There are comprehensive internal control management reporting systems on all functions and they are reviewed by the Senior Management and the Board.

Your Company believes that good corporate governance is essential to achieving long-term corporate goals and for meeting the needs and aspirations of its stakeholders, including shareholders.

2. Board of Directors

Composition of the Board

As at 31st March, 2010, in compliance with Corporate Governance norms, the Board comprises of 8 Directors. None of the Directors on the Board is a Member of more than 10 committees or act as Chairman of more than 5 committees across all Companies in which he / she is a Director.

Number of Board Meetings, Attendance of Directors at Board Meetings and at the Annual General Meeting, outside Directorships and Board Committee Memberships are furnished below :

During the financial year 2009-10, seven Board Meetings were held on 30.5.2009, 31.7.2009, 25.9.2009, 30.10.2009, 5.1.2010, 30.1.2010 and 11.2.2010.

Name	Category	No. of Directorship in other Public Limited Companies	No. of memberships in Committees of Boards of other Companies#	No. of Board Meetings attended during 2009-10	Attended last AGM on 25.9.2009
Mr S Narayanan	Non-Executive	4	1	7	Yes
Mr R Naresh	Executive	7	-	5	Yes
Ms Shobhana Ramachandhran	Executive	6	-	7	Yes
Mr M S Viraraghavan	Non-Executive & Independent	-	-	5	Yes
Mr N H Athreya	Non-Executive & Independent	1	1	5	Yes
Mr J V Raghavan*	Non-Executive	-	-	-	No
Mr Sitaram Rao Valluri	Non-Executive & Independent	-	-	3	Yes
Mr P Vijayaraghavan	Non-Executive	1	-	7	Yes
Mr S Ravichandran *	Non-Executive & Independent	8	-	1	No
Mr T Chinnadurai *	Non-Executive & Independent	1	-	1	No
Mr H Janardana Iyer @	Non-Executive & Independent	-	-	4	No

* Resigned from the Board with effect from 25.9.2009

@ Appointed as Director on 25.9.2009 in the casual vacancy caused by the resignation of Mr. J V Raghavan

The above includes the membership in the Board of other Private Companies.

CORPORATE GOVERNANCE (Contd.)

Information placed before the Board

The information as required under Annexure 1A to Clause 49 of the Listing Agreement is being made available to the Board. These are submitted either as a part of the agenda papers well in advance of the Board Meetings or are tabled in the course of the Board Meetings.

Code of Conduct

The Board has laid down a Code of Conduct for all Directors and Senior Management Staff of the Company. The Code of Conduct is available on the website: www.tvstyres.com. All Directors and members of the Senior Management have affirmed their compliance with the Code of Conduct.

3. Audit Committee

Composition

The Audit Committee comprises of 3 Directors all of them being Non-Executive Independent Directors.

During the financial year 2009-10, 4 Audit Committee Meetings were held on 5.5.2009, 31.7.2009, 30.10.2009 and 30.1.2010

The Composition and attendance particulars are as follows :

Name	Position	No. of Meetings attended
Mr M S Viraraghavan	Chairman	4
Mr N H Athreya	Member	4
Mr Sitaram Rao Valluri	Member	3
Mr S Ravichandran *	Member	1

* Resigned with effect from 25.9.2009

Company Secretary is the Secretary of the Audit Committee

Mr R Naresh, Executive Vice Chairman and Ms Shobhana Ramachandhran, Managing Director are permanent invitees. Head of Finance, Internal Audit and Statutory Auditors also attend the meetings on invitation.

Reference

The powers, role and terms of reference of the audit committee covers the area as mentioned under

Clause 49 of the Listing Agreement. These include oversight of Company's financial reporting process, internal controls and disclosures of financial information, reviewing the adequacy of the internal audit team, reviewing with management the quarterly/ annual financial statements before submission to the Board, recommending the appointment of statutory auditors and fixation of their remuneration.

4. Remuneration to Directors

The Non-Executive Directors are remunerated by way of commission within the ceiling of 1% of the net profits of the Company for each financial year as approved by the shareholders. The details of remuneration paid and the number of shares held by the Non-Executive Directors are as follows:

(a) Name	(b) Sitting Fees paid [Rs. in lakhs]	(c) Commission paid [Rs. in lakhs]	(d) Total [Rs.in lakhs]	(e) No. of shares
(a) Mr S Narayanan	(b) 0.45	(c) 4.38	(d) 4.83	(e) 2195,
(a) Mr M S Viraraghavan	(b) 0.45	(c) 9.85	(d) 10.30	(e) 900,
(a) Mr N H Athreya	(b) 0.45	(c) 9.85	(d) 10.30	(e) 1200,
(a) Mr J V Raghavan	(b) 0.05	(c) 1.52	(d) 1.57	(e) 7625,
(a) Mr Sitaram Rao Valluri	(b) 0.30	(c) 9.85	(d) 10.15	(e) Nil,
(a) Mr P Vijayaraghavan	(b) 0.70	(c) 4.38	(d) 5.08	(e) 150,
(a) Mr S Ravichandran	(b) 0.10	(c) 3.80	(d) 3.90	(e) Nil,
(a) Mr T Chinnadurai	(b) 0.05	(c) 1.52	(d) 1.57	(e) Nil,
(a) Mr H Janardana Iyer	(b) 0.20	(c) 1.61	(d) 1.81	(e) Nil.

The details of remuneration to the Managing Director and Executive Vice Chairman for the financial year ended 31st March, 2010 are as follows

(a) Name	(b) Designation	(c) Salaries & Allowances	(d) Commission	(e) Perquisites	(f) Total [Rs. in lakhs]
(a) Ms Shobhana Ramachandhran	(b) Managing Director	(c) 36.00	(d) 93.57	(e) 6.48	(f) 136.05;
(a) Mr R Naresh	(b) Executive Vice Chairman	(c) Nil	(d) 93.57	(e) Nil	(f) 93.57

The Company does not have Stock Option Scheme.



CORPORATE GOVERNANCE (Contd.)

5. Status on Compliance to Non-mandatory requirements

Except the requirement of moving towards the regime of unqualified Financial Statements, the Company has not complied with the other non-mandatory requirements.

6. Shareholders / Investors Committee

The Shareholders / Investor Grievance Committee consists of Mr S Narayanan, Ms Shobhana Ramachandhran and Mr P Vijayaraghavan as its members. Mr S Narayanan is the Chairman of the Committee.

During the financial year 2009-10, 2 Shareholders / Investors Committee Meetings were held on 30.5.2009 and 30.10.2009.

The Composition and attendance particulars are as follows :

Name	Position	No. of meeting attended
Mr S Narayanan	Chairman	2
Ms Shobhana Ramachandhran	Member	2
Mr P Vijayaraghavan	Member	2

Company Secretary is the Secretary of Shareholders / Investors Committee.

There were 3 transfer requests pending as on 31.3.2010, which were subsequently cleared.

The Securities and Exchange Board of India vide notification dated 20.2.2002 has amended the SEBI (Insider Trading) Regulations, 1992. As required by the above Regulations, all the Directors and designated employees have affirmed their compliance with the above.

Company Secretary has been designated as Compliance Officer of the Company under SEBI (Insider Training) Regulations, 1992.

Managing Director and President – Finance & Secretary have certified to the Board in accordance with Clause 49(v) of the Listing Agreement pertaining to CEO/CFO Certification for the year ended 31st March, 2010.

7. General Body Meetings:

The details of date, location and time of the last three Annual General Meetings held are given below :

Year	Venue	Date & Time
2006-07	Lakshmi Sundaram Hall 15-A Gokhale Road Madurai 625 002	14.9.2007, 10.25 A.M
2007-08	-do -	18.9.2008, 10.30 A.M
2008-09	-do -	25.9.2009, 10.15 A.M

Two special resolutions were put through in the year 2007-08.

One special resolution was put through in the year 2008-09.

No special resolution was put through by Postal Ballot, during last year.

8. Disclosures

There were no materially significant related party transactions with the Company's Promoters, Directors, the Management or Relatives, which may have a potential conflict with the interests of the Company at large.

The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authority on all matters related to capital markets. No penalties or strictures have been imposed on the Company by these authorities.

All the mandatory requirements specified under Clause 49 of the Listing Agreement have been complied with.

The Company proposes to adopt other non-mandatory requirements as and when necessary.

9. Means of Communication

- The quarterly unaudited financial results of the Company are being published in "Economic Times" and "Dinamalar", in the prescribed format.

CORPORATE GOVERNANCE (Contd.)

- Quarterly results, Annual results including the Annual Report, shareholding pattern are all available on SEBI's website – Electronic Data Information Filing & Retrieval (EDIFAR) www.sebiedifar.nic.in (discontinued with effect from 1st April, 2010 – as per amendment to Clause 49 of the Listing Agreement).
- All material information about the Company is promptly sent to the Stock Exchanges.
- As the Company publishes the audited annual results within the stipulated period of two months as required by the Listing Agreement with the Stock Exchanges, the unaudited financial results for the last quarter of the financial year are not published.

10. Management Discussion & Analysis Report

The Management Discussion & Analysis Report is annexed hereto and forms part of this Annual Report.

11. General Shareholders information

a)	27th Annual General Meeting	
	Date & Time	20th September, 2010 10.00 AM
	Venue	Lakshmi Sundaram Hall 15-A Gokhale Road, Madurai 625 002
b)	Financial Year	April to March
	First quarter results ending June 30, 2010	August 2010
	Second quarter results ending September 30, 2010	November 2010
	Third quarter results ending December 31, 2010	February 2011
	Financial Reporting for the quarter ending March 31, 2011	April - May 2011
c)	Period of Book Closure	From 16.9.2010 To 20.9.2010 (both days inclusive)
d)	Dividend for 2009 - 2010 Interim Dividend paid	11.2.2010 – 100%. No further dividend has been recommended.
e)	Listing on Stock Exchanges	Madras Stock Exchange Ltd., 11, Second Line Beach, Chennai (MSE)
		Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai (BSE)
		National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Bandra (E), Mumbai (NSE)
f)	Stock Code	
	Madras Stock Exchange (Symbol)	TVSSRICHA
	Bombay Stock Exchange (Code)	509243
	National Stock Exchange (Symbol)	TVSSRICHA
	Demat ISIN Number in NSDL / CDSL	INE421C01016

- g) The Company has paid the listing fees upto the year ending 31st March, 2011 to the above mentioned Stock Exchanges.

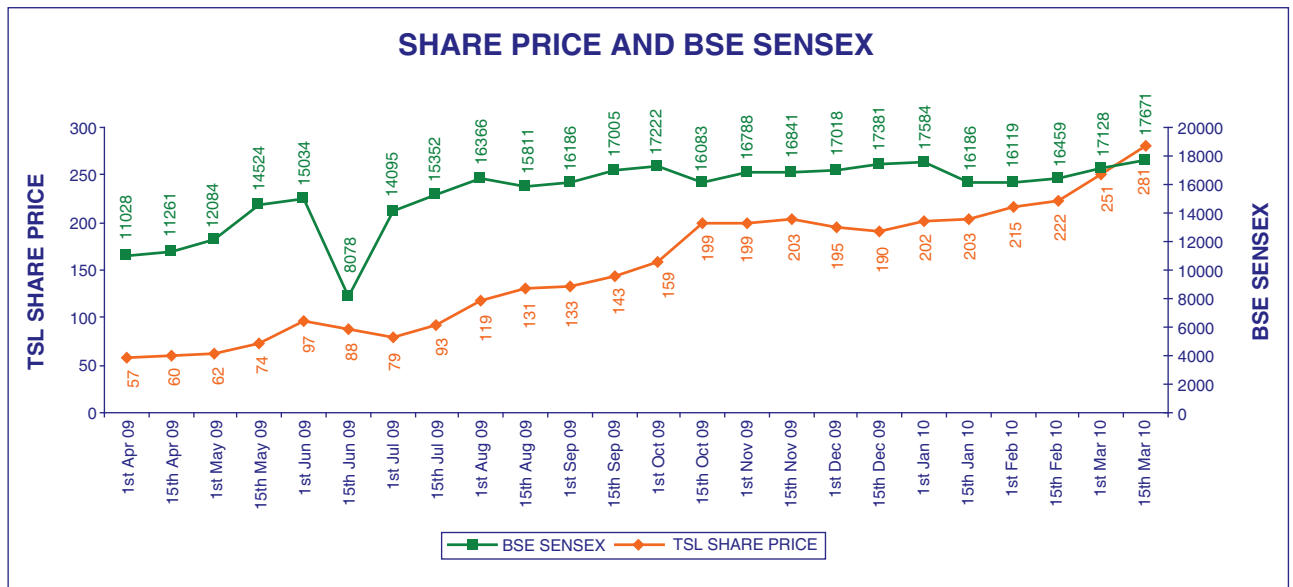


CORPORATE GOVERNANCE (Contd.)

h) Market Price Data (Rs.)

Month	Bombay Stock Exchange Ltd. (BSE)		National Stock Exchange Ltd. (NSE)	
	High	Low	High	Low
April 2009	63.70	54.00	66.90	50.00
May 2009	85.00	58.25	88.00	57.80
June 2009	114.50	80.10	114.00	80.20
July 2009	105.00	72.25	110.00	72.00
August 2009	144.50	107.00	142.00	108.00
September 2009	154.90	126.00	151.90	126.00
October 2009	218.45	147.00	219.45	150.00
November 2009	215.00	182.00	215.00	177.50
December 2009	205.00	182.00	205.00	180.00
January 2010	215.00	190.00	218.90	190.10
February 2010	247.60	185.80	247.00	190.00
March 2010	299.00	215.00	300.00	212.20

i) Market Price Movement in comparison to BSE Index



j) Registrar & Share Transfer Agents and Share Transfer System

M/s Integrated Enterprises (India) Limited, Chennai is the Share Transfer Agent of the Company providing connectivity with the NSDL and CDSL for demat services. They also handle physical share transfer and related services. The Share transfer and other requests are processed within 15 days from the date of receipt subject to documents being complete in all respects.

CORPORATE GOVERNANCE (Contd.)

Members are requested to send all their communications and documents pertaining to demat, remat, share transfers, transmissions, duplicate share certificates, non- receipt of dividends, change of address and other matters, to the Registrar at the following address quoting your Folio number / Client ID.

M/s Integrated Enterprises (India) Limited UNIT : TVS SRICHAKRA LTD. “Kences Towers” II Floor No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017. Phone : 044 - 28140801 - 803 Fax : 044 - 28142479 Email : sureshbabu@iepindia.com corpserv@iepindia.com	Contact Person Mr. K Suresh Babu Asst. Vice President Mr. S Yuvaraj Sr. Manager
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k) Distribution of shareholding as on 31st March, 2010.

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1 to 500	16958	95.38	1954024	25.52
501 - 1000	517	2.91	376317	4.91
1001 - 2000	172	0.97	244639	3.19
2001 to 3000	40	0.22	100225	1.31
3001 to 4000	15	0.08	52482	0.69
4001 to 5000	16	0.09	76154	0.99
5001 - 10000	18	0.10	131488	1.72
10001 and above	44	0.25	4721721	61.67
Total	17780	100.00	7657050	100.00

l) Dematerialisation of shares

As on 31st March, 2010, 42.71% of total Equity Capital is held in dematerialised form with NSDL and CDSL.

m) The Company has not issued GDRs / ADRs / Warrants or any convertible instruments.
n) Plant Location

- | | | |
|---|---|--|
| 1. Vellaripatti Village
Melur Taluk
Madurai District
Pin 625 122 | 2. Narasingampatti Village
Therkutheru, Melur Taluk
Madurai District
Pin 625 122 | 3. Plot No.7, Sector - 1
Integrated Industrial Estate
SIDCUL, Pantnagar 263 153
Rudrapur, Tehsil - Kichha
District Udham Singh Nagar
Uttarkhand |
|---|---|--|

o) Address for correspondence and any assistance / clarification :

TVS Srichakra Limited No.10, Jawahar Road Madurai 625 002	Phone : 0452 2420461 Fax : 0452 2420266 Email : investor@grievances@tvstyres.com demat@tvstyres.com
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CORPORATE GOVERNANCE (Contd.)

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
TVS Srichakra Limited

We have examined the compliance of conditions of Corporate Governance by TVS Srichakra Limited, for the year ended on 31.3.2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No. 004207 S
K S NARAYANASWAMY
Partner
Membership No. 8593

Place : Chennai
Date : 28.5.2010

CORPORATE GOVERNANCE (Contd.)**CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER CERTIFICATION**

The Board of Directors

TVS Srichakra Limited

We certify that -

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that there were
 - i) no significant changes in internal control over financial reporting during the year;
 - ii) no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

L R SUBRAMANIAN
PRESIDENT - FINANCE & SECRETARY

SHOBHANA RAMACHANDHRAN
MANAGING DIRECTOR

Place : Chennai

Date : 28.5.2010

CERTIFICATE

The Shareholders

TVS Srichakra Limited

I, Shobhana Ramachandhran, Managing Director of the Company, hereby confirm that all the Members of your Board and the Senior Management Personnel of your Company, have confirmed the compliance to the Code of Conduct of the Company, during the year ended 31st March, 2010.

Place : Chennai

Date : 28.5.2010

SHOBHANA RAMACHANDHRAN
MANAGING DIRECTOR



AUDITORS' REPORT TO THE MEMBERS OF TVS SRICHAKRA LIMITED

1. We have audited the attached Balance Sheet of M/s TVS Srichakra Limited, as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. a) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
 - b) Further to our comments in the Annexure referred to in paragraph (a) above, we report that:

AUDITORS' REPORT TO THE MEMBERS OF TVS SRICHAKRA LIMITED (Contd.)

true and fair view in conformity with the accounting principles generally accepted in India;

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

(b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date;

(c) in the case of Cash Flow Statement, the Cash flows of the Company for the year ended on that date.

For SUNDARAM & SRINIVASAN
Chartered Accountants

Firm Registration No. 004207 S

K S NARAYANASWAMY

Partner

Membership No:8593.

Place : Chennai

Date : 28.5.2010



ANNEXURE TO THE REPORT OF THE AUDITORS

1. The nature of the Company's business/activities during the year is such that, to the best of our knowledge and the information and explanations given to us, clauses (xiii) & (xiv) of paragraph 4 of the Order are not applicable to the Company.
2. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The Fixed Assets have been physically verified by the Management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
(c) The Company has not disposed off any major/substantial part of the fixed assets during the year.
3. (a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and the same have been properly dealt with in the accounts.
4. (a) The Company has not granted any loan during the year to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has not taken any loan from parties listed in the register maintained under Section 301 of the Companies Act, 1956.
(c) In respect of other loans and advances granted, repayment is regular. Payment of interest is also regular.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for sale of goods and there are no major weaknesses in such internal control.
6. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. The Company has not accepted deposits from the public.
8. The Company has an internal audit system commensurate with the size of the Company and nature of its business.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ANNEXURE TO THE REPORT OF THE AUDITORS (Contd.)

10. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Excise Duty, Sales Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31.3.2010 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the dues of Sales Tax and Excise Duty which have not been deposited on account of any dispute is furnished below :

Forum where dispute is pending	Rs. in Lakhs	
	Excise Duty	Sales Tax
High Court	3.22	-
Commissioner	4.85	-
Assistant Commissioner	21.79	-
Appellate Tribunal	166.03	3.00
Assessing Officer	-	3.08

11. The Company does not have any accumulated losses and no loss cash or otherwise has been incurred by the Company in the current financial year or preceding financial year.

12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Bank.

13. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.

14. The Company has not given Guarantee for loans taken by others, from banks or financial institutions.

15. In our opinion, on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.

16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

17. The Company has not issued any shares during the year and hence the question of any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 does not arise.

18. The Company has not issued any debentures during the year.

19. The Company has not raised any money by issue of shares during the year.

20. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For SUNDARAM & SRINIVASAN
Chartered Accountants

Firm Registration No. 004207 S

K S NARAYANASWAMY

Partner

Membership No:8593.

Place : Chennai

Date : 28.5.2010



BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31.3.2010	Rs. in lakhs 31.3.2009
I SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	765.70	765.70
Reserves & Surplus	2	7817.20	5731.23
Loan Funds			
Secured Loans	3	17436.23	15708.55
Unsecured Loans	4	9.30	13.14
Deferred Tax Liability (Net)	5	747.42	742.03
Total		<u>26775.85</u>	<u>22960.65</u>
II APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block at Cost		19231.92	14583.47
Less: Depreciation		8017.86	7430.75
Net Block		11214.06	7152.72
Capital Work-in-Progress		324.08	76.57
		<u>11538.14</u>	<u>7229.29</u>
Investments	7	261.04	124.50
Current Assets, Loans & Advances			
Inventories	8	15543.59	6539.30
Sundry Debtors	9	11893.60	10658.66
Cash & Bank Balances	10	858.35	1326.01
Loans & Advances	11	3240.78	2732.85
	(A)	<u>31536.32</u>	<u>21256.82</u>
Less: Current Liabilities & Provisions			
Liabilities	12	16351.56	5058.41
Provisions	13	208.09	591.55
	(B)	<u>16559.65</u>	<u>5649.96</u>
Net Current Assets	(A-B)	<u>14976.67</u>	<u>15606.86</u>
Total		<u>26775.85</u>	<u>22960.65</u>
Notes on Accounts	18		

Schedules 1 to 13 and 18 annexed form part of the Balance Sheet.

SHOBHANA RAMACHANDHRAN
Managing Director

As per our report attached
For SUNDARAM & SRINIVASAN
Chartered Accountants

S NARAYANAN
Chairman

Place : Chennai
Date : 28.5.2010

K S NARAYANASWAMY
Partner
Membership No. 8593

L R SUBRAMANIAN
President - Finance & Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	31.3.2010	Rs. in lakhs 31.3.2009
INCOME			
Sales		75347.92	64289.26
Less: Excise Duty		5277.38	6654.19
Net Sales		70070.54	57635.07
Other Income	14	568.49	143.09
Increase / (Decrease) in Stock	15	(1361.82)	635.43
Total (A)		69277.21	58413.59
EXPENDITURE			
Materials consumed	16	41743.10	39610.61
Purchase of traded goods		53.02	63.51
Other Expenses	17	20403.69	14577.02
Interest		1561.32	1859.08
Depreciation		1178.89	987.66
Total (B)		64940.02	57097.88
Profit before taxation	(A-B)	4337.19	1315.71
Provision for:			
– Income Tax		1350.00	375.00
– Deferred Tax		5.39	5.00
– Fringe Benefit Tax		–	35.00
Profit after taxation		2981.80	900.71
Tax relating to Prior years:			
– Income Tax relating to prior years		–	(3.94)
Surplus brought forward from last year		4476.50	3988.28
Profit available for appropriation		7458.30	4885.05
Appropriations:			
Transfer to General Reserve		300.00	95.00
Proposed Dividend		–	268.00
Interim Dividend paid		765.70	–
Tax on Interim Dividend		130.13	–
Tax on distribution of Dividend		–	45.55
Balance carried forward		6262.47	4476.50
Total		7458.30	4885.05
Basic and Diluted Earnings Per Share (Rs.)		38.94	11.76
(Face value of Rs. 10/- each (Last year face value of Rs. 10/- each))			

Notes on Accounts

18

Schedules 14 to 18 annexed form part of the Profit and Loss Account.

 SHOBHANA RAMACHANDHRAN
Managing Director

 As per our report attached
 For SUNDARAM & SRINIVASAN
Chartered Accountants

 S NARAYANAN
Chairman

 Place : Chennai
 Date : 28.5.2010

 K S NARAYANASWAMY
Partner
 Membership No. 8593

 L R SUBRAMANIAN
President - Finance & Secretary


SCHEDULES

	31.3.2010	31.3.2009
1. SHARE CAPITAL		
Authorised :		
1,00,00,000 equity shares of Rs. 10/- each	<u>1000.00</u>	<u>1000.00</u>
Issued, subscribed and paid-up :		
76,57,050 equity shares of Rs. 10/- each fully paid	<u>765.70</u>	<u>765.70</u>
2. RESERVES & SUPRLUS		
General Reserve		
As Per last Balance Sheet	1161.00	1066.00
Add: Transfer from Profit & Loss Account	<u>300.00</u>	<u>95.00</u>
	<u>1461.00</u>	<u>1161.00</u>
Capital Reserve	0.16	0.16
Share Premium	93.57	93.57
Profit & Loss Account	<u>6262.47</u>	<u>4476.50</u>
	<u>7817.20</u>	<u>5731.23</u>
3. SECURED LOANS*		
Loans from Banks:		
Working Capital Facilities	11477.98	11791.43
Term Loans:		
State Bank of India	4746.16	3917.12
Others - Secured by Hypothecation of specific Plant & Machinery	<u>1212.09</u>	<u>—</u>
	<u>17436.23</u>	<u>15708.55</u>
* For nature of security refer Note No. 8 of Notes on Accounts		
4. UNSECURED LOANS		
HP Finance	9.30	13.14
	<u>9.30</u>	<u>13.14</u>
5. DEFERRED TAX LIABILITY (NET)		
DEFERRED TAX LIABILITY:		
On account of Depreciation:		
As per last Balance Sheet	777.48	757.48
Adjustment during the year	<u>9.01</u>	<u>20.00</u>
	<u>786.49</u>	<u>777.48</u>
DEFERRED TAX ASSET:		
On account of Retirement Benefits		
As per last Balance Sheet	35.45	20.45
Adjustment during the year	<u>3.62</u>	<u>15.00</u>
	<u>39.07</u>	<u>35.45</u>
	<u>747.42</u>	<u>742.03</u>

SCHEDULES (Contd.)
6. FIXED ASSETS

Rs. in lakhs

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at 1.4.2009	As at 31.3.2010	Up to 31.3.2009	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
	As at 1.4.2009	As at 31.3.2010	Up to 31.3.2009	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
LAND - LEASEHOLD	-	285.36	-	2.86*	282.50	-
LAND - FREEHOLD	98.07	3.01	-	-	101.08	98.07
BUILDINGS	1677.78	1296.94	398.62	84.55	2491.55	1279.16
PLANT & MACHINERY	12107.21	3509.13	6701.68	1044.53	7816.32	5405.53
ELECTRICAL INSTALLATION	382.87	137.03	169.69	18.77	331.44	213.18
FURNITURES & FIXTURES	187.79	42.20	117.96	15.05	96.11	69.83
VEHICLES	107.02	24.15	37.21	9.63	77.26	69.81
INTANGIBLE ASSETS	22.73	4.16	5.59	3.50	17.80	17.14
TOTAL	14583.47	5301.98	7430.75	1178.89	11214.06	7152.72
Previous Year	12728.55	1862.61	6447.34	987.66	7152.72	-
Capital Work-in-Progress					324.08	76.57

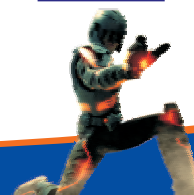
* Amortised over the period of the lease

SCHEDULES (Contd.)

		Rs. in lakhs	
		31.3.2010	31.3.2009
7.	INVESTMENTS		
	(LONG TERM)		
	AT COST-NON-TRADE UNQUOTED		
	a) Subsidiary:		
	Fully paid-up		
	20,50,000 Equity Shares of Rs. 10/- each fully Paid Up in TVS Srichakra Investments Ltd (Refer Note 1 below)	205.00	–
	b) Others:		
	Fully paid-up		
	5,00,000 Equity Shares of Rs.10/- each fully paid-up in ZF Electronics TVS (India) P Ltd (formerly TVS Cherry Private Ltd)	53.58	53.58
	5,99,000 Equity Shares of Rs.10/- each fully paid-up in TVS Telecom Components Ltd. (Refer Note 2 below)	–	59.90
	15,000 Equity Shares of Euro 1 each in Van Leeuwen Tyres & Wheels B.V., Holland (Refer Note 3 below)	0.01	8.57
	24,500 Equity Shares of Rs.10/- each fully paid-up in Arkay Energy (Rameswaram) Ltd. (Aggregate unquoted shares Rs.261.04 lakhs) (Previous year Rs.124.50 lakhs)	2.45	2.45
		261.04	124.50
	Note 1: Additions during the year		
	Note 2: Investment sold to wholly owned subsidiary company “M/s TVS Srichakra Investments Ltd during the year at cost 599,000 equity shares of Rs.10/- each”		
	Note 3: As reduced by provision for diminution in value of carrying cost		
8.	INVENTORIES		
	AS CERTIFIED BY THE MANAGING DIRECTOR		
	Raw Materials at cost	13000.65	3313.87
	Work in Progress at cost	1218.36	411.17
	Finished Goods at lower of cost and realisable value	1122.24	2479.04
	Stores and Spares at cost	192.39	320.25
	Stock of Traded Goods at cost	9.95	14.97
		15543.59	6539.30
9.	SUNDRY DEBTORS		
	(UNSECURED CONSIDERED GOOD)		
	Debts Outstanding for a period exceeding 6 months	49.08	281.23
	Other Debts	11844.52	10377.43
		11893.60	10658.66

SCHEDULES (Contd.)

	31.3.2010	Rs. in lakhs 31.3.2009
10. CASH AND BANK BALANCES		
Cash on Hand	5.23	3.53
With Scheduled Banks:		
– In Current Accounts	779.69	1285.65
– In Dividend Warrant Accounts	73.43	36.83
	<u>858.35</u>	<u>1326.01</u>
11. LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)		
Advances Recoverable in cash or in kind or for value to be received	2873.74	2369.11
Prepaid Expenses	142.64	122.43
Accrued Income	31.31	50.14
Deposits	193.09	191.17
	<u>3240.78</u>	<u>2732.85</u>
12. CURRENT LIABILITIES		
Sundry Creditors	16278.13	5021.58
Unpaid Dividend Warrants	73.43	36.83
	<u>16351.56</u>	<u>5058.41</u>
13. PROVISIONS		
Proposed Dividend	–	268.00
Dividend tax	–	45.55
Gratuity	76.93	114.97
Leave Encashment	114.93	102.51
Provision for Taxation less Advance tax	16.23	60.52
	<u>208.09</u>	<u>591.55</u>
14. OTHER INCOME		
Rent	0.31	0.79
Interest	25.80	23.96
Dividend	15.00	2.50
Exchange Rate Fluctuation	274.26	–
Miscellaneous Sales	176.83	99.46
Miscellaneous Income	76.29	16.38
	<u>568.49</u>	<u>143.09</u>
15. INCREASE/(DECREASE) IN STOCK		
Opening Stock:		
Finished Goods	2479.04	1843.73
Traded Goods	14.97	14.85
	<u>2494.01</u>	<u>1858.58</u>
Closing Stock:		
Finished Goods	1122.24	2479.04
Traded Goods	9.95	14.97
	<u>1132.19</u>	<u>2494.01</u>
	<u>(1361.82)</u>	<u>635.43</u>
16. MATERIALS CONSUMED		
Opening Stock – Raw Materials	3313.87	6581.33
– Work in Progress	411.17	620.64
	<u>3725.04</u>	<u>7201.97</u>
Add : Purchases – Raw Materials (includes processing charges of Rs. 729.65 lakhs) (Previous year Rs. 744.62 lakhs)	52237.07	36133.68
	<u>55962.11</u>	<u>43335.65</u>
Less: Closing Stock – Raw Materials	13000.65	3313.87
– Work in Progress	1218.36	411.17
	<u>41743.10</u>	<u>39610.61</u>



SCHEDULES (Contd.)

	31.3.2010	Rs. in lakhs 31.3.2009
17. EXPENSES		
Stores & Spares consumed	1882.05	1475.39
Salaries and Wages	4573.63	3534.25
Contribution to Provident and other funds	328.86	292.45
Gratuity	76.93	114.97
Workmen & Staff Welfare	509.66	346.75
Power & Fuel	3288.54	2019.49
Freight	2743.41	2026.93
Rent including lease rentals	296.26	257.66
Rates & Taxes	84.84	40.62
Insurance	129.16	67.85
Commission & Discounts	3675.31	2330.21
Finance Charges	1.16	28.98
Travelling Expenses	427.68	383.10
Audit Fees:		
- Audit	5.00	5.00
- Tax Audit	0.30	0.30
- Income Tax matters	0.10	0.10
- Certification work	0.45	0.45
- Expenses	0.50	0.40
Directors' Sitting Fees	2.75	1.95
Repairs & Maintenance :		
- Buildings	263.33	116.82
- Plant & Machinery	101.06	89.33
- Others	42.60	43.72
Advertisement & Sales Promotion	1074.15	536.03
Donation	0.13	3.92
Others	895.83	860.35
	20403.69	14577.02

SCHEDULES (Contd.)**18. NOTES ON ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES:****1. AS 1: Disclosure of accounting policies:**

The financial statements are prepared on a going concern concept under the historical cost convention on accrual basis and in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

2. AS 2: Valuation of inventories:

Raw Materials, work in progress and stores and spares are valued at cost arrived by applying the first in first out method.

Finished goods are valued at lower of cost and realizable value. Cost for this purpose comprises materials, labour and other appropriate overheads and excise duty.

3. AS 3: Cash flow statements:

Pursuant to the listing agreement with the Stock Exchanges, the Company has attached cash flow statement to the Balance Sheet and the Profit and Loss Account.

4. AS 6: Depreciation accounting:

- i. All assets are depreciated on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- ii. Depreciation is provided for on pro-rata basis on additions and deletions made during the year. Assets costing Rs.5,000/-and below are depreciated in full.

5. AS 9: Revenue Recognition:

Income of the Company is derived from sale of manufactured goods and includes excise duty and is net of sales returns and trade discounts. Domestic sales are recognized on the basis of sales invoices raised. Export sales are recognized on the basis of date of bills of lading. Export benefits, if any, are recognized on post shipment basis.

Interest income/expenses are recognized using the time proportion method based on the rates implicit in the transaction. Dividend income is recognized when the right to receive dividend is established.

6. AS 10: Accounting for fixed assets:

Gross block of fixed assets are shown at the costs of acquisition, which includes taxes, duties (net of CENVAT and VAT input credits availed) and other identifiable direct expenses incurred.

7. AS 11: Accounting for effects in foreign exchange rates:

Transactions are accounted at equivalent rupee values based on exchange rate prevailing on the date of transaction. The difference on account of fluctuation at the rate of exchange prevailing on the date of transaction and the date of realization is treated as revenue.



SCHEDULES (Contd.)

Foreign currency assets and liabilities are restated at the rates ruling at the year end and the difference recognized in the Profit and Loss Account.

8. AS 13: Accounting for Investments:

All the investments are long term investments. Diminution in respect of long term investments are provided for when there is a permanent diminution in the value of such investments.

Investments are stated at cost. In respect of investments where the realizable value is less than cost, lower value has been adopted.

9. AS 15(revised): Accounting for retirement benefits:

The Company provides for gratuity, a defined benefit retirement plan, covering eligible employees. In accordance with the provisions of the Payment of Gratuity Act, 1972, the Company provides a lump-sum payment to vested employees at retirement, death, incapacitation, or termination of employment, of an amount based on the employees' salary and tenure of employment. Liabilities with regard to the retirement plan are determined by an independent actuarial valuation at the balance sheet date, based upon which the Company contributes all the ascertained liabilities to the Company's gratuity fund.

Leave encashment is provided for based on actuarial valuation.

Employees above a certain category are participants in the Company's superannuation fund, for which the Company makes annual contributions based upon their salaries and tenure of employment to a fund maintained by the Life Insurance Corporation of India.

The Company makes its statutory contribution to the Employees' Provident Fund to the Employees' Provident Fund Organization of the Government of India.

The Company makes contribution to the employees' health scheme for those employees governed by the ESI Act.

The Company has adopted the revised accounting standard on employees benefit (AS-15, revised) issued by the Institute of Chartered Accountants of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

(Rs. In Lakhs)

LEAVE ENCASHMENT		
Particulars	31.3.2010	31.3.2009
Obligations at period beginning	102.51	60.17
Service Cost	37.20	54.63
Interest cost	6.98	3.44
Actuarial (gain)/loss	(1.28)	6.24
Benefits paid	(30.47)	(21.97)
Amendment in benefit plans		
Obligations at the period end	114.94	102.51

SCHEDULES (Contd.)

(Rs. In Lakhs)

GRATUITY		
Particulars	31.3.2010	31.3.2009
Obligations at period beginning	526.82	420.91
Service Cost	116.41	75.35
Interest cost	41.60	28.54
Actuarial (gain)/loss	(0.45)	28.43
Benefits paid	(13.75)	(26.41)
Amendment in benefit plans	–	
Obligations at the period end	670.63	526.82

(Rs. In Lakhs)

GRATUITY		
	31.3.2010	31.3.2009
Change in plan assets		
Plan assets at the beginning of the year	411.85	390.49
Expected return on the plan assets	37.10	31.40
Actuarial gain/(loss)	42.18	(14.05)
Contributions	114.97	30.42
Benefits paid	(13.75)	(26.41)
Difference in Opening Balance	1.35	–
Plan assets at the year end, fair value	593.70	411.85

Reconciliation of the defined plan obligations and fair value of plan assets at the year end:

(Rs. In Lakhs)

Fair value of the plan assets at the year beginning	670.63
Defined plan obligations at the year end	593.70
Assets(liabilities) recognized in the Profit and Loss account during the year	76.93

(Rs. In Lakhs)

Assumptions:	Gratuity	Leave Encashment
Interest Rate	7.00%	8.00%
Discount Factor	7.00%	8.00%
Estimated Return on Plan Assets	8.00%	8.00%
Salary Increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement Age	58 & 60	58 & 60



SCHEDULES (Contd.)

(Rs. In Lakhs)

Gratuity cost:	31.3.2010	31.3.2009
Service Cost	116.42	75.35
Interest Cost	41.59	28.54
Expected return on plan assets	(38.45)	(31.40)
Actuarial (gains)/losses	(42.63)	42.48
Amortizations (Reduction in benefits)	–	–
Net gratuity cost	76.93	114.97

Investment details of plan assets:

The Company contributes the liability as per actuarial valuation to the Company's gratuity fund manager, ICICI Prudential Life Insurance Co. Ltd.

10. AS 16: Borrowing Cost:

Interests on borrowings are capitalized wherever there is substantial period of time between the date of borrowing and date on which the assets are put to use.

11. AS 17: Segment reporting:

The Company operates only in one segment and hence the disclosure requirements of Accounting Standard on Segment reporting (AS 17) issued by the Institute of Chartered Accountants of India are not applicable.

12. AS 19: Leases:

The Company has entered into hire purchase transactions for a period of five years which are in the nature of financial leases as per the provisions of the above standard.

Future Minimum Lease payments	Rs. In Lakhs
Upto One year	3.85
One to five Years	5.44
Less : Amount Representing Interest	1.75
Present value of Future Minimum Lease payments	
Upto One year	3.62
One to five Years	3.93

13. AS 20: Earnings Per Share:

Basic earnings per share are disclosed in the Profit and Loss Account. There is no diluted earning per share as there are no dilutive potential equity shares.

SCHEDULES (Contd.)
14. AS 22: Accounting for taxes on income:

The Company provides for current taxes at current rates under the provisions of the Income Tax Act, 1961. Disputed taxes are not provided for, but disclosed in the notes on accounts. The Company provides for deferred tax arising on account of temporary and reversible timing differences on account of depreciation, employees' benefits and expenditure which are allowed under the Income Tax Act only on payment basis.

15. AS 25: Interim financial reporting:

Quarterly results are published in accordance with the guidelines issued by the Securities and Exchange Board of India. The recognition and measurement principles as laid down in the standard are followed with respect to such results. Quarterly financial results are also subjected to a limited financial review by the Auditors as required.

16. AS 26: Intangible Assets:

The Company capitalizes non integral software as intangible assets. The intangible assets are depreciated at the rates applicable to computers in Schedule XIV of the Companies Act, 1956 under the Straight Line Method.

17. AS 28: Impairment of Assets:

The Company makes an assessment on the Balance Sheet date to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the recoverable amounts are estimated and an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

18. AS 29: Provisions, Contingent Liabilities and Contingent Assets:

- a) Provisions for expenses are made on estimated basis, based upon the judgment of the Company.
- b) Contingent Liabilities are not provided for but disclosed in the notes on accounts.
- c) There are no contingent assets.

(Rs. In Lakhs)

Contingent liabilities:	31.3.2010	31.3.2009
Balance at the beginning of the year	1956.50	3666.58
Additions /(Deletions) during the year	3390.85	(1710.08)
Balance at the end of the year	5347.35	1956.50

(Rs. In Lakhs)

Liabilities disputed and not provided for: - Sales Tax & Excise:	31.3.2010	31.3.2009
Balance at the beginning of the year	232.52	267.69
Additions /(Deletions) during the year	(30.55)	(35.17)
Balance at the end of the year	201.97	232.52



SCHEDULES (Contd.)
18. NOTES ON ACCOUNTS (Contd.)
2. INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956
a) Licensed & Installed Capacity (per annum)

Sl. No.	Capacity Details	UOM	Automotive Tyres		Automotive Tubes	
			2009-10	2008-09	2009-10	2008-09
1.	Licensed Capacity	Nos ('000)	33000	15000	33000	15000
2.	Installed Capacity (*)	Nos ('000)	32153	12205	30050	12866

(*) As certified by the Managing Director.

b) Opening Stock & Closing Stock

Sl. No.	Product Description	UOM	Opening Stock as at				Closing Stock as at	
			1.4.2009		1.4.2008		31.3.2010	
			Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)
1.	Automotive Tyres	Nos.	450	1936.45	341	1476.08	135	841.08
2.	Automotive Tubes	Nos.	568	536.32	473	361.92	363	273.96
3.	Flaps	Nos.	1	0.69	1	0.69	1	0.57
4.	Traded Goods	Nos.	11	14.97	19	14.85	4	9.95
5.	Others	Nos.	–	5.58	–	5.04	–	6.63

c) Production & Sale of Manufactured Goods

Sl. No.	Product Description	UOM	Production		Sales			
			2009-10	2008-09	2009-10		2008-09	
			Quantity ('000)	Quantity ('000)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)
1.	Automotive Tyres	Nos.	12375	10710	12690	60904.14	10601	51994.79
2.	Automotive Tubes	Nos.	13559	11366	13764	14017.30	11271	11851.74
3.	Flaps	Nos.	–	–	–	82.37	–	–
4.	Others	–	–	–	–	285.08	–	360.95

d) Purchase & Sale of Traded Goods

Sl. No.	Product Description	UOM	Purchases				Sales			
			2009-10		2008-09		2009-10		2008-09	
			Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)
1.	Traded Tyres	Nos.	1	27.79	1	14.85	8	29.48	1	11.14
2.	Traded Flaps	Nos.	54	25.23	85	48.66	54	29.55	93	70.64

SCHEDULES (Contd.)
18. NOTES ON ACCOUNTS (Contd.)

				Rs. in lakhs	
		31.3.2010		31.3.2009	
e)	Particulars of Raw Materials consumed	MT.		MT.	
1.	Rubber	26997	22002.56	24771	22513.08
2.	Chemicals	16862	10131.01	14512	7979.13
3.	Fabrics		7023.48		5727.06
4.	Others		2663.59		2437.25
f)	CIF Value of Imports				
1.	Raw Materials		10197.94		10985.74
2.	Spares		7.58		92.40
3.	Capital Goods		961.78		328.84
g)	Consumption of imported and indigenous raw materials and components				
		%		%	
1.	Imported	26.41%	11046.04	35.09	13565.92
2.	Indigenous	73.59%	30774.60	64.91	25090.60
h)	Consumption of imported and indigenous Stores and Spares				
		%		%	
1.	Imported	0.79%	14.86	0.86	12.70
2.	Indigenous	99.21%	1867.19	99.14	1462.69
i)	Earnings in foreign exchange				
1.	F.O.B. value of goods exported		9453.25		9578.53
j)	Expenditure incurred in Foreign Currency on				
1.	Consultancy		161.84		194.56
2.	Other Matters		87.77		80.56



SCHEDULES (Contd.)
18. NOTES ON ACCOUNTS (Contd.)

		Rs. in lakhs	
		31.3.2010	31.3.2009
k)	1. Remuneration to Managing Director:		
	Salaries & Allowances	36.00	35.00
	Commission	93.57	28.65
	Contribution to Provident & Other Funds	6.48	5.67
	2. Remuneration to Executive Vice Chairman:		
	Commission	93.57	28.65
	3. Commission to Non-Whole Time Directors	46.78	14.33
	4. Computation of Net Profit for ascertaining Commission payable		
	Net Profit as per Profit and Loss Account	4337.19	1315.71
	Add: Remuneration	276.40	112.30
	Sitting Fees	2.75	1.95
	Loss on Sale of assets (net)	0.36	2.67
	Provision for Diminution in value of Investments	8.56	–
	Impairment of Assets	53.05	–
		4678.31	1432.63
	Commission @ 2% to Managing Director	93.57	28.65
	Commission @ 2% to Executive Vice Chairman	93.57	28.65
	Commission @ 1% to Non-Whole Time Directors	46.78	14.33
	Mr R Naresh, Executive Vice Chairman is holding the position of a Joint Managing Director in Sundaram Industries Limited and hence the remuneration payable is subject to the limits setout under Section III of Part II of Schedule XIII of the Companies Act, 1956. Mr R Naresh is in receipt of salary and perquisites from the other Company and has opted only for commission from this Company.		
l)	Interest Paid includes:		
	1. Interest on Fixed Deposits	–	0.75
	2. Interest on Term Loans	497.37	417.98
m)	Expenses - Others includes:		
	1. Consultancy charges	28.27	309.20
	2. Bad debts	4.51	0.32
	3. Loss on Sale of assets (net)	0.36	2.67
	4. Exchange rate fluctuation loss	–	85.11
	5. Provision for Dimnution in value of Investments	8.56	–
	6. Impairment of Assets	53.05	–
n)	Tax deducted at Source from Interest	1.34	3.83
o)	Stores and Spares consumed includes consumption towards repairs and maintenance of Plant & Machinery	1024.33	790.65

SCHEDULES (Contd.)**18. NOTES ON ACCOUNTS (Contd.)**

	31.3.2010	Rs. in lakhs 31.3.2009
p) Details of Research and Development Expenditure:		
(i) Capital Expenditure:		
a) Plant & Machinery	41.56	23.42
b) Electrical Installations	2.56	–
c) Vehicles	4.56	4.25
Total	<u>48.68</u>	<u>27.67</u>
(ii) Revenue Expenditure:		
a) Raw Materials consumed	2.84	28.87
b) Stores & Spares consumed	3.35	9.29
c) Salaries, Wages, Bonus and Allowances	159.93	144.95
d) Freight	13.51	6.60
e) Rent including lease rentals	2.29	5.62
f) Rates & Taxes	26.35	12.74
g) Insurance	0.76	17.29
h) Travelling expenses	33.23	103.36
i) Repairs & Maintenance	64.50	93.90
j) Consultancy	262.09	140.18
k) Others	10.50	11.65
Total	<u>579.35</u>	<u>574.45</u>
Total Research and Development expenditure	628.03	602.12



SCHEDULES (Contd.)

18. NOTES ON ACCOUNTS (Contd.)		Rs. in 000's
3. INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956		31.3.2010
Balance Sheet Abstract & Company's General Business Profile		
I.	Registration Details	
	Registration No. L25111TN1982PLC009414	State Code 18
	Balance Sheet Date 31.3.2010	
II.	Capital Raised during the year	
	Public Issue	—
	Rights Issue	—
	Bonus Issue	—
III.	Position of Mobilisation and Deployment of Funds	
	Total Liabilities	2677585
	Total Assets	2677585
	SOURCES OF FUNDS	
	Paid-up Capital	76570
	Reserves & Surplus	781720
	Secured Loans	1743623
	Unsecured Loans	930
	Deferred Tax Liability	74742
	TOTAL	<u>2677585</u>
	APPLICATION OF FUNDS	
	Net Fixed Assets	1153814
	Investments	26104
	Net Current Assets	1497667
	TOTAL	<u>2677585</u>
IV.	Performance of Company	
	Turnover including other income	6927721
	Total Expenditure including depreciation	6494002
	Profit before tax	433719
	Profit after tax	298180
	Earnings Per Share	38.94
	Dividend	100%
V.	Generic Names of Three Principal Products/Services of Company (as per monetary terms)	
	Product Description	ITC Code Chapter Heading
	1. New Pneumatic Tyres of Rubber	40.11
	2. Inner Tubes of Rubber	40.13
	3. Phenolic Moulded Products	39.26

SCHEDULES (Contd.)
18. NOTES ON ACCOUNTS (Contd.)

		31.3.2010	Rs. in lakhs 31.3.2009
4. Contingent Liabilities not provided for:			
a) Estimated amount of contracts remaining to be executed on capital account		885.53	1112.85
b) On Letters of Credit opened by Company's Bankers		4,081.95	826.83
c) Excise Duty under Dispute		195.89	197.99
d) Sales Tax under Dispute		6.08	34.53
e) Customs duty on goods lying at Bonded Warehouse		379.87	16.82
5. Information pursuant to clause 4 (ix) (b) of the Companies (Auditor's Report) Order, 2003 in respect of dues disputed, not deposited, pending with various authorities:			
Forum where dispute is Pending	Rs. in lakhs		
	Excise Duty	Sales Tax	
High Court	3.22	-	
Commissioner	4.85	-	
Assistant Commissioner	21.79	-	
Appellate Tribunal	166.03	3.00	
Assessing Officer	-	3.08	
6. Sundry Creditors includes:			
a) Acceptances		6,188.72	317.44
b) Due to Managing Director		93.57	28.65
c) Due to Executive Vice Chairman		93.57	28.65
d) Due to Non-whole time Directors		46.78	14.33
e) Due to Micro, Small & Medium Enterprises		-	-
7. No amount is due as on 31st March, 2010 for credit to Investor Education and Protection Fund.			
8. Nature of charge created against secured loans:			
a) Working Capital Facilities availed from State Bank of India are secured by a first charge by way of hypothecation of stock of raw materials, stores, work-in-progress, finished goods and book debts;			
b) Term Loan availed from State Bank of India is secured by hypothecation of specified movable Plant & Machinery located at Company's Plant at Vellaripatti Village, Madurai including 1 No. 1250 KW Wind Electric Generator located at Vadavalli Village, Palladam Taluk, Coimbatore District. Further, the term loan of State Bank of India is secured by equitable mortgage by deposit of title deeds of 1.90 acres of land in Survey No.519/1B2, located at Narasingampatti Village, Madurai and lease hold land located at Pant Nagar, Rudrapur, Uttarkhand.			
c) Term Loan from Sundaram Finance Ltd., secured by hypothecation of specific plant and machinery located at Pant Nagar, Rudrapur, Uttarkhand.			
9. Details of Earnings Per Share			
Profit after tax	Rs. in lakhs	2,981.80	900.71
No. of equity shares	Nos	7,657,050	7,657,050
Face Value of share	Rs	10.00	10.00
Basic Earnings per share	Rs	38.94	11.76
10. M/s. TVS Srichakra Investments Ltd. was incorporated on 5th February, 2010. This is a wholly owned Subsidiary Company. The accounts of the Subsidiary Company will be closed for the first time on 31.3.2011. Hence the accounts for the year has not been consolidated.			



SCHEDULES (Contd.)
18. NOTES ON ACCOUNTS (Contd.)
11. Disclosure On Related Party Transactions (AS 18)

Description of relationship and Names of related parties:

1	Subsidiary	TVS Srichakra Investments Ltd.,
2	Associates	T V Sundram Iyengar & Sons Limited TVS Telecom Components Limited ZF Electronics TVS (India) P Ltd Van Leeuwen Tyres & Wheels B.V., Holland
3	Key Management Personnel	Sri R Naresh, Executive Vice Chairman Ms Shobhana Ramachandran, Managing Director
4	Enterprise with Common Key Management Personnel	Sundaram Industries Limited

Rs. In Lakhs

SI. No.	Particulars	Subsidiary	Associates	Key Management Personnel	Enterprise with Common Key Management Personnel
A	Transactions for the year ended 31.3.2010				
1	Purchases		69.46 (168.58)	-	0.72 (16.80)
2	Sales		7495.73 (6,852.40) (1.04)	-	37.62 (60.54) -
3	Services rendered		422.74 (148.62)	-	85.01 (88.87)
4	Services received		25.91 (16.86)	232.25 (100.43)	32.48 (8.77)
5	Investments	205.00	-	-	-
6	Sale of Investments	59.90	-	-	-
B	Outstanding as on 31.3.2010				
1	Debtors	-	755.41 (905.02)	-	23.10 (27.89)
2	Creditors	-	1.10 -	187.14 (57.31)	- (4.25)

Figures in brackets are that of previous year.

12. Previous year's figures have been reclassified wherever necessary to conform current year's classification.

 SHOBHANA RAMACHANDHRAN
Managing Director

 As per our report attached
 For SUNDARAM & SRINIVASAN
Chartered Accountants

 S NARAYANAN
Chairman

 Place : Chennai
 Date : 28.5.2010

 K S NARAYANASWAMY
Partner
 Membership No. 8593

 L R SUBRAMANIAN
President - Finance & Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

	31.3.2010	31.3.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	4337.19	1315.71
Adjustments for :		
Depreciation	1178.89	987.66
Interest paid	1561.32	1859.08
Interest received	(25.80)	(23.96)
Dividend Received	(15.00)	(2.50)
Rent received	(0.31)	(0.79)
(Profit)/ Loss on Sale of Assets	0.36	2.67
Impairment of Assets	53.05	-
Diminution in Value of Investments	8.56	-
	<u>2761.07</u>	<u>2822.16</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>7098.26</u>	<u>4137.87</u>
Adjustments for :		
Trade Receivables	(1234.94)	(2205.03)
Other Receivables	(507.93)	875.67
Inventories	(9004.29)	2810.69
Trade and other payables	11267.53	(290.88)
	<u>520.37</u>	<u>1190.45</u>
Cash Generated From Operations	<u>7618.63</u>	<u>5328.32</u>
Direct taxes paid	<u>1394.29</u>	<u>311.03</u>
NET CASH FLOW OPERATING ACTIVITIES (A)	<u>6224.34</u>	<u>5017.29</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(5549.49)	(1836.94)
Proceeds from disposal of assets	8.34	0.77
Investments Made	(205.00)	-
Investments Sold	59.90	-
Dividend received	15.00	2.50
Rent received	0.31	0.79
Interest received	25.80	23.96
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	<u>(5645.14)</u>	<u>(1808.92)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(1561.32)	(1859.08)
Proceeds/(Repayment) from short term borrowings	(313.45)	(566.73)
Proceeds/(Repayment) of long term borrowings	2037.29	433.51
Dividend & Dividend tax paid	(1209.38)	(313.55)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	<u>(1046.86)</u>	<u>(2305.85)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(467.66)</u>	<u>902.52</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	<u>1326.01</u>	<u>423.49</u>
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	<u>858.35</u>	<u>1326.01</u>

SHOBHANA RAMACHANDHRAN

Managing Director

Place : Chennai

Date : 28.5.2010

S NARAYANAN

Chairman

L R SUBRAMANIAN

President - Finance & Secretary
AUDITORS' CERTIFICATE

We have examined the Cash Flow Statement of TVS Srichakra Limited for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company by our report dated 28.5.2010 to the members of the Company.

 For SUNDARAM & SRINIVASAN
Chartered Accountants

 K S NARAYANASWAMY
Partner

Membership No.8593

Place : Chennai

Date : 28.5.2010



STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY

Name of the Subsidiary	TVS Srichakra Investment Ltd
1. Financial year of the Subsidiary ended on	*
2. Shares of the Subsidiary held by the Company on the above dates	
a) Number and face value	20,50,000 equity shares of Rs.10/- each, fully paid-up
b) Extent of holding	100%
3. Net aggregate amount of profit/(losses) of the subsidiary for the above financial year of the subsidiary not dealt with in the Company's account so far as it concerns the members of the holding Company.	
a) For the financial year of the subsidiary	Nil
b) For the previous financial years, since they became subsidiary	Nil
4. Net aggregate amount of profit/(losses) of the subsidiaries for the above financial year of the subsidiary dealt with in the Company's account	
a) For the financial year of the subsidiary	Nil
b) For the previous financial years, since they became subsidiary	Nil
* The Subsidiary company was incorporated on 5.2.2010. The Accounts of the Subsidiary Company will be closed for the first time on 31.3.2011.Hence financial figures for the year have not been furnished.	

SHOBHANA RAMACHANDHRAN
Managing Director

Place : Chennai
Date : 28.5.2010

S NARAYANAN
Chairman

L R SUBRAMANIAN
President - Finance & Secretary



TVS SRICHAKRA LIMITED

Regd. Office : TVS Buildings, 7-B, West Veli Street, Madurai 625 001

TWENTY SEVENTH ANNUAL GENERAL MEETING

ADMISSION SLIP

Folio No. or DP - ID* / CLIENT ID *	
No. of Shares held	

I hereby record my presence at the 27th Annual General Meeting of the Company being held at 10.00 A.M. on Monday, the **20th September, 2010, at Lakshmi Sundaram Hall, 15-A Gokhale Road, Madurai 625 002.**

Name of the Member (in block letters)	
Name of the Proxy-holder / Authorised Representative # (in block letters)	

Strikeout whichever is not applicable

* Applicable for investors holding shares in dematerialised form

Signature of the Member / Proxy / Authorised Representative *

- Notes :
1. A member / Proxy / Authorised Representative wishing to attend the meeting must complete this Admission Slip before coming to the Meeting and hand it over at the entrance.
 2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the Meeting.



TVS SRICHAKRA LIMITED

Regd. Office : TVS Buildings, 7-B, West Veli Street, Madurai 625 001

TWENTY SEVENTH ANNUAL GENERAL MEETING

PROXY FORM

Folio No. or DP - ID* / CLIENT ID *	
No. of Shares held	

I / We of being a Member / Members of TVS Srichakra Limited, hereby appoint Mr./ Ms. of or failing him Mr./Ms. of or failing him Mr./ Ms. of

as my / our Proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 27th Annual General Meeting of the Company to be held at 10.00 A.M. on Monday, the 20th September, 2010, at Lakshmi Sundaram Hall, 15-A Gokhale Road, Madurai 625 002 and at any adjournment thereof.

Signed this..... day of2010

* Applicable for investors holding shares in dematerialised form

AFFIX 1 RUPEE REVENUE STAMP

Signature.....

Note : The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

TVS TYRES
RIDE SMART WITH **ROADSENSE**