

**28<sup>TH</sup>**  
**ANNUAL**  
**REPORT**  
**2010-2011**



**TVS SRICHAKRA LIMITED**

**TVS EUROGRIP**



## **BOARD OF DIRECTORS**

S NARAYANAN  
Chairman

R NARESH  
Executive Vice Chairman

SHOBHANA RAMACHANDHRAN  
Managing Director

M S VIRARAGHAVAN

N H ATTREYA

SITARAM RAO VALLURI

P VIJAYARAGHAVAN

H JANARDANA IYER



## **AUDIT COMMITTEE**

M S VIRARAGHAVAN  
*Chairman*

N H ATTHREYA  
SITARAM RAO VALLURI  
P VIJAYARAGHAVAN  
H JANARDANA IYER

## **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](mailto:investorgrievances@tvstyres.com)  
[demat@tvstyres.com](mailto:demat@tvstyres.com)  
website : [www.tvstyres.com](http://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 : [corpserv@iepindia.com](mailto:corpserv@iepindia.com)

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## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of TVS Srichakra Limited will be held at 10.30 AM on Wednesday, the 3rd August, 2011, 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 Profit and Loss Account of the Company for the year ended March 31, 2011, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To declare dividend for the year ended March 31, 2011.
3. To appoint a Director in place of Mr M S Viraraghavan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr N H Atthreya, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s Sundaram & Srinivasan, Chartered Accountants, Firm Registration No. 004207S, be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any, to the Auditors”.

### SPECIAL BUSINESS

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

RESOLVED THAT pursuant to provisions of Section 269, 198 and 309 and all other applicable provisions of the Companies Act, 1956, and subject to such approvals and consents as may be necessary, the approval of the Company is hereby accorded to the re-appointment of Miss Shobhana Ramachandhran as Managing Director of the Company who shall not be subject to retirement by rotation whilst in office, for a period of five (5) years, commencing from 25.8.2011 to 24.8.2016, on such salary, commission and perquisites as set out hereunder, which the Company is entitled to pay in terms of Section I of Part II of Schedule XIII to the Companies Act, 1956.

- A) Salary : Rs. 3,00,000/- (Rupees Three lakhs only) per month with an annual increase of Rs.50,000/- (Rupees Fifty thousand only). Annual increase shall be effective 1st April, every year.
- B) Commission : Two percent of net profits for each financial year or part thereof computed in the manner laid down under the applicable provisions contained in the Companies Act, 1956.
- C) Perquisites and Allowances : The value and details of which are set out in the explanatory statement to the notice convening this Annual General Meeting

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter or vary the scope of remuneration including the monetary value thereof, to the extent recommended by the Board of Directors, from time to time as may be considered appropriate and payable to the Managing Director, within the overall limits specified by this resolution subject to the condition that in the event of there being no or inadequate profits, the remuneration shall be subject to the ceiling set out in Section II of Part II of Schedule XIII to the Companies Act, 1956.

**NOTICE TO SHAREHOLDERS (Contd.)**

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

RESOLVED THAT in supersession of the resolution passed by the members in the Annual General Meeting of the Company held on 14th September, 2007, and in pursuance of the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow (excluding temporary loans obtained from the Banks in the ordinary course of business) from time to time, any sum or sums of money for the purpose of the business of the Company, notwithstanding that the money to be borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed by the Board of Directors shall not exceed at any time the aggregate of the paid-up capital and free reserves of the Company by more than Rs. 300 Crores (Rupees three hundred Crores).

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

RESOLVED THAT in supersession of the resolution passed by the members in the Annual General Meeting of the Company held on 14th September, 2007, and in pursuance of the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby accord its consent to mortgaging and / or charging by the Board of Directors of the Company, all or any of the movable or immovable properties, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company for securing

- a) any loan as may be obtained from Banks / Other Financial Institutions.
- b) any issue of debentures made by the Company from time to time provided that the total amount so borrowed and outstanding (excluding temporary loans obtained from the banks in the ordinary course of business) does not exceed at any time the aggregate of the paid-up capital and free reserves of the Company by more than Rs. 300 Crores (Rupees Three hundred Crores).

By Order of the Board

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

Place : Chennai

Date : 27.5.2011

**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. A PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE & ADMINISTRATIVE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under items 6 to 8 above is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed from 28.7.2011 to 3.8.2011, both days inclusive, for the purpose of payment of dividend.



## NOTICE TO SHAREHOLDERS (Contd.)

4. Members / Proxy(s) are requested to bring their copies of the Admission Slip duly filled in along with Annual Report to the meeting. Annual Reports will not be distributed at the meeting.
5. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least seven (7) days in advance of the AGM.
6. 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.
  - e) E-mail ID : In the prescribed format already despatched.
7. Unclaimed Dividends – Transfer to Investor Education and Protection Fund

The Company has already transferred all unclaimed dividends declared up to the financial year 2002-03 to Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956. Members who have still not encashed their dividend for subsequent years are requested to encash the same at the earliest.

For the benefit of shareholders, we give below the details of unclaimed dividends pertaining to subsequent years with approximate dates of transfer to IEPF.

Financial Year	Dividend paid	Tentative date for transfer to paid Fund
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
31.3.2010	February 2010	January 2017

8. The Company provides the facility of National Electronic Clearing Services (NECS) to all shareholders, holding shares in electronic and physical forms, subject to availability of such facility at the respective location of such shareholders.
9. All the members holding share in Electronic form are requested to furnish the new bank account number allotted to you by your bank after implementation of Core Banking Solutions (CBS) along with a photocopy of a cheque pertaining to the concerned account to your Depository Participant (DP) at your earliest convenience.

If you do not provide your new account number allotted after implementation of CBS by your bank, to your DP, please note that NECS to your old account may either be rejected or returned.

**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).****Mr M S Viraraghavan**

Mr M S Viraraghavan, aged 74 years, is a retired IAS Officer in Andhra Pradesh Cadre. He has worked in several senior position in Andhra Pradesh Government. Mr M S Viraraghavan holds a Master in Chemistry and has special expertise in General Management.

Mr M S Viraraghavan is on the Board of your Company from the inception and is not holding Directorship / Committee positions in any other Company.

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

**Dr N H Atthreya**

Dr N H Atthreya, aged 89 years, is a pioneer management consultant. Since 1955, he has advised scores of organizations of all sizes and sectors.

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

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

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

Dr N H Atthreya is on the Board of your Company from the inception.

Dr N H Atthreya is holding Directorship and the Member of the Audit Committee in M/s F.D.C. Limited.

Dr N H Atthreya is holding 1200 equity shares in your Company.

**Miss Shobhana Ramachandhran**

Miss Shobhana Ramachandhran, aged 51 years is a Post Graduate in English Literature with Intermediate qualification in Company Secretaryship.

Miss Shobhana Ramachandhran has been with your Company from 1986 onwards and under her guidance and leadership, your Company has achieved phenomenal growth in the past 25 years. She has a rich experience in the tyre and rubber industry and holds Directorship in various companies, such as M/s Sundaram Industries Limited ; M/s TVS Novotema Elastomeric Engineered Products Pvt. Limited; M/s Firestone TVS Pvt. Limited; M/s India Motor Parts & Accessories Limited ; M/s Bridgestone TVS India Pvt. Limited ; M/s TVS Srichakra Investments Limited

She also serves as member & office bearer of many charitable trusts & institutions focusing on education, welfare, health, etc..

She holds 2,47,901 equity shares in the Company and is related to Mr. R Naresh, Executive Vice Chairman of the Company.

Your Board of Directors at their meeting held on 27.5.2011, re-appointed Miss Shobhana Ramachandhran as the Managing Director of the Company, for a period of five years, effective 25th August, 2011, on such terms and conditions to be approved by the shareholders at the ensuing Annual General Meeting of the Company.

She is also a Member of the Shareholders / Investors Committee of the Company.



## NOTICE TO SHAREHOLDERS (Contd.)

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No. 6

Miss Shobhana Ramachandhran was re-appointed as Managing Director of the Company at the Twenty third Annual General Meeting, for a period of five (5) years, with effect from 25th August, 2006.

Further, the Board of Directors at their meeting held on 27th May, 2011 approved the re-appointment of Miss Shobhana Ramachandhran, as Managing Director, for a period of five (5) years, with effect from 25th August, 2011 subject to approval of the shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder. The appointment, if approved, will be in conformity with the requirements of Part I and II of Schedule XIII to the Companies Act, 1956

- A) Perquisites and allowances : In addition to the basic salary and commission mentioned in the resolution, she shall be entitled to the following perquisites and allowances.
- i) House Rent Allowance at the rate of Sixty (60%) percentage of the salary.
  - ii) Medical reimbursement : Medical Expenses incurred for the Managing Director and her family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
  - iii) Club Fees : Actual fees of clubs will be reimbursed. This will not include admission and the life membership fees.
  - iv) Leave Travel Concession : For self and her family once in a year incurred in accordance with the rules of the Company.
  - v) Provision of chauffeur driven car for use on Company's business

The above perquisites and allowances shall be evaluated as per income-tax rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated actual cost.

#### B) Other Benefits

- i) Contribution to Provident Fund, Superannuation Fund and annuity fund in accordance with the rules specified by the Company. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- ii) Encashment of leave at the end of the tenure.
- iii) Personal Accident Insurance for an amount, the annual premium of which does not exceed Rs.10,000/-.
- iv) Telephone : Free telephone facility at residence including mobile phone & other suitable communication facilities to be used for the business of the Company.

The above benefits will not be included in the computation of the ceiling on perquisites.

- C) Minimum Remuneration : Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Miss Shobhana Ramachandhran, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites to the maximum as laid down in Section II of Part II of Schedule XIII as minimum remuneration.

In terms of the last paragraph of the resolution(s), the Board of Directors are authorised to alter or vary the composition/elements of the remuneration of the Managing Director.

As the term of appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 1956, read with Schedule XIII to the said Act, no Central Government approval is necessary for this appointment.

## **NOTICE TO SHAREHOLDERS (Contd.)**

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

Except for Miss Shobhana Ramachandhran and Mr. R Naresh, no other Director is concerned or interested in the said resolutions.

The abstract of the terms of re-appointment and memorandum of interest was circulated to members on 14.6.2011 pursuant to Section 302 of the Companies Act, 1956.

### **Item No. 7**

At the Annual General Meeting of the Company held on 14th September, 2007, consent was accorded under Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors to borrow any sum or sums of money provided the amount so borrowed and outstanding shall not exceed at any point of time the aggregate of the paid up capital and free reserves of the Company by more than Rs.150 crores. Since it is anticipated that the funds requirements of the Company may substantially grow in view of the expanded activities, it is considered necessary to increase the present borrowing powers. The Board seeks the approval of the Members to borrow sums not exceeding Rs.300 crores (Rupees Three Hundred Crores only) over and above the aggregate of the paid up capital and free reserves.

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

None of the Directors is concerned or interested in the above resolution.

### **Item No. 8**

At the Annual General Meeting of the Company held on 14th September, 2007, the Board was authorised by the Ordinary Resolution of the shareholders for creation of mortgage / charges / hypothecation or otherwise in terms of Section 293(1)(a) of the Companies Act, 1956, provided the amount so borrowed and outstanding shall not exceed at any point of time the aggregate of the paid up capital and free reserves of the Company by more than Rs.150 crores. In view of the increasing operations of the Company, it is felt necessary and desirable to enhance the borrowing powers of the Board of Directors to Rs.300 crores (Rupees Three Hundred Crores) over and above the aggregate of the paid up capital and free reserves. The proposed borrowing may require creation of mortgage / charges / hypothecation or otherwise which may attract the provisions of the Section 293(1)(a) and require the consent of the shareholders for the same. It is therefore proposed to get the consent of the shareholders for creation of mortgage / charges / hypothecation or otherwise of the assets of the Company provided the amount so borrowed and outstanding shall not exceed at any point of time the aggregate of the paid up capital and free reserves of the Company by more than Rs.300 crores.

The approval of the shareholders in General Meeting is required as per Section 293(1)(a) of the Companies Act, 1956. In the circumstances, the Board recommends this resolution for acceptance of the shareholders.

None of the Directors is concerned or interested in the above resolution.

By Order of the Board

Place : Chennai  
Date : 27.5.2011

**SHOBHANA RAMACHANDHRAN**  
*Managing Director*



## FIVE YEAR PERFORMANCE AT A GLANCE

Rs. in lakhs

PARTICULARS	2006-07	2007-08	2008-09	2009-10	2010-11
<b>A. OPERATING RESULTS</b>					
GROSS INCOME	47729	52428	64432	75916	119318
PROFIT BEFORE DEPN. INT. & TAX	2679	3388	4162	7077	10264
PROFIT BEFORE INT. & TAX	1867	2480	3175	5899	8682
PROFIT BEFORE TAX (PBT)	1057	1371	1316	4337	5717
PROFIT AFTER TAX (PAT)	680	932	901	2982	3917
DIVIDENDS	191	268	268	766	957
DIVIDEND TAX	33	46	46	130	159
RETAINED PROFITS	404	614	583	2086	2801
<b>B. FINANCIAL STATUS</b>					
GROSS FIXED ASSETS	11476	12729	14583	19232	24991
NET FIXED ASSETS	6149	6383	7229	11538	16495
INVESTMENTS	125	125	125	261	261
NET CURRENT ASSETS	11838	15998	15607	14977	21206
SHARE CAPITAL	766	766	766	766	766
RESERVES AND SURPLUS	4533	5148	5731	7817	10618
NET WORTH	5299	5914	6497	8583	11384
LOAN FUNDS	12054	15855	15722	17446	25581
DEFERRED TAX LIABILITY (NET)	759	737	742	747	997
TOTAL CAPITAL EMPLOYED	18112	22506	22961	26776	37962
<b>C. KEY RATIOS</b>					
PBDIT TO NET SALES (%)*	5.89	6.45	6.97	9.29	8.36
PBIT TO NET SALES (%)*	3.94	4.46	5.26	7.61	6.90
PBT TO NET SALES (%)*	1.99	2.04	2.03	5.38	4.17
PBIT TO AV. CAPITAL EMPLOYED (%)*	10.38	10.07	13.34	21.43	23.13
RETURN ON AVERAGE NET WORTH (%)	13.35	16.63	14.52	39.55	39.23
EARNINGS PER SHARE (Rs.)	8.88	12.17	11.76	38.94	51.15
DIVIDEND PER SHARE (Rs.) #	2.92	4.10	4.10	11.70	14.57
DIVIDEND PAY OUT (%) #	32.92	33.64	34.81	30.04	28.49
BOOK VALUE PER SHARE (Rs.)	69.20	77.23	84.85	112.09	148.67
DEBT EQUITY RATIO (NO. OF TIMES)	2.27	2.68	2.42	2.03	2.25

\* Excluding other income

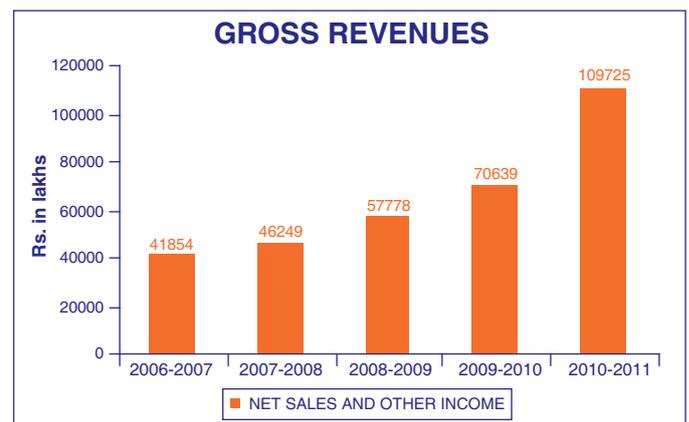
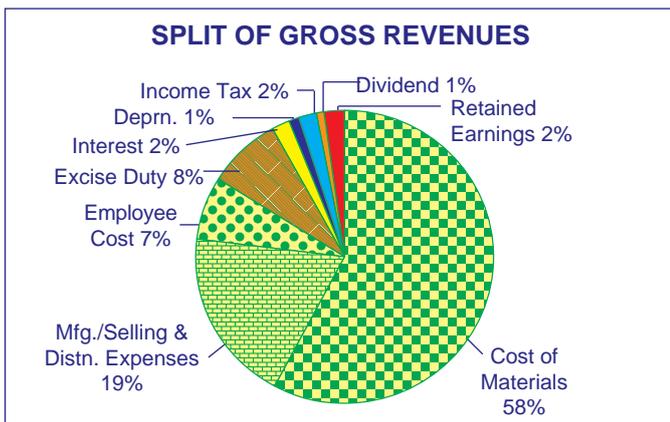
# including dividend tax

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present their Twenty Eighth Report and audited statement of accounts for the year ended 31st March, 2011

### FINANCIAL HIGHLIGHTS

	(Rs. in crore)	
	31.3.2011	31.3.2010
Net Sales & Other Income	<b>1097.26</b>	706.40
Profit before Depreciation & Tax	<b>72.99</b>	55.16
Less : Depreciation	<b>15.82</b>	11.79
Provision for Tax – Current	<b>15.50</b>	13.50
– Deferred	<b>2.50</b>	0.05
Net Profit	<b>39.17</b>	29.82
Add : Surplus brought forward from Previous Year	<b>62.62</b>	44.76
Profit available for appropriation	<b>101.79</b>	74.58
Appropriations		
– Dividend to Equity Shareholders	<b>9.57</b>	7.66
– Dividend Tax	<b>1.59</b>	1.30
– General Reserve	<b>4.00</b>	3.00
– Balance Carried Forward	<b>86.63</b>	62.62

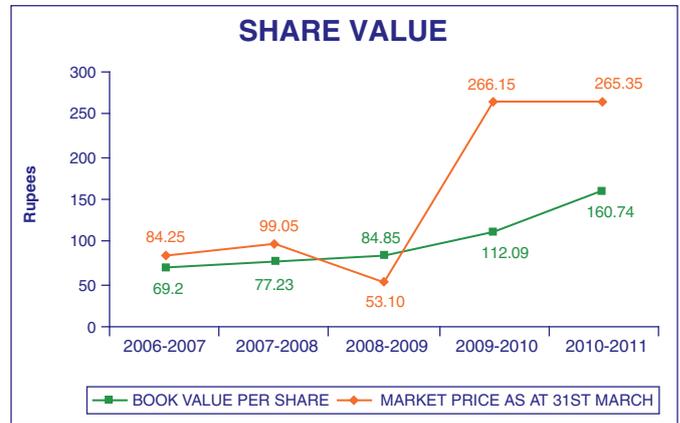
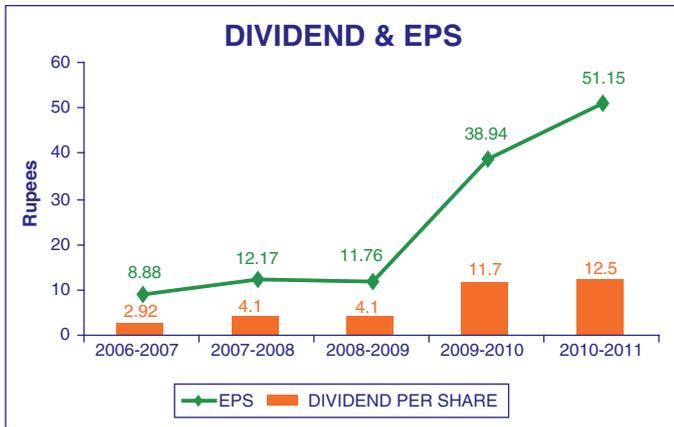


### DIVIDEND

The Board of Directors have recommended a dividend of Rs.12.50 per equity share (125%) for the financial year ended 31st March, 2011 absorbing a sum of Rs.1116 lakhs, including tax on dividend, for the approval of the shareholders, at the ensuing Annual General Meeting. .

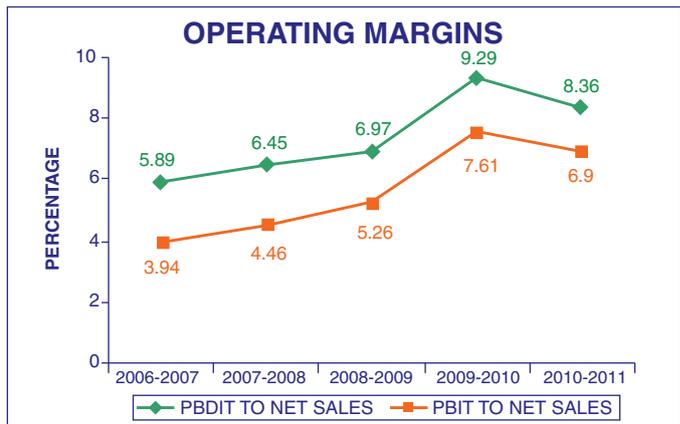
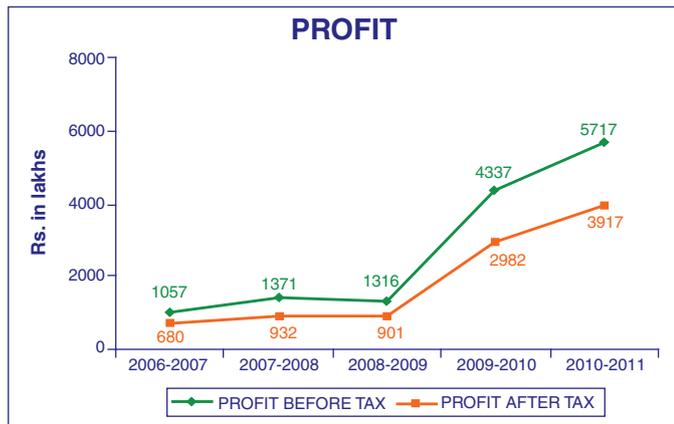


DIRECTORS' REPORT (Contd.)



PERFORMANCE

The Company recorded total Net Sales and Other Income of Rs.1097 Crore for the year ended 31st March, 2011 as against Rs.706 Crore achieved during the previous year. The export sale was Rs.117 Crore as against Rs.95 Crore in the previous year. Cost escalation pressures were countered by many cost cutting measures undertaken by your Company resulting in growth in profit.



DOMESTIC MARKET

The two and three wheeler industry had a growth of above 20% for the second consecutive year. This positive trend helped your Company to achieve a value growth of over 50% during the year. This resulted in your Company crossing the Rs.1000 Cr turnover during the year 2010-11.

During the year, your Company continued its intensive Brand Building exercise, which helped in strengthening the quality of our dealer net work. Your Company plans to focus on Brand Building in the coming year also and this augurs well for achieving the ambitious growth in After Market segment during the year 2011-12.

Your Company had the distinction of being associated with all the leading vehicle manufacturers in their new model development. This has significantly improved our position in the market especially for Motorcycle tubeless tyres and Scooter tyres, in particular.

## DIRECTORS' REPORT (Contd.)

### OVERSEAS MARKET

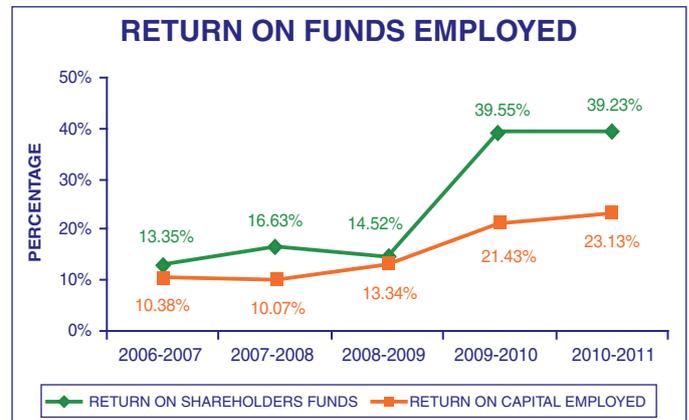
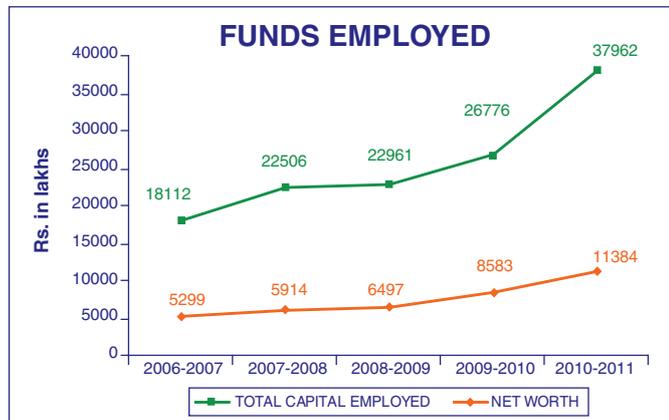
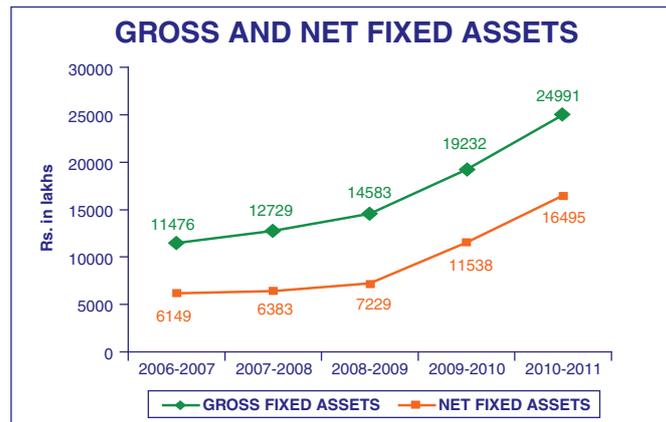
The export business has grown from Rs.95 Crore to Rs.117 Crore in 2010-11. The export market is bouncing back and has reached the pre-recession days in volume.

Your Company has seen an increase in off-take from existing customers and have introduced customers in USA and other Countries.

Your Company is planning an aggressive turnover growth in export market in the year 2011 – 12 primarily from American markets. Your Company is also focusing the two wheeler tyre business in countries like South America.

### EXPANSION

During the year, your Company has achieved 48% of growth in production compared to previous year. This is made possible due to setting up of Uttarkhand Plant and increase in capacity at Madurai Plant.



### SUBSIDIARY

In terms of Accounting Standard 21 prescribed by the Institute of Chartered Accountants of India / Companies (Accounting Standards) Rules, 2006, the accounts of the subsidiary are consolidated with the accounts of the Company and the consolidated accounts forms part of this report.

As per general circular No. 2/2011 and notification No.51/12/2007-CL-III dated 8.2.2011, the accounts of the subsidiary company has not been attached to the accounts of your Company.

The copy of the Annual Report of the Subsidiary Company will be made available to shareholders on request and will also be kept for inspection by any shareholder at the Registered Office of your Company, and its subsidiary company.



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

### **DIRECTORS**

Ms Shobhana Ramachandhran was re-appointed as Managing Director of the Company, effective 25.8.2011, by the Board of Directors at their meeting held on 27.5.2011, on such terms and conditions, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Mr M S Viraraghavan and Mr N H Atthreya retire at the ensuing Annual General Meeting of the Company and being eligible, offers themselves for re-appointment.

The brief resume of the aforesaid Directors and other information have been detailed in the Notice convening the Annual General Meeting of the Company. Appropriate resolutions for their reappointment are being placed for approval of the shareholders at the ensuing Annual General Meeting. Your Directors recommend their reappointment as Directors of the Company.

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

### **CORPORATE GOVERNANCE**

The Company has complied with the provisions of the Listing Agreement concerning Corporate Governance and a report to this effect is attached, as required under clause 49 of the Listing Agreement with the Stock Exchanges. A certificate issued by the Auditors of the Company regarding compliance of conditions of corporate governance, is also 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.

### **SECRETARIAL AUDIT**

In compliance with the directives issued by the Securities and Exchange Board of India (SEBI), Secretarial Audit is being conducted by a Practising Company Secretary at specified periodicity and the reports are being submitted to the Stock Exchanges.

### **COST AUDIT**

Complying with the provisions of Section 233(B) of the Companies Act, 1956, the Board of Directors have appointed Mr. C Ramamoorthy, Cost Accountant, Madurai, to carry out an audit of cost accounts of the Company for the year 2011 and the Cost Audit Report will be submitted to the Ministry of Corporate Affairs, Government of India.

### **AUDITORS**

M/s Sundaram & Srinivasan, Chartered Accountants, Madurai, retire in accordance with the provisions of the Companies Act, 1956 and are eligible for re-appointment. The Company has received a letter from them stating that the appointment, if made, shall be within the prescribed limit under Section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board recommends the re-appointment of M/s Sundaram & Srinivasan, Chartered Accountants, Madurai, as the Auditors of the Company.

### **PUBLIC DEPOSITS**

The Company has neither invited nor accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 for the year ended 31st March, 2011.

### **INDUSTRIAL RELATIONS**

The industrial relations with staff and workers during the year under review continue to be cordial.

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

### **STATUTORY STATEMENTS**

#### **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 2010–11, in excess of the sum prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### **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 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 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.

### **ACKNOWLEDGEMENT**

The Directors thank the bankers, customers, investing institutions, dealers and vendors for their support and encouragement.

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

The Directors also thank the investors for their continued faith in the Company.

For and on behalf of the Board

Place : Chennai  
Date : 27.5.2011

**S NARAYANAN**  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956

### FORM A

#### A. CONSERVATION OF ENERGY:

- a) Measures taken in the year 2010-11
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) Mercury vapour lamps are replaced with LED lamps in street lighting.
    - v) Day light roof sheets have been provided wherever possible. Tube lights inside the production area where switched off in day time.
  2. Thermal
    - i) Additional Condensate Recovery pump installed and recovery improved and feed water temperature increased for optimizing steam generation.
    - ii) Damaged insulation in steam lines are insulated.
    - iii) Steam leakages were arrested and maintained within control
    - iv) Flash steam recovery system installed to increase the water recovery from flash steam.
- b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy;
- i) Hydrogen dosing to diesel generating set's to improve the Units / per liter of diesel.
  - ii) Reduction of Bio-mass fuel consumption in firewood boiler thereby increasing the steam to fuel ratio with the help of booster chemical.
- 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.

#### (A) POWER AND FUEL CONSUMPTION :

	2010 - 11	2009 - 10
<b>1. Electricity</b>		
a) Purchased :		
Units	2,98,32,670	2,21,00,152
Total Amount (Rs.)	11,60,49,088	8,33,47,800
Rate / Unit (Rs.)	3.89	3.77
b) Own Generation :		
i) Through Diesel		
Generating Sets (units)	1,45,93,617	76,70,904
Units per litre of diesel oil	3.04	2.84
Cost / Unit (Rs.)	12.20	10.76
ii) Through Wind Mill	1,00,17,243	83,32,104
(for Captive Consumption)		
Total Cost (Rs.)	28,04,828	26,12,890
Rate / Unit (Rs.)	0.28	0.31
<b>2. Furnace Oil</b>		
Quantity (Litres)	55,65,390	48,21,971
Total Cost (Rs.)	12,94,14,077	9,52,71,114
Average rate (Rs.) / Litre	23.25	19.76
<b>3. Others</b>		
Quantity (MT)	40,071	30,564
Total Cost (Rs.)	12,33,83,805	6,70,73,226
Average rate (Rs.) / MT	3,079.10	2,194.54
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity (Units)	2.95	2.52
Furnace Oil (Litre)	0.30	0.32
Others (Kgs)	2.17	2.03

**ANNEXURE TO THE DIRECTORS' REPORT (Contd.)**

**B. TECHNOLOGY ABSORPTION:**

Efforts made in technology absorption as indicated in 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 Crore
a) Capital	2.32
b) Recurring	7.14
c) Total	9.46
d) Total R & D expenditure as a percentage of total turnover	0.87%

**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. Data relating to imported technology (Technology imported during the last 5 years reckoned from the beginning of the financial year) - N.A.

**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.

- b) Earnings

Exports	Rs.116.05 crore
Others	-

- c) Outgo Rs.190.03 crore



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and Development

Automobile Industry in India happens to be the ninth largest in the world. Two and Three wheelers account for nearly 80% of the Automobile Industry in numbers.

Your Company is focusing on two and three wheeler segments apart from presence in off the road tyres segment.

Two and Three Wheeler vehicle production has grown by around 28% during the year 2010-11 over 2009-10. This coupled with the GDP growth of 8.6% and General Industrial Production growth at 8.3% has resulted in increased demand for these tyres in the Indian Market. In view of this, your Company was able to record a better performance in 2010-11. The International Market has bounced back after the severe global recession and shown a growth of 4%.

Natural Rubber price has shown a steep increase during the year which definitely had an impact in the over all business.

Power shortage was an area of concern during the year 2010-11, due to which, the Company was forced to look out for alternate source of power resulting in increased cost of production.

### 2. Performance of the Company

Market :

Original Equipment Manufacturers:

Your Company has grown in this segment by both volume and value and the growth percentage was more than the industry growth. Your Company was able to achieve this by increasing the Share of Business with the Original Equipment Manufacturers (OEMs). There is further scope for increasing the Share of Business, which will be taken up in future.

After Market :

The Company could not grow as per the plan in the After Market due to market conditions and demand

supply gap in the first half of 2010-11. The Company continued its massive Brand Building Exercise campaign through TV Commercials apart from greater thrust on Below the Line activities during the year 2010-11, the results of which will be seen in the near future.

Export :

Exports grew by 15% in volume in 2010-11 over 2009-10, gradually getting back the pre-recession days.

Your Company has signed up with new customers in Europe and have planned for growth in volume in 2011-12 and will be focusing the USA market.

Company is planning the development of radial rear tractor tyres. The Company has also identified new markets for our two wheeler tyre for export and expects to grow this as well.

Manufacturing :

The Company sustained the best practices such as Total Productivity Management (TPM) and lean manufacturing in its manufacturing facilities. Continuous improvements are implemented to improve manufacturing quality and productivity in many of the manufacturing areas.

Cost Management :

The Company continues its rigorous focus on its costs through an effective cost management system. Maximizing export benefits, value engineering, reducing process scrap and operational efficiency projects are being pursued for cost reduction and also to counter cost escalation.

### 3. Outlook

Market indications are that the industry will see a double digit growth in 2011-12 for the 3rd consecutive year. Your Company will make all efforts to sustain and improve upon the Share of Business with major Original Equipments, with a focus on increasing the

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

volume of business from new Original Equipments. Concentration on New Product Development will give an impetus for achieving higher growth during the year 2011-12.

Various brand building activities including Below The Line activities undertaken by the Company during the year 2010-11 would augur well to increase your Company's presence in the After Market. Increasing the Dealer Network and improving the distribution channel would ensure sustaining and increasing the market share in this segment.

Adequate capital expenditure is planned for the year 2011-12 to support the above growth. The expenditure will be incurred on case to case basis.

### 4. Opportunity and Threats

Growth in two-wheeler demand is mainly from youth and lower middle class population. Urbanization of smaller towns also fuels the demand in 2-3 wheeler segments. Smaller towns are expected to contribute significantly to our segment.

High inflation and rising interest cost is always a threat to the Industry. Another threat to the industry is the volatility in the prices of raw materials, especially natural rubber. Low cost tyre import from China is also a threat to the industry. Non availability of skilled manpower is also a threat to the industry in general and to your Company in particular.

### 5. Risks and Concerns

External Risks :

#### a) Increasing raw material prices

Natural rubber, which is the largest cost components in tyre manufacturing, is an agricultural commodity and subject to price and production volatility. Most of the other raw materials are oil linked and are affected by the movement of crude prices. Both natural rubber and crude prices

are controlled by the external environment – not much can be done to control the raw material price movement internally.

#### b) Ability to pass on increasing cost

Demand-supply situation has to remain in favour of the industry to enable it to take price increases. In India, however, this is also impacted by reactions from the competition.

#### c) Economic Risk

The business is substantially affected by the prevailing economic conditions in India.

Factors that may adversely affect the Indian economy and in turn the business include rise in interest rates, inflation, rupee appreciation, changes in tax, trade, fiscal and monetary policies, scarcity of credit etc. However, given the resilience of the economy in the face of the recession, strong fundamentals including favorable demographics, rapid urbanization, rising per capita disposable income and spending as well as increasing demand for vehicles, the Company does not expect to be significantly affected by this risk in the long term.

The Indian automotive industry is expanding to become one of the fastest growing markets in the world. Many of the global and local tyre manufacturers are expanding their manufacturing facilities to cater to this growing demand. There is concern that this will result in increasing levels of competition with resultant intense pressure on profit margins for all the players.

Internal Risks:

- a) The ratio between Original Equipment and After Market continues to be a concern to be addressed.
- b) Currency fluctuation may result in unfavorable conditions in Export segment.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

By consistently increasing the sales in After Market, your Company is confident of mitigating the risk of dependence on Original Equipment Manufacturers. Foray into Tractor Radials may help your Company in de-risking the business.

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

Insurance cover, wherever required has been taken by your Company, to mitigate the risk adequately.

### 6. Internal Control Systems and their Adequacy

The Company has in place an adequate system of internal control systems. The documented procedures covering all financial and operating functions are in place. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper controls on accounting, operations monitoring, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting and for safe guarding of assets.

The internal controls are supplemented by an extensive program of internal audits, review by management and documented policies, guidelines and procedures. The status of the observations made during the internal audit is reviewed by the Audit Committee of the Board of Directors and concerns if any are reported to the Board.

### 7. Human Resources and Industrial Relations

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.

Towards this end, many training programs were conducted to develop the personality and outlook of its employees. Employee relations continue to be cordial.

### 8. Discussion on Financial Performance

	Rs. in Crore
Net Sales & Other Income	1097.26
Net profit	39.17

The operations of the Company relate to the manufacture and sale of rubber products such as tyres, tubes and flaps.

The volatile price of natural rubber, our major raw material, has impacted the performance of the Company. This has forced your Company to effect price corrections in the market.

Despite this, the Company has crossed the sales turnover of Rs.1097 crore, which is a landmark achievement. This reflects a sales growth of 56%.

### 9. Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic 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, 2011, in compliance with Corporate Governance norms, the Board comprises of 8 Directors. The Executive Vice Chairman and Managing Director hold executive positions.

The Company immensely benefits from the professional expertise of the Independent Directors in their individual capacity as Independent Professional / Business Executives and through their valuable experience in achieving corporate excellence.

The Company has not had any pecuniary relationship / transaction with any of the non-executive directors other than those disclosed elsewhere.

#### Board Meetings

The Company, in consultation with the Directors, prepares and circulates a tentative annual calendar for the meetings of the Board and Board Committees in order to facilitate and assist the Directors for planning their schedules to participate in the meetings.

There were four Board Meetings during the year ended 31st March, 2011. These were on 28.5.2010, 14.8.2010, 13.11.2010 and 9.2.2011 and the gap between two meetings did not exceed four months.

Name of the Director	Category	No. of Directorship held in other Companies	No. of membership in other Boards Committees	Attendance	
				Board	AGM
Mr S Narayanan	Non-Executive	4	1	4	Yes
Mr R Naresh	Executive	7	-	3	Yes
Ms Shobhana Ramachandran	Executive	6	-	3	Yes
Mr M S Viraraghavan	Non-Executive & Independent	-	-	3	Yes
Mr N H Atthreya	Non-Executive & Independent	1	1	4	Yes
Mr Sitaram Rao Valluri	Non-Executive & Independent	-	-	3	Yes
Mr P Vijayaraghavan	Non-Executive	1	-	3	Yes
Mr H Janardana Iyer	Non-Executive & Independent	-	-	3	Yes

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

None of the Directors is a member of more than 10 board level committees or Chairman of more than 5 such committees across all Companies as covered under Clause 49 of the Listing Agreement, as per the disclosures made by the Directors.



**CORPORATE GOVERNANCE (Contd.)**

**Access to information and Updation to Board**

The Board reviews all information provided periodically for discussion and consideration at its meetings in terms of Clause 49 of the Listing Agreement. 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.

The Board also reviews the declarations made by the Managing Director and Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

**Code of Conduct**

The Company has in place the Code of Conduct for Business and Ethics for members of the Board and Senior Management Personnel approved by the Board. The Code has been communicated to Directors and the Senior Management Personnel. The Code has also been displayed in the Company’s website www.tvstyres.com. All the Board Members and Senior Management Personnel have affirmed compliance with the Code for the year ended 31st March, 2011. The annual report contains a declaration to this effect signed by the Managing Director.

**Appointment of Directors**

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of Directors, proposed to be re-appointed / appointed, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationship with other directors are provided in the Notice convening the ensuing Annual General Meeting of the Company.

**3. Audit Committee**

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management’s financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

**Composition, names of Members and Chairman**

The Audit Committee consists of M/s M S Viraraghavan, N H Atthreya, Sitaram Rao Valluri, P Vijayaraghavan, and H Janardana Iyer, all non-executive Directors of the

Company with Sri M S Viraraghavan as its Chairman. The Composition of the Committee is in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

**Meetings and the attendance record of Committee Members**

The Audit Committee met 4 times during the year on 28.5.2010, 14.8.2010, 13.11.2010 and 5.2.2011. The attendance of each Member of the Committee is given below

<b>Name of the Director</b>	<b>No. of meetings attended</b>
Mr M S Viraraghavan	4
Mr N H Atthreya	4
Mr Sitaram Rao Valluri	4
Mr P Vijayaraghavan *	2
Mr H Janardana Iyer #	1

\* Mr. P Vijayaraghavan, Non-Executive Director was appointed as a Member of the Audit Committee, effective 28th May, 2010

# Mr. H Janardana Iyer, Non-Executive & Independent Director was appointed as a Member of the Audit Committee, effective 13th November, 2010

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.

**Terms of Reference**

The terms of reference of Audit Committee covers the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. The Role of the Audit Committee is as prescribed under Clause 49 (II) (D) of the Listing Agreement.

**4. Disclosures**

Materially significant related party transactions

During the year, the Company has not entered into any transaction of material nature with the Directors,

## CORPORATE GOVERNANCE (Contd.)

their relatives or management which is in conflict with the interest of the Company.

The transactions with the related parties, namely its promoters, its subsidiaries and associate companies etc., which are of routine nature have been reported elsewhere in the annual report as per Accounting Standard 18 (AS18) issued by The Institute of Chartered Accountants of India.

### Disclosure of Accounting Treatment

The Company follows the Accounting Standard 18 (AS18) issued by The Institute of Chartered Accountants of India and Company (Accounting Standards) Rule, 2006

### Risk Management

The Company has laid down procedures to inform the Board about the risk assessment and mitigation plan. These are periodically reviewed to ensure effective management of risks

### Compliance with mandatory / non-mandatory requirements

The Company has complied with all applicable mandatory requirements in terms of Clause 49 of the Listing Agreement. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

## 5. Remuneration to Directors

### Remuneration Committee and Remuneration Policy

The Company has not set up a Remuneration Committee. The Board of Directors decides the remuneration of the Executive Directors and of the Non-Executive Directors, subject to the approval of the Shareholders and Central Government, wherever applicable.

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) 0.30	(c) 6.08	(d) 6.38	(e) 2195,
(a) Mr M S Viraraghavan	(b) 0.35	(c) 11.69	(d) 12.04	(e) 900,
(a) Mr N H Atthreya	(b) 0.40	(c) 11.69	(d) 12.09	(e) 1200,
(a) Mr Sitaram Rao Valluri	(b) 0.35	(c) 11.69	(d) 12.04	(e) Nil,
(a) Mr P Vijayaraghavan	(b) 0.60	(c) 11.69	(d) 12.29	(e) 150,
(a) Mr H Janardhana Iyer	(b) 0.20	(c) 7.94	(d) 8.14	(e) Nil

The details of remuneration to the Managing Director and Executive Vice Chairman for the financial year ended 31st March, 2011 are as follows :

(a) Name	(b) Designation	(c) Salaries & Allowances	(d) Commission	(e) Perquisites	(f) Total [Rs. in lakhs]
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(a) Ms Shobhana Ramachandhran	(b) Managing Director	(c) 45.00	(d) 121.57	(e) 7.29	(f) 173.86;
(a) Mr R Naresh	(b) Executive Vice Chairman	(c) Nil	(d) 121.57	(e) Nil	(f) 121.57

Presently, the Company does not have a scheme for grant of any stock option either to the Executive Directors or employees.

## 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. The Committee met two times during the year.

As required by the Securities and Exchange Board of India (SEBI), Company Secretary is the Compliance Officer of the Shareholders / Investors Committee.

The Committee oversees and reviews all matters connected with share transfers, duplicate share certificate, and other issues pertaining to shares. The Company, as a matter of policy, disposes investor complaints within a span of three days.

The Company has received 2 no. of complaints during the year 2010-11. All the complaints were resolved and as on 31st March, 2011 no complaint was pending.

All requests for dematerialization of shares were carried out within the stipulated period.

There were no transfer requests pending as on 31.3.2011.



**CORPORATE GOVERNANCE (Contd.)**

A qualified practicing Company Secretary carried out Secretarial Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital, and placed the report for the perusal of the Board. The Secretarial Audit Report confirms that the total issued and the listed capital is in agreement with the total number of shares in physical form and the total number of shares in dematerialized form held with NSDL and CDSL.

Managing Director and President – Finance 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, 2011.

**7. General Body Meetings:**

Location and time where the Annual General Meetings were held during the last three years

Year	Location	Date & Time
2007-08	Lakshmi Sundaram Hall 15-A Gokhale Road Madurai 625 002	18.9.2008, 10.30 A.M
2008-09	-do -	25.9.2009, 10.15 A.M
2009-10	-do -	20.9.2010, 10.00 A.M

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

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

None of the subjects placed before the shareholders in the last / ensuing annual general meeting required / requires approval by a postal ballot.

**8. Means of Communication**

Quarterly results

The quarterly unaudited financial results of the Company were published in the English and vernacular newspapers. These are not sent individually to the shareholders.

Newspapers wherein results are normally published

The results are normally being published in the English newspaper “Business Line” and Tamil newspaper “Dinamalar”

The Company has in place a website addressed as [www.tvstyres.com](http://www.tvstyres.com). The quarterly Financial results, shareholding pattern are published in the Company’s website.

**Management Discussion & Analysis Report**

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

**9. General Shareholders Information**

a)	Annual General Meeting	
	Date & Time	3rd August, 2011 10.30 AM
	Venue	Lakshmi Sundaram Hall 15-A Gokhale Road, Madurai 625 002
b)	Financial Calendar	April 2011 to March 2012 First Quarter Results – on or before 14.8.2011 Half Yearly Results – on or before 14.11.2011 Third Quarter Results – on or before 14.2.2012 Annual Results for the year ending 31st March, 2012 – on or before 30th May, 2012
c)	Book closure date	From 28.7.2011 to 3.8.2011 (both days inclusive)

**CORPORATE GOVERNANCE (Contd.)**

d)	Dividend (Payment Date : 10.8.2011)	Rs.12.50 per share – 125% (proposed)
e)	Listing of equity shares on stock exchanges	Madras Stock Exchange Ltd., Chennai Bombay Stock Exchange Ltd., Mumbai National Stock Exchange of (India) Ltd., Mumbai The Company has paid listing fees to the Stock Exchange for the year 2011-12
f)	Stock Code	
	Madras Stock Exchange	TVSSRICHAK
	Bombay Stock Exchange	509243
	National Stock Exchange	TVSSRICHAK
	The ISIN No. for Company's equity shares in demat form	INE421C01016
g)	Registrar and Share Transfer Agents	M/s Integrated Enterprises (India) Limited, Chennai, M/s Integrated Enterprises (India) Limited, Chennai, are acting as common agency for all investor servicing activities relating to both electronic and physical segments.
h)	Share Transfer System	The Share transfer and other requests are processed within 15 days from the date of receipt subject to documents being complete in all respects. Demat requests are processed within a period of 10 days from the date of receipt.  The Company's Registrar and Share Transfer Agents M/s Integrated Enterprises (India) Limited have adequate infrastructure to process the share transfers. The Committee approves the share transfers etc., as required from time to time.

**i) Distribution of shareholding as on 31st March, 2011**

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1 to 500	16852	95.50	1893185	24.72
501 to 1000	514	2.91	376994	4.92
1001 to 2000	149	0.84	215369	2.81
2001 to 3000	40	0.23	101150	1.32
3001 to 4000	21	0.12	74557	0.97
4001 to 5000	16	0.09	74961	0.98
5001 to 10000	13	0.07	93063	1.22
10001 & above	43	0.24	4827771	63.06
Total	17648	100.00	7657050	100.00



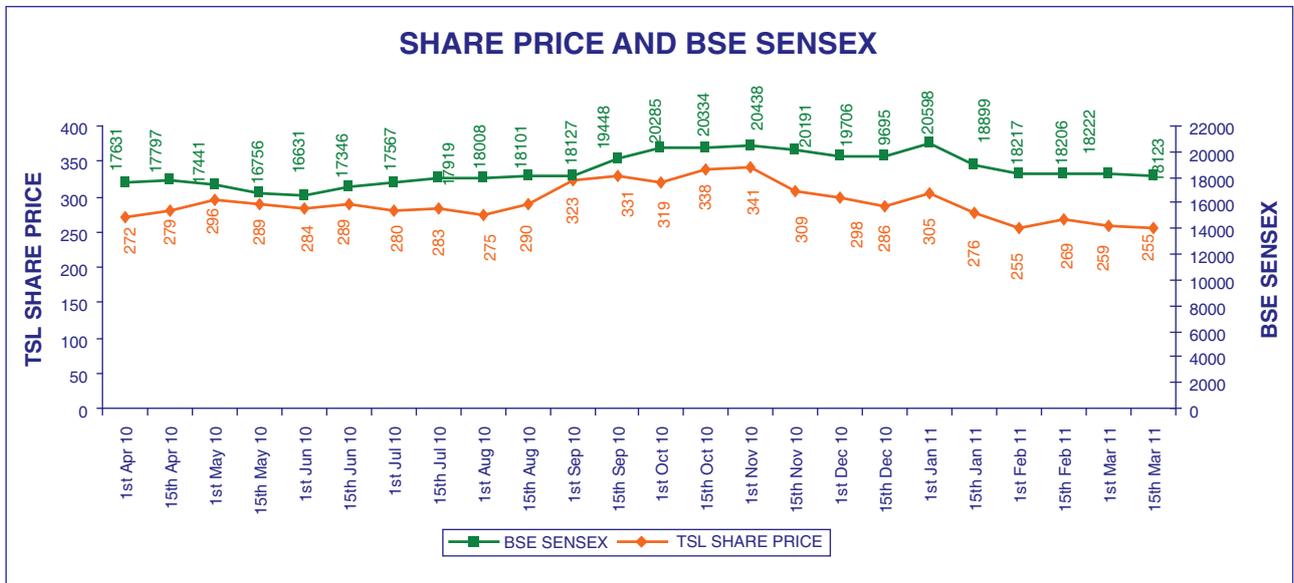
**CORPORATE GOVERNANCE (Contd.)**

j) Share Price Data

Month	Bombay Stock Exchange Ltd. (BSE)		National Stock Exchange Ltd. (NSE)	
	High	Low	High	Low
April 2010	305.00	268.05	317.95	266.00
May 2010	308.50	268.00	313.90	261.00
June 2010	309.75	253.00	303.00	257.15
July 2010	295.00	265.00	298.95	263.30
August 2010	352.70	268.00	379.90	266.15
September 2010	358.20	256.10	371.30	300.00
October 2010	344.20	313.10	346.00	314.10
November 2010	336.85	280.00	336.90	280.10
December 2010	301.00	275.60	300.05	277.55
January 2011	302.00	252.65	301.60	256.35
February 2011	274.25	238.20	275.80	236.90
March 2011	268.50	238.15	267.90	236.10

k) Share Performance

Market Price Movement in comparison to BSE Index



**CORPORATE GOVERNANCE (Contd.)**

l)	Dematerialisation of shares and liquidity	<p>Shares of the Company can held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in Stock Exchanges for delivery compulsorily only in dematerialized form.</p> <p>As on 31st March, 2011, 47.15% of total Equity Capital is held in dematerialised form with NSDL and CDSL.</p> <p>Shares of the Company are actively traded in the Bombay Stock Exchange and National Stock Exchange and hence have good liquidity.</p>
	<p>Details of public funding obtained in the last three years</p> <p>Outstanding GDRs / ADRs / Warrants or any convertible instruments</p>	<p>No capital has been raised in the last three years.</p> <p>Not issued</p>
m)	Registrar & Share Transfer Agent of the Company	<p>M/s Integrated Enterprises (India) Limited  “Kences Towers” II Floor,  No.1, Ramakrishna Street,  North Usman Road, T Nagar, Chennai 600017  Phone 044 – 28140801 – 803  Fax 044 – 28142479  Email corpserv@iepindia.com</p>
n)	Plant Location	<p>Tamil Nadu  1. Vellaripatti Village, Melur Taluk, Madurai District, Pin 625 122  2. Narasingampatti Village, Therkutheru, Melur Taluk, Madurai District, Pin 625 122</p> <p>Uttarakhand  Plot No.7, Sector – 1, Integrated Industrial Estate, SIDCUL, Pantnagar 263153, Rudrapur, Tehsil – Kichha, District Udham Singh Nagar, Uttarkhand</p>
o)	Address for communication	<p>TVS Srichakra Limited, No.10, Jawahar Road  Madurai 625 002  Phone : 0452 2420461  Fax : 0452 2420266  Email : investorgrievances@tvstyres.com  demat@tvstyres.com</p>
p)	Compliance Officer	<p>Mr. P Srinivasan, Secretary  TVS Srichakra Limited, 10 Jawahar Road,  Madurai 625 002  Phone : 0452 – 2420461 to 2420468  Fax : 0452 – 2420266  Email id – ps@tvstyres.com</p>
q)	Exclusive email id for redressal of investor complaints	<p>In terms of Clause 47 (f) of the Listing Agreement, investors may use the email id investorgrievances@tvstyres.com for redressal of complaints.</p>
r)	Website	www.tvstyres.com



## CORPORATE GOVERNANCE (Contd.)

### 10. Non Mandatory disclosures

The non mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below :

#### **The Board**

All the independent Directors contribute effectively to the business carried on by the Company. In the opinion of the Board, it is not necessary to limit the aggregate tenure of each of the Directors.

#### **Remuneration Committee**

The remuneration package of Executive Directors is determined by the Board. As per the requirement under the Companies Act, 1956, the Executive Directors neither participate in the discussion nor do they vote on such resolutions while considering their remuneration package by the Board. In the opinion of the Board, there is no conflict of interest in determination of remuneration package to Executive Directors.

### **Shareholders Rights**

The quarterly / annual results, after they are taken on record by the Board of Directors, are forthwith sent to the Stock Exchanges with whom the Company has listing arrangements. The results in prescribed format are published in Business Line (English) and Dinamalar (Tamil).

### **Audit Qualification**

There is no Audit Qualification by the Statutory Auditors.

### **Whistle Blower Policy**

The Company has a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of business conduct and ethics. However, a policy frame work will be established at the appropriate time.

**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 31.3.2011, 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 : 27.5.2011



## 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, 2011 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.

T S SANKAR  
PRESIDENT – FINANCE

SHOBHANA RAMACHANDHRAN  
MANAGING DIRECTOR

Place : Chennai  
Date : 27.5.2011

### 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, 2011.

Place : Chennai  
Date : 27.5.2011

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, 2011 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.
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:
    - (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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 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, 2011;
      - (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

Place : Chennai  
Date : 27.5.2011

Membership No:8593.



## 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 taken during the year Rs.1900 lakhs as loans from two parties listed in the register maintained under Section 301 of the Companies Act, 1956, which have been repaid during the year. The rate of interest and terms and conditions on which the loans were obtained are not prejudicial to the interests of the Company.  
(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.
10. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance,

**ANNEXURE TO THE REPORT OF THE AUDITORS (Contd.)**

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, Excise Duty, Sales Tax, Service Tax, Customs Duty, and Cess were in arrears, as at 31.3.2011 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	Excise Duty	Rs. in Lakhs	
		Excise Duty	Sales Tax
High Court	3.22	-	-
Customs, Excise and Service Tax Appellate Tribunal	158.00	-	-
Commissioner of Central Excise	2.83	-	-
Assistant Commissioner of Central Excise	21.80	-	-
Appellate Tribunal	-	-	4.23
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 : 27.5.2011



## BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	31.3.2011	Rs. in lakhs 31.3.2010
<b>I SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	765.70	765.70
Reserves & Surplus	2	10617.99	7817.20
<b>Loan Funds</b>			
Secured Loans	3	25575.78	17436.23
Unsecured Loans	4	5.45	9.30
<b>Deferred Tax Liability (Net)</b>	5	997.42	747.42
Total		<u>37962.34</u>	<u>26775.85</u>
<b>II APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	6		
Gross Block at Cost		24990.81	19231.92
Less: Depreciation		<u>9535.15</u>	<u>8017.86</u>
Net Block		15455.66	11214.06
Capital Work-in-Progress		<u>1039.21</u>	<u>324.08</u>
		<u>16494.87</u>	<u>11538.14</u>
<b>Investments</b>	7	261.04	261.04
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	8	26433.49	15543.59
Sundry Debtors	9	17394.06	11893.60
Cash & Bank Balances	10	513.25	858.35
Loans & Advances	11	3747.04	3240.78
(A)		<u>48087.84</u>	<u>31536.32</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	12	25462.07	16351.56
Provisions	13	1419.34	208.09
(B)		<u>26881.41</u>	<u>16559.65</u>
<b>Net Current Assets</b>	(A-B)	21206.43	14976.67
Total		<u>37962.34</u>	<u>26775.85</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 : 27.5.2011

K S NARAYANASWAMY  
Partner  
Membership No. 8593

P SRINIVASAN  
Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	31.3.2011	Rs. in lakhs 31.3.2010
<b>INCOME</b>			
<b>Sales</b>		<b>118123.40</b>	75347.92
Less: Excise Duty		<b>9592.11</b>	5277.38
Net Sales		<b>108531.29</b>	70070.54
Labour Charges		-	-
Other Income	14	<b>1194.46</b>	568.49
Increase / (Decrease) in Stock	15	<b>5702.20</b>	(1361.82)
Total (A)		<b>115427.95</b>	69277.21
<b>EXPENDITURE</b>			
Materials consumed	16	<b>74676.09</b>	41743.10
Purchase of traded goods		<b>77.32</b>	53.02
Other Expenses	17	<b>30410.81</b>	20403.69
Interest		<b>2964.83</b>	1561.32
Depreciation		<b>1582.02</b>	1178.89
Total (B)		<b>109711.07</b>	64940.02
<b>Profit before taxation</b>	(A-B)	<b>5716.88</b>	4337.19
<b>Provision for:</b>			
- Income Tax		<b>1550.00</b>	1350.00
- Deferred Tax		<b>250.00</b>	5.39
<b>Profit after taxation</b>		<b>3916.88</b>	2981.80
Surplus brought forward from last year		<b>6262.47</b>	4476.50
<b>Profit available for appropriation</b>		<b>10179.35</b>	7458.30
<b>Appropriations:</b>			
Transfer to General Reserve		<b>400.00</b>	300.00
Proposed Dividend		<b>957.12</b>	-
Tax on Proposed Dividend		<b>158.97</b>	-
Interim Dividend		-	765.70
Tax on Interim Dividend		-	130.13
Balance carried forward		<b>8663.26</b>	6262.47
Total		<b>10179.35</b>	7458.30
Basic and Diluted Earnings Per Share (Rs.)		<b>51.15</b>	38.94
(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 : 27.5.2011

K S NARAYANASWAMY  
Partner  
Membership No. 8593

P SRINIVASAN  
Secretary



## SCHEDULES

	31.3.2011	31.3.2010
<b>1. SHARE CAPITAL</b>		
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>
<b>2. RESERVES &amp; SUPRLUS</b>		
General Reserve		
As Per last Balance Sheet	1461.00	1161.00
Add: Transfer from Profit & Loss Account	<u>400.00</u>	<u>300.00</u>
	<u>1861.00</u>	<u>1461.00</u>
Capital Reserve	0.16	0.16
Share Premium	93.57	93.57
Profit & Loss Account	<u>8663.26</u>	<u>6262.47</u>
	<u>10617.99</u>	<u>7817.20</u>
<b>3. SECURED LOANS*</b>		
Loans from Banks:		
Working Capital Facilities	15066.95	11477.98
Term Loans:		
State Bank of India	7313.00	4746.16
Karur Vysya Bank	1500.00	-
Others	<u>1695.83</u>	<u>1212.09</u>
	<u>25575.78</u>	<u>17436.23</u>
* For nature of security refer Note No. 8 of Notes on Accounts		
<b>4. UNSECURED LOANS</b>		
HP Finance	5.45	9.30
	<u>5.45</u>	<u>9.30</u>
<b>5. DEFERRED TAX LIABILITY (NET)</b>		
<b>DEFERRED TAX LIABILITY:</b>		
On account of Depreciation:		
As per last Balance Sheet	786.49	777.48
Adjustment during the year	<u>253.62</u>	<u>9.01</u>
	<u>1040.11</u>	<u>786.49</u>
<b>DEFERRED TAX ASSET:</b>		
On account of Retirement Benefits		
As per last Balance Sheet	39.07	35.45
Adjustment during the year	<u>3.62</u>	<u>3.62</u>
	<u>42.69</u>	<u>39.07</u>
	<u>997.42</u>	<u>747.42</u>

## SCHEDULES (Contd.)

## 6. FIXED ASSETS

Rs. in lakhs

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK		
	As at 1.4.2010	Additions Deductions As at 31.3.2011	Up to 31.3.2010 Year	For the Deductions Up to 31.3.2011	As at 31.3.2011	As at 31.3.2010	
LAND - LEASEHOLD	285.36	-	2.86	3.17	-	279.33	282.50
LAND - FREEHOLD	101.08	0.95	-	-	-	102.03	101.08
BUILDINGS	2974.72	991.04	483.17	105.65	-	3376.94	2491.55
PLANT & MACHINERY	14973.73	4190.25	7157.41	1401.92	55.93	10603.88	7816.32
ELECTRICAL INSTALLATION	519.90	528.83	188.46	29.03	-	831.24	331.44
FURNITURES & FIXTURES	228.09	81.62	131.98	25.24	-	152.49	96.11
VEHICLES	122.15	5.06	44.89	9.53	8.80	61.71	77.26
INTANGIBLE ASSETS	26.89	37.72	9.09	7.48	-	48.04	17.80
<b>TOTAL</b>	<b>19231.92</b>	<b>5835.47</b>	<b>8017.86</b>	<b>1582.02</b>	<b>64.73</b>	<b>15455.66</b>	<b>11214.06</b>
Previous Year	14583.47	5301.98	7430.75	1178.89	591.78	11214.06	-
Capital Work-in-Progress						1039.21	324.08



## SCHEDULES (Contd.)

	31.3.2011	31.3.2010
<b>7. INVESTMENTS</b> (LONG TERM) AT COST-NON-TRADE UNQUOTED		
<b>a) Subsidiary:</b>		
Fully paid-up		
20,50,000 Equity Shares of Rs. 10/- each fully Paid Up in TVS Srichakra Investments Ltd	205.00	205.00
<b>b) Others:</b>		
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
15,000 Equity Shares of Euro 1 each in Van Leeuwen Tyres & Wheels B.V., Holland (Refer Note 1 below)	0.01	0.01
24,500 Equity Shares of Rs.10/- each fully paid-up in Arkay Energy (Rameswaram) Ltd.	2.45	2.45
(Aggregate unquoted shares Rs.261.04 lakhs) (Previous year Rs.261.04 lakhs)	<u>261.04</u>	<u>261.04</u>
Note 1: As reduced by provision for diminution in value of carrying cost		
<b>8. INVENTORIES</b> AS CERTIFIED BY THE MANAGING DIRECTOR		
Raw Materials at cost	17185.26	13000.65
Work in Progress at cost	2027.46	1218.36
Finished Goods at lower of cost and realisable value	6819.60	1122.24
Stores and Spares at cost	386.38	192.39
Stock of Traded Goods at cost	14.79	9.95
	<u>26433.49</u>	<u>15543.59</u>
<b>9. SUNDRY DEBTORS</b> (UNSECURED CONSIDERED GOOD)		
Debts Outstanding for a period exceeding 6 months	83.48	49.08
Other Debts	17310.58	11844.52
	<u>17394.06</u>	<u>11893.60</u>

**SCHEDULES (Contd.)**

	31.3.2011	Rs. in lakhs 31.3.2010
<b>10. CASH AND BANK BALANCES</b>		
Cash on Hand	16.08	5.23
With Scheduled Banks:		
– In Current Accounts	436.82	779.69
– In Fixed Deposit Accounts	3.43	–
– In Dividend Warrant Accounts	56.92	73.43
	<u>513.25</u>	<u>858.35</u>
<b>11. LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)</b>		
Advances Recoverable in cash or in kind or for value to be received	3243.12	2873.74
Prepaid Expenses	240.88	142.64
Accrued Income	97.04	31.31
Deposits	166.00	193.09
	<u>3747.04</u>	<u>3240.78</u>
<b>12. CURRENT LIABILITIES</b>		
Sundry Creditors	25405.15	16278.13
Unpaid Dividend Warrants	56.92	73.43
	<u>25462.07</u>	<u>16351.56</u>
<b>13. PROVISIONS</b>		
Proposed Dividend	957.12	–
Dividend tax	158.97	–
Gratuity	78.01	76.93
Leave Encashment	134.88	114.93
Provision for Taxation less Advance tax	90.36	16.23
	<u>1419.34</u>	<u>208.09</u>
<b>14. OTHER INCOME</b>		
Rent	0.18	0.31
Interest	45.07	25.80
Dividend	15.00	15.00
Exchange Rate Fluctuation	449.74	274.26
Miscellaneous Sales	557.95	176.83
Miscellaneous Income	126.52	76.29
	<u>1194.46</u>	<u>568.49</u>
<b>15. INCREASE/(DECREASE) IN STOCK</b>		
Opening Stock:		
Finished Goods	1122.24	2479.04
Traded Goods	9.95	14.97
	<u>1132.19</u>	<u>2494.01</u>
Closing Stock:		
Finished Goods	6819.60	1122.24
Traded Goods	14.79	9.95
	<u>6834.39</u>	<u>1132.19</u>
	<u>5702.20</u>	<u>(1361.82)</u>
<b>16. MATERIALS CONSUMED</b>		
Opening Stock – Raw Materials	13000.65	3313.87
– Work in Progress	1218.36	411.17
	<u>14219.01</u>	<u>3725.04</u>
Add : Purchases – Raw Materials (includes processing charges of Rs. 2044.70 lakhs) (Previous year Rs. 729.65 lakhs)	<u>79669.80</u>	<u>52237.07</u>
	93888.81	55962.11
Less: Closing Stock – Raw Materials	17185.26	13000.65
– Work in Progress	2027.46	1218.36
	<u>74676.09</u>	<u>41743.10</u>

**SCHEDULES (Contd.)**

	31.3.2011	Rs. in lakhs 31.3.2010
<b>17. EXPENSES</b>		
Stores & Spares consumed	<b>2958.02</b>	1882.05
Salaries and Wages	<b>7184.18</b>	4573.63
Contribution to Provident and other funds	<b>510.76</b>	328.86
Gratuity	<b>78.01</b>	76.93
Workmen & Staff Welfare	<b>841.71</b>	509.66
Power & Fuel	<b>5520.95</b>	3288.54
Freight	<b>3740.73</b>	2743.41
Rent including lease rentals	<b>549.60</b>	296.26
Rates & Taxes	<b>148.74</b>	84.84
Insurance	<b>173.65</b>	129.16
Commission & Discounts	<b>4849.64</b>	3675.31
Finance Charges	<b>0.80</b>	1.16
Travelling Expenses	<b>622.94</b>	427.68
Audit Fees:		
- Audit	<b>5.00</b>	5.00
- Tax Audit	<b>0.30</b>	0.30
- Income Tax matters	<b>0.10</b>	0.10
- Certification work	<b>0.85</b>	0.45
- Expenses	<b>0.48</b>	0.50
Directors' Sitting Fees	<b>2.25</b>	2.75
Repairs & Maintenance :		
- Buildings	<b>232.01</b>	263.33
- Plant & Machinery	<b>151.96</b>	101.06
- Others	<b>60.05</b>	42.60
Advertisement & Sales Promotion	<b>1342.52</b>	1074.15
Donation	<b>12.47</b>	0.13
Consultancy	<b>828.34</b>	330.90
Others	<b>594.75</b>	564.93
	<b><u>30410.81</u></b>	<b><u>20403.69</u></b>

## 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, and stores and spares are valued at cost arrived by applying the first in first out method. Cost consists of cost of materials, Cess, Duty & Freight.

Work in progress is valued at cost. Cost Includes cost of materials, labour and other appropriate overheads.

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.5000/ 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	31.3.2011	31.3.2010
Obligations at period beginning	114.94	102.51
Service Cost	40.16	37.20
Interest cost	7.96	6.98
Actuarial (gain)/loss	3.00	(1.28)
Benefits paid	(30.85)	(30.47)
Amendment in benefit plans	–	–
Obligations at the period end	135.21	114.94

**SCHEDULES (Contd.)**

(Rs. In Lakhs)

<b>GRATUITY</b>		
Particulars	31.3.2011	31.3.2010
Obligations at period beginning	670.63	526.82
Service Cost	83.76	116.41
Interest cost	53.05	41.60
Actuarial (gain)/loss	(13.35)	(0.45)
Benefits paid	(14.98)	(13.75)
Amendment in benefit plans	–	–
Obligations at the period end	779.11	670.63

<b>GRATUITY</b>		
	31.3.2011	31.3.2010
Change in plan assets		
Plan assets at the beginning of the year	593.70	411.85
Expected return on the plan assets	50.00	37.10
Actuarial gain/(loss)	(4.99)	42.18
Contributions	76.93	114.97
Benefits paid	(14.98)	(13.75)
Difference in Opening Balance	0.44	1.35
Plan assets at the year end, fair value	701.10	593.70

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

Fair value of the plan assets at the year beginning	779.11
Defined plan obligations at the year end	701.10
Assets(liabilities) recognized in the Profit and Loss account during the year	78.01

Assumptions:	Gratuity	Leave Encashment
Interest Rate	8.00%	8.00%
Discount Factor	8.00%	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:	31.3.2011	31.3.2010
Service Cost	83.76	116.42
Interest Cost	53.05	41.59
Expected return on plan assets	(50.00)	(38.45)
Actuarial (gains)/losses	(8.36)	(42.63)
Difference in Opening Balance	(0.44)	-
Net gratuity cost	78.01	76.93

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	1.60
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.

**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

**SCHEDULES (Contd.)**

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:	31.3.2011	31.3.2010
Balance at the beginning of the year	5347.35	1956.50
Additions /( Deletions) during the year	(1102.83)	3390.85
Balance at the end of the year	4244.52	5347.35

Liabilities disputed and not provided for: - Sales Tax & Excise:	31.3.2011	31.3.2010
Balance at the beginning of the year	201.97	232.52
Additions /( Deletions) during the year	(8.81)	(30.55)
Balance at the end of the year	193.16	201.97



**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	
			2010-11	2009-10	2010-11	2009-10
1.	Licensed Capacity	Nos ('000)	<b>33000</b>	33000	<b>33000</b>	33000
2.	Installed Capacity (*)	Nos ('000)	<b>32953</b>	32153	<b>30850</b>	30050

(\*) As certified by the Managing Director.

b) Opening Stock & Closing Stock

Sl. No.	Product Description	UOM	Opening Stock as at				Closing Stock as at	
			1.4.2010		1.4.2009		31.3.2011	
			Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)
1.	Automotive Tyres	Nos.	135	841.08	450	1936.45	<b>820</b>	<b>5867.48</b>
2.	Automotive Tubes	Nos.	363	273.96	568	536.32	<b>943</b>	<b>939.19</b>
3.	Flaps	Nos.	1	0.57	1	0.69	<b>3</b>	<b>2.55</b>
4.	Traded Goods	Nos.	4	9.95	11	14.97	<b>17</b>	<b>14.79</b>
5.	Others	Nos.	–	6.63	–	5.58	–	<b>10.38</b>

c) Production & Sale of Manufactured Goods

Sl. No.	Product Description	UOM	Production		Sales			
			2010-11	2009-10	2010-11		2009-10	
			Quantity ('000)	Quantity ('000)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)
1.	Automotive Tyres	Nos.	<b>15728</b>	12375	<b>15043</b>	<b>97550.27</b>	12690	60904.14
2.	Automotive Tubes	Nos.	<b>17345</b>	13559	<b>16765</b>	<b>19810.02</b>	13764	14017.30
3.	Flaps	Nos.	–	–	–	<b>75.23</b>	–	82.37
4.	Others	–	–	–	–	<b>616.02</b>	–	285.08

d) Purchase & Sale of Traded Goods

Sl. No.	Product Description	UOM	Purchases				Sales			
			2010-11		2009-10		2010-11		2009-10	
			Quantity ('000)	Rs. (in lakhs)						
1.	Traded Tyres	Nos.	<b>1</b>	<b>18.45</b>	1	27.79	<b>1</b>	<b>22.34</b>	8	29.48
2.	Traded Flaps	Nos.	<b>95</b>	<b>58.87</b>	54	25.23	<b>82</b>	<b>49.52</b>	54	29.55

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

		<b>31.3.2011</b>		<b>Rs. in lakhs</b>	
				31.3.2010	
e)	Particulars of Raw Materials consumed	<b>MT.</b>		MT.	
1.	Rubber	<b>35893</b>	<b>44023.96</b>	26997	22002.56
2.	Chemicals	<b>22222</b>	<b>14939.33</b>	16862	10131.01
3.	Fabrics		<b>10050.97</b>		7023.48
4.	Others		<b>4426.23</b>		2663.59
f)	CIF Value of Imports				
1.	Raw Materials		<b>17694.69</b>		10197.94
2.	Spares		<b>5.49</b>		7.58
3.	Capital Goods		<b>786.50</b>		961.78
g)	Consumption of imported and indigenous raw materials and components				
		%		%	
1.	Imported	<b>22.44%</b>	<b>16482.62</b>	26.41%	11046.04
2.	Indigenous	<b>77.56%</b>	<b>56957.87</b>	73.59%	30774.60
h)	Consumption of imported and indigenous Stores and Spares				
		%		%	
1.	Imported	<b>0.77%</b>	<b>22.72</b>	0.79%	14.86
2.	Indigenous	<b>99.23%</b>	<b>2935.30</b>	99.21%	1867.19
i)	Earnings in foreign exchange				
1.	F.O.B. value of goods exported		<b>11605.48</b>		9453.25
j)	Expenditure incurred in Foreign Currency on				
1.	Consultancy		<b>395.18</b>		161.84
2.	Other Matters		<b>121.50</b>		87.77

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

		<b>Rs. in lakhs</b>	
		<b>31.3.2011</b>	<b>31.3.2010</b>
k)	1. Remuneration to Managing Director:		
	Salaries & Allowances	<b>45.00</b>	36.00
	Commission	<b>121.57</b>	93.57
	Contribution to Provident & Other Funds	<b>7.29</b>	6.48
	2. Remuneration to Executive Vice Chairman:		
	Commission	<b>121.57</b>	93.57
	3. Commission to Non-Whole Time Directors	<b>60.79</b>	46.78
	4. Computation of Net Profit for ascertaining Commission payable		
	Net Profit as per Profit and Loss Account	<b>5716.88</b>	4337.19
	Add: Remuneration	<b>356.22</b>	276.40
	Sitting Fees	<b>2.25</b>	2.75
	Loss on Sale of assets (net)	<b>3.36</b>	0.36
	Provision for Diminution in value of Investments	-	8.56
	Impairment of Assets	-	53.05
		<b>6078.71</b>	<b>4678.31</b>
	Commission @ 2% to Managing Director	<b>121.57</b>	93.57
	Commission @ 2% to Executive Vice Chairman	<b>121.57</b>	93.57
	Commission @ 1% to Non-Whole Time Directors	<b>60.79</b>	46.78
	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 set out 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 Loans	<b>1551.38</b>	497.37
m)	Expenses - Others includes:		
	1. Bad debts	<b>0.72</b>	4.51
	2. Loss on Sale of assets (net)	<b>3.36</b>	0.36
	3. Provision for Diminution in value of Investments	-	8.56
	4. Impairment of Assets	-	53.05
n)	Tax deducted at Source from Interest	<b>0.46</b>	1.34
o)	Stores and Spares consumed includes consumption towards repairs and maintenance of Plant & Machinery	<b>1570.46</b>	1024.33

**SCHEDULES (Contd.)**

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

	<b>31.3.2011</b>	<b>Rs. in lakhs 31.3.2010</b>
p) Details of Research and Development Expenditure:		
(i) Capital Expenditure:		
a) Plant & Machinery	<b>62.20</b>	41.56
b) Electrical Installations	<b>5.71</b>	2.56
c) Vehicles	<b>4.53</b>	4.56
d) Capital work in progress (P & M)	<b>159.50</b>	–
Total	<u><b>231.94</b></u>	<u>48.68</u>
(ii) Revenue Expenditure:		
a) Raw Materials consumed	<b>0.32</b>	2.84
b) Stores & Spares consumed	<b>4.69</b>	3.35
c) Salaries, Wages, Bonus and Allowances	<b>176.77</b>	159.93
d) Freight	<b>24.04</b>	13.51
e) Rent including lease rentals	<b>2.39</b>	2.29
f) Rates & Taxes	<b>39.71</b>	26.35
g) Insurance	<b>0.69</b>	0.76
h) Travelling expenses	<b>132.56</b>	33.23
i) Repairs & Maintenance	<b>101.12</b>	64.50
j) Consultancy	<b>217.91</b>	262.09
k) Others	<b>13.83</b>	10.50
Total	<u><b>714.03</b></u>	<u>579.35</u>
Total Research and Development expenditure	<b>945.97</b>	628.03



## 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		31.3.2011
Balance Sheet Abstract & Company's General Business Profile		
I.	Registration Details	
	Registration No. L25111TN1982PLC009414	State Code 18
	Balance Sheet Date 31.3.2011	
II.	Capital Raised during the year	
	Public Issue	—
	Rights Issue	—
	Bonus Issue	—
III.	Position of Mobilisation and Deployment of Funds	
	Total Liabilities	3796234
	Total Assets	3796234
<b>SOURCES OF FUNDS</b>		
	Paid-up Capital	76570
	Reserves & Surplus	1061799
	Secured Loans	2557578
	Unsecured Loans	545
	Deferred Tax Liability	99742
	TOTAL	<u>3796234</u>
<b>APPLICATION OF FUNDS</b>		
	Net Fixed Assets	1649487
	Investments	26104
	Net Current Assets	2120643
	TOTAL	<u>3796234</u>
IV.	Performance of Company	
	Turnover including other income	11542795
	Total Expenditure including depreciation	10971107
	Profit before tax	571688
	Profit after tax	391688
	Earnings Per Share (Rs.)	51.15
	Dividend	125%
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.)**

	31.3.2011	Rs. in lakhs 31.3.2010
<b>4. Contingent Liabilities not provided for:</b>		
a) Estimated amount of contracts remaining to be executed on capital account	1,470.42	885.53
b) On Letters of Credit opened by Company's Bankers	2,183.14	4,081.95
c) Excise Duty under Dispute	185.85	195.89
d) Sales Tax under Dispute	7.31	6.08
e) Customs duty on goods lying at Bonded Warehouse	590.96	379.87
<b>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:</b>		
Forum where dispute is Pending	Rs. in lakhs	
	Excise Duty	Sales Tax
High Court	3.22	-
Customs, Excise and Service Tax Appellate Tribunal	158.00	-
Commissioner of Central Excise	2.83	-
Assistant Commissioner of Central Excise	21.80	-
Appellate Tribunal	-	4.23
Assessing Officer	-	3.08
<b>6. Sundry Creditors includes:</b>		
a) Acceptances	9,449.67	6,188.72
b) Due to Managing Director	121.57	93.57
c) Due to Executive Vice Chairman	121.57	93.57
d) Due to Non-whole time Directors	60.79	46.78
e) Due to Micro, Small & Medium Enterprises	-	-
<b>7. No amount is due as on 31st March, 2011 for credit to Investor Education and Protection Fund.</b>		
<b>8. Nature of charge created against secured loans:</b>		
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., is secured by hypothecation of specific plant and machinery located at Pant Nagar, Rudrapur, Uttarkhand as well as specific plant & machinery located at Vellaripatti Village Madurai.		
d) Term Loan from Karur Vysya Bank Ltd. is secured by hypothecation of specific plant and machinery located at Company's Plant at Vellaripatti Village, Madurai.		
<b>9. Details of Earnings Per Share</b>		
Profit after tax	Rs. in lakhs	3,916.88
No. of equity shares	Nos	7,657,050
Face Value of share	Rs	10.00
Basic Earnings per share	Rs	51.15
<b>10. The Accounts of the Subsidiary Company is consolidated for the first time with the Accounts of the Holding company and hence previous years figures are not furnished.</b>		



**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 Ramachandhran, Managing Director
4	Enterprise with Common Key Management Personnel	Sundaram Industries Limited

Rs. In Lakhs

Sl. No.	Particulars	Subsidiary	Associates	Key Management Personnel	Enterprise with Common Key Management Personnel
<b>A</b>	<b>Transactions for the year ended 31.3.2011</b>				
1	Purchases		47.33 (69.46)	-	1.26 (0.72)
2	Sales		9624.46 (7495.73)	-	46.77 (37.62)
3	Interest Paid		97.27 -	-	-
4	Services rendered		502.07 (422.74)	-	54.53 (85.01)
5	Services received	0.28 -	30.66 (25.91)	298.18 (232.25)	1.00 (32.48)
6	Loans Accepted/Repaid	- -	1500.00 -	-	-
7	Investments	- (205.00)	-	-	-
8	Sale of Investments	- (59.90)	-	-	-
<b>B</b>	<b>Outstanding as on 31.3.2011</b>				
1	Receivable	-	1031.78 (755.41)	-	85.11 (23.10)
2	Payable	-	8.19 (1.10)	243.14 (187.14)	-

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  
K S NARAYANASWAMY  
Partner  
Membership No. 8593

S NARAYANAN  
Chairman

Place : Chennai  
Date : 27.5.2011

P SRINIVASAN  
Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	31.3.2011	31.3.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	5716.88	4337.19
Adjustments for :		
Depreciation	1582.02	1178.89
Interest paid	2964.83	1561.32
Interest received	(45.07)	(25.80)
Dividend Received	(15.00)	(15.00)
Rent received	(0.18)	(0.31)
(Profit)/ Loss on Sale of Assets	3.36	0.36
Impairment of Assets	-	53.05
Diminution in Value of Investments	-	8.56
	<b>4489.96</b>	<b>2761.07</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>10206.84</b>	<b>7098.26</b>
Adjustments for :		
Trade Receivables	(5500.46)	(1234.94)
Other Receivables	(506.26)	(507.93)
Inventories	(10889.90)	(9004.29)
Trade and other payables	9131.54	11267.53
	<b>(7765.08)</b>	<b>520.37</b>
Cash Generated From Operations	<b>2441.76</b>	<b>7618.63</b>
Direct taxes paid	<b>1475.87</b>	<b>1394.29</b>
<b>NET CASH FLOW OPERATING ACTIVITIES (A)</b>	<b>965.89</b>	<b>6224.34</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(6550.60)	(5549.49)
Proceeds from disposal of assets	8.49	8.34
Investments Made	-	(205.00)
Investments Sold	-	59.90
Dividend received	15.00	15.00
Rent received	0.18	0.31
Interest received	45.07	25.80
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(6481.86)</b>	<b>(5645.14)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(2964.83)	(1561.32)
Proceeds/(Repayment) from short term borrowings	3585.12	(313.45)
Proceeds/(Repayment) of long term borrowings	4550.58	2037.29
Dividend & Dividend tax paid	-	(1209.38)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES: (C)</b>	<b>5170.87</b>	<b>(1046.86)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(345.10)</b>	<b>(467.66)</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>858.35</b>	<b>1326.01</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>513.25</b>	<b>858.35</b>

SHOBHANA RAMACHANDHRAN

Managing Director

Place: Chennai

Date : 27.5.2011

S NARAYANAN

Chairman

P SRINIVASAN

Secretary

### AUDITORS' CERTIFICATE

We have examined the Cash Flow Statement of TVS Srichakra Limited for the year ended 31st March, 2011. 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 27.5.2011 to the members of the Company.

For SUNDARAM & SRINIVASAN

Chartered Accountants

Firm Registration No. 004207S

K S NARAYANASWAMY

Partner

Membership No.8593

Place : Chennai

Date : 27.5.2011



**TVS SRICHAKRA LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31.03.2011**

## **AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TVS SRICHAKRA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENT OF TVS SRICHAKRA LIMITED AND ITS SUBSIDIARY.**

We have examined the attached consolidated Balance Sheet of TVS Srichakra Limited and its subsidiary as at 31st March, 2011 and the consolidated Profit and Loss Account for the year then ended and also the consolidated Cash Flow Statement for the year then ended. These financial statements are the responsibility of TVS Srichakra Limited's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance 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 the management, as well as evaluating the overall financial statements. We believe our audit provides a reasonable basis for our opinion. We did not audit the financial statements of the subsidiary, TVS Srichakra Investments Limited, whose financial statements reflect total asset of Rs.205 lakhs as at 31st March, 2011 and gross receipts of Rs.0.28 lakhs for the year then ended. These financial statements have been audited by another auditor, whose report has been furnished to us, and in our opinion, in so far, as they relate to the amounts included in respect of the subsidiary is based solely on the report of the other auditor. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21, consolidated financial statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate Audited Financial Statements of TVS Srichakra Limited and its subsidiary included in the consolidated financial statements. On the basis of the information and explanations given to us and on consideration of the separate Audit Report on individual audited financial statements of TVS Srichakra Limited and its subsidiary in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of TVS Srichakra Limited and its subsidiary as at 31st March, 2011.
- b) In the case of the consolidated Profit and Loss Account of the consolidated results of operations of TVS Srichakra Limited and its subsidiary for the year ended on that date, and
- c) In the case of consolidated Cash Flow Statement, of the consolidated cash flow of TVS Srichakra Limited and its subsidiary for the year ended on that date.

**Per our report of even date**

For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Registration No. 004207 S

K S NARAYANASWAMY  
Partner  
Membership No. 8593

Place : Chennai  
Date :27.5.2011



**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	Rs. in lakhs 31.3.2011
<b>I SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital	1	765.70
Reserves & Surplus	2	10615.03
<b>Loan Funds</b>		
Secured Loans	3	25575.78
Unsecured Loans	4	5.45
<b>Deferred Tax Liability (Net)</b>	5	997.42
Total		<u>37959.38</u>
<b>II APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>	6	
Gross Block at Cost		24990.81
Less: Depreciation		<u>9535.15</u>
Net Block		15455.66
Capital Work-in-Progress		<u>1039.21</u>
		16494.87
<b>Investments</b>	7	115.94
<b>Current Assets, Loans &amp; Advances</b>		
Inventories	8	26433.49
Sundry Debtors	9	17394.06
Cash & Bank Balances	10	655.56
Loans & Advances	11	<u>3747.07</u>
		<u>48230.18</u>
<b>Less: Current Liabilities &amp; Provisions</b>		
Liabilities	12	25462.27
Provisions	13	<u>1419.34</u>
		<u>26881.61</u>
<b>Net Current Assets</b>	(A-B)	<u>21348.57</u>
Total		<u>37959.38</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 : 27.5.2011

K S NARAYANASWAMY  
*Partner*  
Membership No. 8593

P SRINIVASAN  
*Secretary*

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Rs. in lakhs 31.3.2011
<b>INCOME</b>		
<b>Sales</b>		<b>118123.40</b>
Less: Excise Duty		<b>9592.11</b>
Net Sales		<b>108531.29</b>
Labour Charges		—
Other Income	14	<b>1194.46</b>
Increase / (Decrease) in Stock	15	<b>5702.20</b>
Total (A)		<b>115427.95</b>
<b>EXPENDITURE</b>		
Materials consumed	16	<b>74676.09</b>
Purchase of traded goods		<b>77.32</b>
Other Expenses	17	<b>30413.77</b>
Interest		<b>2964.83</b>
Depreciation		<b>1582.02</b>
Total (B)		<b>109714.03</b>
<b>Profit before taxation</b>	(A–B)	<b>5713.92</b>
<b>Provision for:</b>		
– Income Tax		<b>1550.00</b>
– Deferred Tax		<b>250.00</b>
<b>Profit after taxation</b>		<b>3913.92</b>
Surplus brought forward from last year		<b>6262.47</b>
<b>Profit available for appropriation</b>		<b>10176.39</b>
<b>Appropriations:</b>		
Transfer to General Reserve		<b>400.00</b>
Proposed Dividend		<b>957.12</b>
Tax on Proposed Dividend		<b>158.97</b>
Interim Dividend		—
Tax on Interim Dividend		—
Balance carried forward		<b>8660.30</b>
Total		<b>10176.39</b>
Basic and Diluted Earnings Per Share (Rs.)		<b>51.12</b>
(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 : 27.5.2011

K S NARAYANASWAMY  
*Partner*  
Membership No. 8593

P SRINIVASAN  
*Secretary*



## SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lakhs  
31.3.2011

<b>1. SHARE CAPITAL</b>	
Authorised :	
1,00,00,000 equity shares of Rs. 10/- each	<u>1000.00</u>
Issued, subscribed and paid-up :	
76,57,050 equity shares of Rs. 10/- each fully paid	<u>765.70</u>
<b>2. RESERVES &amp; SUPRLUS</b>	
General Reserve	
As Per last Balance Sheet	1461.00
Add: Transfer from Profit & Loss Account	<u>400.00</u>
	1861.00
Capital Reserve	0.16
Share Premium	93.57
Profit & Loss Account	8660.30
	<u>10615.03</u>
<b>3. SECURED LOANS*</b>	
Loans from Banks:	
Working Capital Facilities	15066.95
Term Loans:	
State Bank of India	7313.00
Karur Vysya Bank	1500.00
Others	1695.83
	<u>25575.78</u>
* For nature of security refer Note No. 8 of Notes on Accounts	
<b>4. UNSECURED LOANS</b>	
HP Finance	5.45
	<u>5.45</u>
<b>5. DEFERRED TAX LIABILITY (NET)</b>	
<b>DEFERRED TAX LIABILITY:</b>	
On account of Depreciation:	
As per last Balance Sheet	786.49
Adjustment during the year	<u>253.62</u>
	1040.11
<b>DEFERRED TAX ASSET:</b>	
On account of Retirement Benefits	
As per last Balance Sheet	39.07
Adjustment during the year	<u>3.62</u>
	42.69
	<u>997.42</u>

## SCHEDULES (Contd.)

## 6. FIXED ASSETS

Rs. in lakhs

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at 1.4.2010	Additions Deductions As at 31.3.2011	Up to 31.3.2010 Year	For the Deductions Year	Up to 31.3.2011	As at 31.3.2011
LAND - LEASEHOLD	285.36	- - 285.36	2.86	3.17 -	6.03	279.33
LAND - FREEHOLD	101.08	0.95 - 102.03	-	- -	-	102.03
BUILDINGS	2974.72	991.04 - 3965.76	483.17	105.65 -	588.82	3376.94
PLANT & MACHINERY	14973.73	4190.25 56.70 19107.28	7157.41	1401.92 55.93	8503.40	10603.88
ELECTRICAL INSTALLATION	519.90	528.83 - 1048.73	188.46	29.03 -	217.49	831.24
FURNITURES & FIXTURES	228.09	81.62 - 309.71	131.98	25.24 -	157.22	152.49
VEHICLES	122.15	5.06 19.88 107.33	44.89	9.53 8.80	45.62	61.71
INTANGIBLE ASSETS	26.89	37.72 - 64.61	9.09	7.48 -	16.57	48.04
TOTAL	19231.92	5835.47 76.58 24990.81	8017.86	1582.02 64.73	9535.15	15455.66
Capital Work-in-Progress						1039.21



## SCHEDULES (Contd.)

Rs. in lakhs  
31.3.2011

<b>7. INVESTMENTS</b> (LONG TERM) AT COST-NON-TRADE UNQUOTED	
<b>a) Subsidiary:</b> Fully paid-up 20,50,000 Equity Shares of Rs. 10/- each fully Paid Up in TVS Srichakra Investments Ltd	
<b>b) Others:</b> 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
15,000 Equity Shares of Euro 1 each in Van Leeuwen Tyres & Wheels B.V., Holland (Refer Note 1 below)	0.01
24,500 Equity Shares of Rs.10/- each fully paid-up in Arkay Energy (Rameswaram) Ltd.	2.45
5,99,000 Equity Shares of Rs.10/-each fully paid-up in TVS Telecom Component Ltd.	59.90
	<u>115.94</u>
Note 1: As reduced by provision for diminution in value of carrying cost	
<b>8. INVENTORIES</b> AS CERTIFIED BY THE MANAGING DIRECTOR	
Raw Materials at cost	17185.26
Work in Progress at cost	2027.46
Finished Goods at lower of cost and realisable value	6819.60
Stores and Spares at cost	386.38
Stock of Traded Goods at cost	14.79
	<u>26433.49</u>
<b>9. SUNDRY DEBTORS</b> (UNSECURED CONSIDERED GOOD)	
Debts Outstanding for a period exceeding 6 months	83.48
Other Debts	17310.58
	<u>17394.06</u>

**SCHEDULES (Contd.)**

		Rs. in lakhs
		31.3.2011
<b>10.</b>	<b>CASH AND BANK BALANCES</b>	
	Cash on Hand	16.08
	With Scheduled Banks:	
	– In Current Accounts	579.13
	– In Fixed Deposit Accounts	3.43
	– In Dividend Warrant Accounts	56.92
		<b>655.56</b>
<b>11.</b>	<b>LOANS AND ADVANCES</b>	
	(UNSECURED CONSIDERED GOOD)	
	Advances Recoverable in cash or in kind or for value to be received	3243.15
	Prepaid Expenses	240.88
	Accrued Income	97.04
	Deposits	166.00
		<b>3747.07</b>
<b>12.</b>	<b>CURRENT LIABILITIES</b>	
	Sundry Creditors	25405.35
	Unpaid Dividend Warrants	56.92
		<b>25462.27</b>
<b>13.</b>	<b>PROVISIONS</b>	
	Proposed Dividend	957.12
	Dividend tax	158.97
	Gratuity	78.01
	Leave Encashment	134.88
	Provision for Taxation less Advance tax	90.36
		<b>1419.34</b>
<b>14.</b>	<b>OTHER INCOME</b>	
	Rent	0.18
	Interest	45.07
	Dividend	15.00
	Exchange Rate Fluctuation	449.74
	Miscellaneous Sales	557.95
	Miscellaneous Income	126.52
		<b>1194.46</b>
<b>15.</b>	<b>INCREASE/(DECREASE) IN STOCK</b>	
	Opening Stock:	
	Finished Goods	1122.24
	Traded Goods	9.95
		<b>1132.19</b>
	Closing Stock:	
	Finished Goods	6819.60
	Traded Goods	14.79
		<b>6834.39</b>
		<b>5702.20</b>

**SCHEDULES (Contd.)****Rs. in lakhs  
31.3.2011****16. MATERIALS CONSUMED**

Opening Stock–Raw Materials	13000.65
–Work in Progress	1218.36
	<u>14219.01</u>
Add :Purchases–Raw Materials (includes processing charges of Rs. 2044.70 lakhs) (Previous year Rs. 729.65 lakhs)	79669.80
	93888.81
Less:Closing Stock–Raw Materials	17185.26
–Work in Progress	2027.46
	<u>74676.09</u>

**17. EXPENSES**

Stores & Spares consumed	2958.02
Salaries and Wages	7184.18
Contribution to Provident and other funds	510.76
Gratuity	78.01
Workmen & Staff Welfare	841.71
Power & Fuel	5520.95
Freight	3740.73
Rent including lease rentals	549.60
Rates & Taxes	148.74
Insurance	173.65
Commission & Discounts	4849.64
Finance Charges	0.80
Travelling Expenses	622.94
Audit Fees:	
- Audit	5.20
- Tax Audit	0.30
- Income Tax matters	0.10
- Certification work	0.85
- Expenses	0.48
Directors' Sitting Fees	2.25
Repairs & Maintenance :	
-Buildings	232.01
-Plant & Machinery	151.96
-Others	60.05
Advertisement & Sales Promotion	1342.52
Donation	12.47
Consultancy	828.06
Others	597.79
	<u>30413.77</u>

**SCHEDULES (Contd.)****18. NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS OF TVS SRICHAKRA LIMITED****1. SIGNIFICANT ACCOUNTING POLICIES:****a) Basis of Consolidation :**

The Consolidated financial statements are prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

**b) Principles of consolidation:**

The consolidated financial statements comprise the financial statements of TVS Srichakra Limited (the Holding Company) and its Subsidiary. The Financial Statements of all the companies are prepared according to uniform accounting polices, in accordance with generally accepted accounting principles in India. The effects of intercompany transactions are eliminated on consolidation.

**c) Company included in Consolidation:**

Name of the Company	Shareholding
TVS Srichakra Investments Limited	100%

**d) Accounting convention:**

The financial statements are prepared under the historical cost convention on an accrual basis.

**e) Fixed Assets:**

Fixed assets are stated at cost less CENVAT. Cost includes related duties, taxes, freight, installation and interest on specific borrowing of an earlier year.

**f) Depreciation:**

All assets are depreciated on Straight Line Method at rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation is provided for on pro-rata basis on additions and deletions made during the year. Assets costing Rs.5000/ and below are depreciated in full.

**g) 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.

**h) Inventories:**

Raw Materials, and stores and spares are valued at cost arrived by applying the first in first out method. Cost consists of cost of materials, Cess, Duty & Freight.

Work in progress is valued at cost. Cost Includes cost of Materials, Labour and Other appropriate overheads.

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.

**i) 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.

**j) 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.

**SCHEDULES (Contd.)**

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.

**k) 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.

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.

**l) 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)

<b>LEAVE ENCASHMENT</b>	
Particulars	31.3.2011
Obligations at period beginning	114.94
Service Cost	40.16
Interest cost	7.96
Actuarial (gain)/loss	3.00
Benefits paid	(30.85)
Amendment in benefit plans	–
Obligations at the period end	135.21
<b>GRATUITY</b>	
Particulars	31.3.2011
Obligations at period beginning	670.63
Service Cost	83.76
Interest cost	53.05
Actuarial (gain)/loss	(13.35)
Benefits paid	(14.98)
Amendment in benefit plans	–
Obligations at the period end	779.11

**SCHEDULES (Contd.)**

(Rs. In Lakhs)

<b>GRATUITY</b>	
Change in plan assets	31.3.2011
Plan assets at the beginning of the year	593.70
Expected return on the plan assets	50.00
Actuarial gain/(loss)	(4.99)
Contributions	76.93
Benefits paid	(14.98)
Difference in Opening Balance	0.44
Plan assets at the year end, fair value	701.10

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

Fair value of the plan assets at the year beginning	779.11
Defined plan obligations at the year end	701.10
Assets(liabilities) recognized in the Profit and Loss account during the year	78.01

Assumptions:	Gratuity	Leave Encashment
Interest Rate	8.00%	8.00%
Discount Factor	8.00%	8.00%
Estimated Return on Plan Assets	8.00%	0.00%
Salary Increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement Age	58 & 60	58 & 60

Gratuity cost:	31.3.2011
Service Cost	83.76
Interest Cost	53.05
Expected return on plan assets	(50.00)
Actuarial (gains)/losses	(8.36)
Difference in Opening Balance	(0.44)
Net gratuity cost	78.01



## SCHEDULES (Contd.)

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.

**m) 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.

**n) 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.

**o) 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	1.60
Present value of Future Minimum Lease payments	
Upto One year	3.62
One to five Years	3.93

**p) 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.

**q) 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.

**r) 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.

**SCHEDULES (Contd.)****s) 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.

**t) 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.

**u) 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:	31.3.2011
Balance at the beginning of the year	5347.35
Additions /( Deletions) during the year	(1102.83)
Balance at the end of the year	4244.52

Liabilities disputed and not provided for: - Sales Tax & Excise:	31.3.2011
Balance at the beginning of the year	201.97
Additions /( Deletions) during the year	(8.81)
Balance at the end of the year	193.16

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

Rs. in '000

31.3.2011

**2. INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

Balance Sheet Abstract &amp; Company's General Business Profile

**I. Registration Details**

Registration No. L25111TN1982PLC009414

State Code 18

Balance Sheet Date 31.3.2011

**II Capital Raised during the year**

Public Issue

--

Rights Issue

--

Bonus Issue

--

**III. Position of Mobilisation and**

Deployment of Funds

Total Liabilities

3795938

Total Assets

3795938

**SOURCES OF FUNDS**

Paid-up Capital

76570

Reserves &amp; Surplus

1061503

Secured Loans

2557578

Unsecured Loans

545

Deferred Tax Liability

99742

TOTAL

---

3795938

---

**APPLICATION OF FUNDS**

Net Fixed Assets

1649487

Investments

11594

Net Current Assets

---

2134857

---

TOTAL

---

3795938

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**SCHEDULES (Contd.)**

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

	<b>Rs. in '000</b>
<b>IV. Performance of Company</b>	<b>31.3.2011</b>
Turnover including other income	11542795
Total Expenditure including depreciation	10971403
Profit before tax	571392
Profit after tax	391392
Earnings Per Share (Rs.)	51.12
Dividend	125%

**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

Rs. in lakhs

**3 Contingent Liabilities not provided for:**

a) Estimated amount of contracts remaining to be executed on capital account	1,470.42
b) On Letters of Credit opened by Company's Bankers	2,183.14
c) Excise Duty under Dispute	185.85
d) Sales Tax under Dispute`	7.31
e) Customs duty on goods lying at Bonded Warehouse	590.96

**4 Details of Earnings Per Share**

Profit after tax	Rs. In Lakhs	3,913.92
No. of equity shares	Nos	7,657,050
Face value of share	Rs	10.00
Basic Earnings Per Share	Rs	51.12

5 The Accounts of the Subsidiary Company is consolidated for the first time with the Accounts of the Holding Company and hence previous years figures are not furnished.



**SCHEDULES (Contd.)**

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

**6. Disclosure On Related Party Transactions (AS 18)**

Description of relationship and Names of related parties:

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

**Rs. In Lakhs**

Sl. No.	Particulars	Associates	Key Management Personnel	Enterprise with Common Key Management Personnel
<b>A</b>	<b>Transactions for the year ended 31.3.2011</b>			
1	Purchases	47.33 (69.46)	-	1.26 (0.72)
2	Sales	9624.46 (7495.73)	-	46.77 (37.62)
3	Interest Paid	97.27 -	-	-
4	Services rendered	502.07 (422.74)	-	54.53 (85.01)
5	Services received	30.66 (25.91)	298.18 (232.25)	1.00 (32.48)
6	Loans Accepted/Repaid	1500.00	-	-
7	Investments	-	-	-
8	Sale of Investments	-	-	-
<b>B</b>	<b>Outstanding as on 31.3.2011</b>			
1	Receivable	1031.78 (755.41)	-	85.11 (23.10)
2	Payable	8.19 (1.10)	243.14 (187.14)	-

Figures in brackets are that of previous year.

**7. 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  
K S NARAYANASWAMY  
Partner  
Membership No. 8593

S NARAYANAN  
Chairman

Place : Chennai  
Date : 27.5.2011

P SRINIVASAN  
Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

Rs. in lakhs  
31.3.2011

**A. CASH FLOW FROM OPERATING ACTIVITIES:**

Profit before tax		5713.92
Adjustments for :		
Depreciation	1582.02	
Interest paid	2964.83	
Interest received	(45.07)	
Dividend Received	(15.00)	
Rent received	(0.18)	
(Profit)/ Loss on Sale of Assets	3.36	
Impairment of Assets	-	
Diminution in Value of Investments	-	
		4489.96
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		10203.88

Adjustments for :		
Trade Receivables	(5500.46)	
Other Receivables	(506.26)	
Inventories	(10889.90)	
Trade and other payables	9131.74	
		(7764.88)

Cash Generated From Operations		2439.00
Direct taxes paid		1475.90
NET CASH FLOW OPERATING ACTIVITIES (A)		963.10

**B. CASH FLOW FROM INVESTING ACTIVITIES :**

Purchase of Fixed Assets		(6550.60)
Proceeds from disposal of assets	8.49	
Dividend received	15.00	
Rent received	0.18	
Interest received	45.07	
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		(6481.86)

**C. CASH FLOW FROM FINANCING ACTIVITIES:**

Interest paid		(2964.83)
Proceeds/(Repayment) from short term borrowings	3585.12	
Proceeds/(Repayment) of long term borrowings	4550.58	
NET CASH FLOW FROM FINANCING ACTIVITIES: (C)		5170.87
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(347.89)
CASH AND CASH EQUIVALENTS - OPENING BALANCE		1003.45
CASH AND CASH EQUIVALENTS - CLOSING BALANCE		655.56

SHOBHANA RAMACHANDHRAN	S NARAYANAN
<i>Managing Director</i>	<i>Chairman</i>
Place: Chennai	P SRINIVASAN
Date : 27.5.2011	<i>Secretary</i>

**AUDITORS' CERTIFICATE**

We have examined the Consolidated Cash Flow Statement of TVS Srichakra Limited for the year ended 31st March, 2011. 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 27.5.2011 to the members of the Company.

Place : Chennai  
Date : 27.5.2011

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

## Financial Information of Subsidiary Company for the year ended 31.3.2011

Name of the Subsidiary Company : TVS SRICHAKRA INVESTMENTS LIMITED

Rs. In lakhs

Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Dividend
205.00	-2.96	205.00	205.00	59.90	0.28	-2.96	-	-2.96	-



**TVS SRICHAKRA LIMITED**

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

**TWENTY EIGHTH ANNUAL GENERAL MEETING**

**ADMISSION SLIP**

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

I hereby record my presence at the 28th Annual General Meeting of the Company being held at 10.30 A.M. on Wednesday, the **3rd August, 2011, 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 EIGHTH 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 28th Annual General Meeting of the Company to be held at 10.30 A.M. on Wednesday, the 3rd August, 2011, at Lakshmi Sundaram Hall, 15-A Gokhale Road, Madurai 625 002 and at any adjournment thereof.

Signed this..... day of .....2011

\* 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 Srichakra Limited  
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Madurai 625122, India.  
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