

29<sup>TH</sup> ANNUAL REPORT  
2011-2012



**TVS SRICHAKRA LIMITED**

## **BOARD OF DIRECTORS**

S NARAYANAN  
Chairman

R NARESH  
Executive Vice Chairman

SHOBHANA RAMACHANDHRAN  
Managing Director

M S VIRARAGHAVAN

N H ATTHREYA

SITARAM RAO VALLURI

P VIJAYARAGHAVAN

H JANARDANA IYER



## **AUDIT COMMITTEE**

M S VIRARAGHAVAN  
*Chairman*

N H ATTHREYA  
SITARAM RAO VALLURI (upto 27.5.2011)  
P VIJAYARAGHAVAN  
H JANARDANA IYER

## **SHAREHOLDERS / INVESTORS GRIEVANCE 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

DBS BANK LIMITED  
806, ANNA SALAI,  
CHENNAI - 600 002

THE KARUR VYSYA BANK LIMITED  
NO.159, SOUTH MASI 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@integratedindia.in](mailto:corpserv@integratedindia.in)

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## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of TVS Srichakra Limited will be held at 10.30 AM on Thursday, the 27th September, 2012, 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 Statement of Profit and Loss of the Company for the year ended March 31, 2012, 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, 2012.
3. To appoint a Director in place of Mr Sitaram Rao Valluri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr P Vijayaraghavan, 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, Madurai, 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 authorised 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 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 3rd August, 2011, 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 Banks 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. 500 Crores (Rupees Five hundred Crores).
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 3rd August, 2011, 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

**NOTICE TO SHAREHOLDERS (Contd.)**

not exceed at any time the aggregate of the paid-up capital and free reserves of the Company by more than Rs. 500 Crores (Rupees Five hundred Crores).

By Order of the Board

Place : Chennai

Date : 26.5.2012

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

**NOTES**

- 1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. 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 and 7 above is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed from 21.9.2012 (Friday) to 27.9.2012 (Thursday), both days Inclusive, for the purpose of payment of dividend.
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 it has 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 2003-04 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.



## NOTICE TO SHAREHOLDERS (Contd.)

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

Financial Year	Dividend paid	Tentative date for transfer to the said Fund
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
31.3.2011	August 2011	July 2018

- 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.
- 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 ECS to your old account may either be rejected or returned.

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

### Mr Sitaram Rao Valluri

Mr S R Valluri, a Doctorate in Aeronautics, and a Fellow Member in many of the prestigious research institutes in India.

Mr S R Valluri has held several senior positions, in various Government organizations. Was awarded "Padmasri" by the Government of India, in 1974.

Mr S R Valluri is on the Board of your Company from 23.2.1991 and has a special expertise in technology development and general management.

Mr S R Valluri is not holding Directorship / Committee positions in any other Company.

Mr S R Valluri does not hold any equity shares in your Company

### Mr P Vijayaraghavan

Mr P Vijayaraghavan is a Post Graduate in Chemistry and Post Graduate in Rubber Technology from IIT, Korakpur.

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

Mr P Vijayaraghavan is on the Board of your Company from 14.9.2007.

Mr P Vijayaraghavan headed Manufacturing, R&D, Quality, and Marketing Functions.

Mr P Vijayaraghavan has travelled extensively to more than 60 Countries in building the Exports of the Company.

Mr P Vijayaraghavan is holding Directorship in TVS Srichakra Investments Limited

Mr P Vijayaraghavan is holding 150 equity shares in your Company.

**NOTICE TO SHAREHOLDERS (Contd.)****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6**

At the Annual General Meeting of the Company held on 3rd August, 2011, Company has accorded its consent 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.300 Crores. Since it is anticipated that the fund requirements of the Company may substantially grow in view of the expansion 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.500 Crores (Rupees Five Hundred Crores only) over and above the aggregate of the paid-up capital and free reserves.

The approval of the shareholders in General Meeting is required as per Section 293(1)(d) 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.

**Item No. 7**

At the Annual General Meeting of the Company held on 3rd August, 2011, 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.300 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.500 Crores (Rupees Five 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.500 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 : 26.5.2012

**SHOBHANA RAMACHANDHRAN**  
*Managing Director*



## FIVE YEAR PERFORMANCE AT A GLANCE

Rs. in lakhs

PARTICULARS	2007-08	2008-09	2009-10	2010-11	2011-12
<b>A. OPERATING RESULTS</b>					
GROSS INCOME	52428	64432	75916	119318	151659
PROFIT BEFORE DEPN. INT. & TAX	3388	4162	7077	10264	13088
PROFIT BEFORE INT. & TAX	2480	3175	5899	8682	11008
PROFIT BEFORE TAX (PBT)	1371	1316	4337	5717	5475
PROFIT AFTER TAX (PAT)	932	901	2982	3917	3975
DIVIDENDS	268	268	766	957	1034
DIVIDEND TAX	46	46	130	159	167
RETAINED PROFITS	614	583	2086	2801	2774
<b>B. FINANCIAL STATUS</b>					
GROSS FIXED ASSETS	12729	14583	19232	24991	29312
NET FIXED ASSETS	6383	7229	11538	16495	19873
INVESTMENTS	125	125	261	261	1982
NET CURRENT ASSETS	15998	15607	14977	21206	27629
SHARE CAPITAL	766	766	766	766	766
RESERVES AND SURPLUS	5148	5731	7817	10618	13392
NET WORTH	5914	6497	8583	11384	14157
LOAN FUNDS	15855	15722	17446	25581	34029
DEFERRED TAX LIABILITY (NET)	737	742	747	997	1297
TOTAL CAPITAL EMPLOYED	22506	22961	26776	37962	49484
<b>C. KEY RATIOS</b>					
PBDIT TO NET SALES (%)*	6.45	6.97	9.29	8.36	8.43
PBIT TO NET SALES (%)*	4.46	5.26	7.61	6.90	6.94
PBT TO NET SALES (%)*	2.04	2.03	5.38	4.17	2.97
PBIT TO AV. CAPITAL EMPLOYED (%)*	10.07	13.34	21.43	23.13	22.15
RETURN ON AVERAGE NET WORTH (%)	16.63	14.52	39.55	39.23	31.13
EARNINGS PER SHARE (Rs.)	12.17	11.76	38.94	51.15	51.92
DIVIDEND PER SHARE (Rs.) #	4.10	4.10	11.70	14.57	15.69
DIVIDEND PAY OUT (%) #	33.64	34.81	30.04	28.49	30.21
BOOK VALUE PER SHARE (Rs.)	77.23	84.85	112.09	148.67	184.90
DEBT EQUITY RATIO (NO. OF TIMES)	2.68	2.42	2.03	2.25	2.40

\* Excluding other income

# including dividend tax

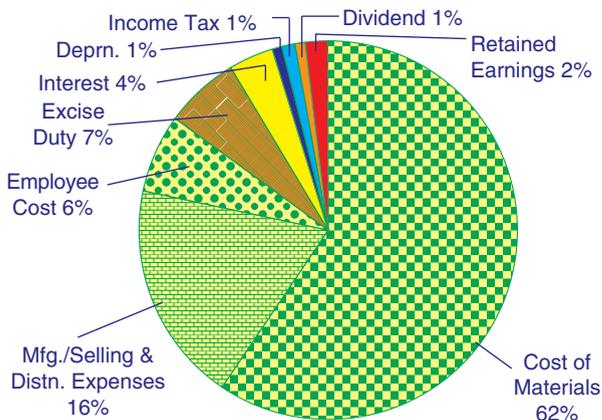
## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present their Twenty Ninth Report and audited statement of accounts for the year ended 31st March, 2012.

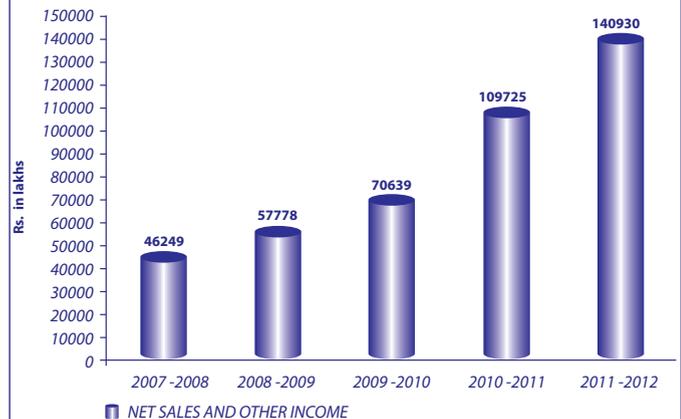
### FINANCIAL HIGHLIGHTS

	(Rs. in crore)	
	31.3.2012	31.3.2011
Net Sales & Other Income	1409.30	1097.26
Profit before Depreciation & Tax	75.55	72.99
Less : Depreciation	20.79	15.82
Provision for Tax – Current	12.00	15.50
– Deferred	3.00	2.50
Net Profit	39.75	39.17
Add : Surplus brought forward from Previous Year	86.63	62.62
Profit available for appropriation	126.38	101.79
Appropriations		
– Dividend to Equity Shareholders	10.34	9.57
– Dividend Tax	1.67	1.59
– Transfer to General Reserve	4.00	4.00
Balance Carried Forward	110.37	86.63

### SPLIT OF GROSS REVENUES



### GROSS REVENUES

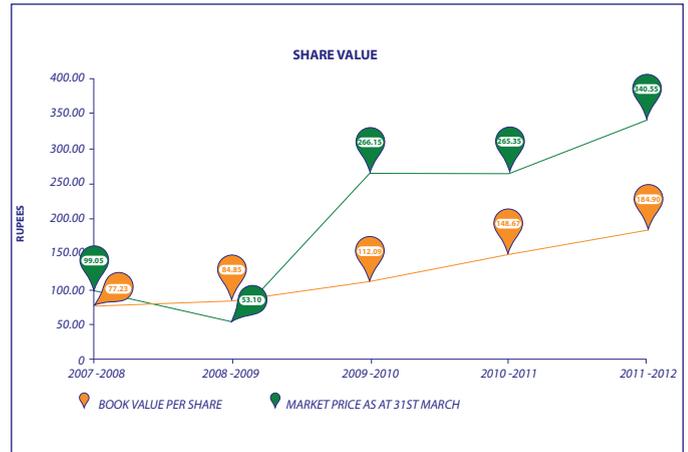
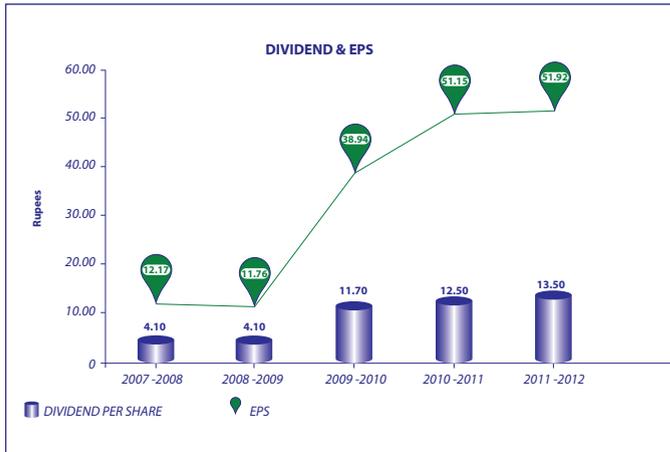


### DIVIDEND

The Directors are pleased to recommend a dividend of Rs.13.50 per equity share of Rs.10/- each (i.e. 135%) for the financial year ended 31st March, 2012 absorbing a sum of Rs.1201.39 lakhs, including tax on dividend, for the approval of the shareholders, at the ensuing Annual General Meeting.

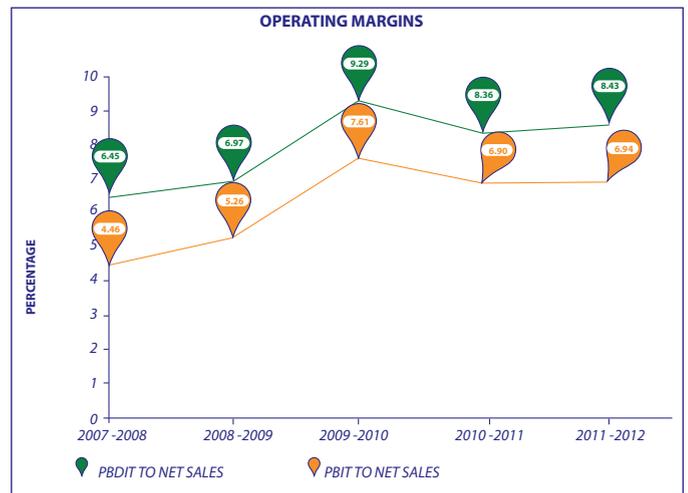
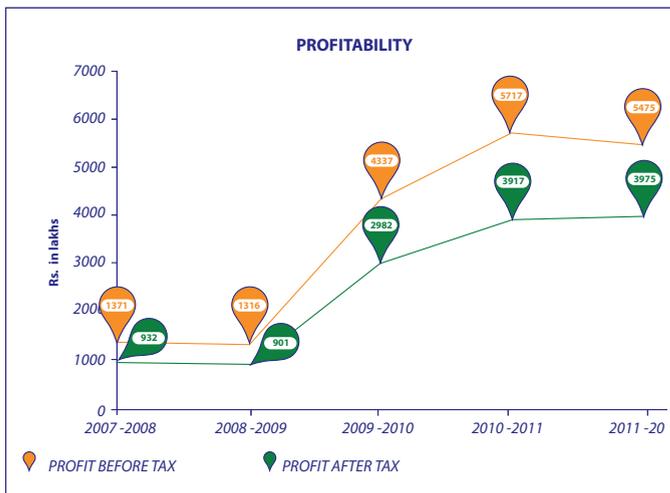


DIRECTORS' REPORT (Contd.)



PERFORMANCE

The Company's revenue recorded a growth of 28.44% from Rs.1097.26 Crores last year to Rs.1409.30 Crores for the year ended 31st March, 2012.



DOMESTIC MARKET

Your Company has recorded a double digit growth for the consecutive third year.

Original Equipment (OE) segment continued to maintain the leadership in the OE business. The significant increase in the business is due to product with newer technology, which has once again helped your Organisation to retain pioneer status in new technology introduction.

Sluggishness in the After Market (AM) segment continued during the current year also due to supply exceeding the demand in the market place. Excess supply was due to expansion activities carried out by all the tyre companies expecting a sizable growth in the OE segment, similar to the last two years, which did not happen. Your Company has taken focused improvement activities through external consultants and working aggressively to regain the market share.

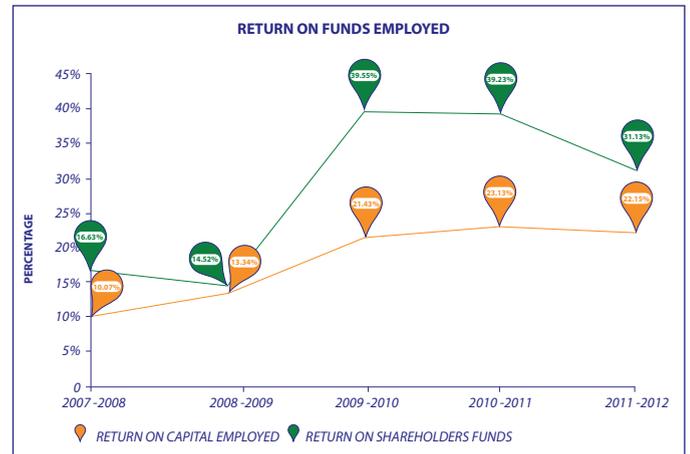
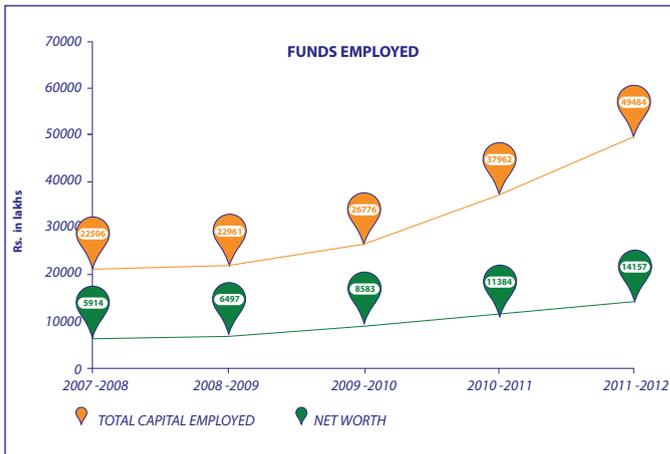
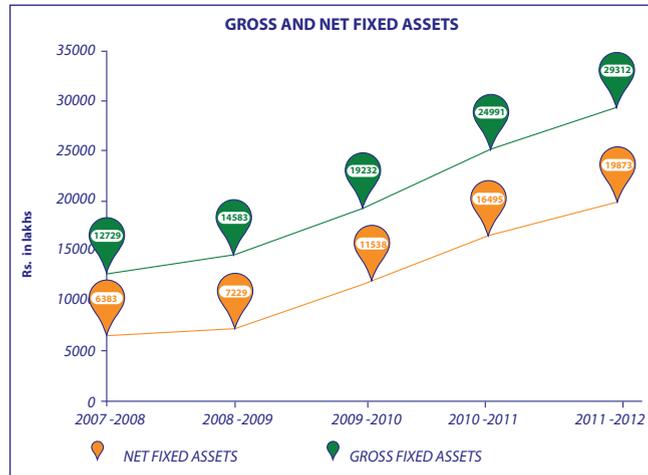
To supplement the above, your Company continued with the aggressive brand building activities and also launched new TV Commercials. The initial response indicates a positive sign and your Company's Brand Building exercise and promotional activities would reap benefits for the After Market team to substantially increase its market share in the coming years.

## DIRECTORS' REPORT (Contd.)

### OVERSEAS MARKET

The export business has witnessed a sizable growth during the current year.

Key initiatives taken by your Company during the current year include appointment of new distributors; focussed customer service activities existing markets and participation in the Tyre Expo.



### MANUFACTURING

Your Company has increased its production through productivity improvement and expansion activities in both Madurai and Uttarakhand Plants.

### INDUSTRIAL RELATIONS

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

### HUMAN RESOURCES

During the year, your Company took lot of Employee Engagement initiatives like QC awards, Fun at Work, etc.

A number of training programs have been organized by your Company during the year, which include a 3 day out-bound training program on Team Building, Organizational Intervention Program for improving Thinking and Communication skills, a Development Program on Negotiation Strategies and Decision Making, Employee Bonding initiatives, etc.



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

### **SUBSIDIARY**

During the year, your Company has formed a subsidiary in United Kingdom, namely, TVS Europe Distribution Limited for expanding its business in Europe. The said subsidiary has acquired another Company called Universal Components UK Limited.

In terms of Accounting Standard 21 prescribed by the Institute of Chartered Accountants of India / Companies (Accounting Standards) Rules, 2006, the accounts of the subsidiaries 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 Companies have not been attached to the accounts of your Company.

The copy of the Annual Reports of the Subsidiary Companies 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**

Mr Sitaram Rao Valluri and Mr P Vijayaraghavan 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**

A report on Corporate Governance, along with a certificate from the Auditors of the Company, regarding the compliance of conditions of Corporate Governance, as also the Management Discussion and Analysis Report, as stipulated under Clause 49 of the Listing Agreement, are annexed 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 Practicing Company Secretary at specified periodicity and the reports are being submitted to the Stock Exchanges.

### **COST AUDIT**

Due to the demise of Mr. C Ramamoorthy, Cost Auditor, who was auditing the cost accounts of the Company, the Board of Directors have appointed Dr. I Ashok, Cost Accountant, Madurai, to carry out an audit of cost accounts of the Company for the year 2011-12 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.

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

### **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, 2012.

### **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 2011-12, 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 - A thereto, containing information per requirement under the Companies (Auditor's Report) Order, 2003 attached with these annual accounts.

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

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

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

### **ACKNOWLEDGEMENT**

The Directors thank the bankers, customers, 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 : 26.5.2012

**S NARAYANAN**  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

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

### A. CONSERVATION OF ENERGY:

a) Measures taken in the year 2011-12

1. Electrical

- i) Conducting Energy Surveys and replacement of Energy Efficient motors / pumps to increase the efficiency of the process by conserving the electrical as well as mechanical energy.
- ii) VFD installed in mills there by reducing the peak load as well as reduction of the equivalent energy by efficient current controlling mode of VFD.
- iii) Compressed air conserved by leak management.
- iv) All the incandescent lamps were replaced with suitable CFL / LED lamps and the street lights are being installed with LED lamps replacing the SVL / MVL Bulbs.
- v) Efficiency test of the Lighting voltage reduction transformer revealed potential savings is consistently 20% of electricity.
- vi) Day light roof sheets were provided wherever possible. Tube lights inside the production area where switched off in day time.
- vii) Introduction of APFC in the Substation and maintenance of power factor with unity that reduced the conductor losses of our Cables and well as the TNEB conductors.
- viii) Reduction of Diesel Generators operation in HTSC 45 & 126 is achieved by availing dedicated feeder lines.

2. Thermal

- i) Additional Condensate Recovery pump installed and recovery improved and feed water temperature increased for optimizing steam generation.
- ii) Export plant Additional process water recovery is achieved by erection of a process water collection tank.
- iii) Damaged insulation in steam lines were insulated.
- iv) Steam conserved by leak management.
- v) Flash steam recovery system installed to increase the water recovery from flash steam.
- vi) Reduction of Firewood consumption is achieved by continued usage of fuel additives.

- 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 litre 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.
  - iii) Day light harvesting to save electricity usage on day time lighting.
  - iv) Solar power for the Office buildings.
  - v) Power harmonics reduction to conserve the energy and reduction of equipment failure.
  - vi) Dedicated feeder for HTSC 75 service connection to reduce the DG operation.
- 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.

### FORM A

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

	2011- 12	2010 - 11
<b>1. Electricity</b>		
a) Purchased :		
(Units)	3,46,77,421	2,98,32,670
Total Amount (Rs.)	16,81,39,447	11,60,49,088
Rate / Unit (Rs.)	4.85	3.89
b) Own Generation :		
i) Through Diesel		
Generating Sets (units)	94,39,861	1,45,93,617
Units per litre of diesel oil	2.68	3.04
Cost / Unit (Rs.)	15.15	12.20
ii) Through Wind Mill	77,88,380	1,00,17,243
(for Captive Consumption)		
Total Cost (Rs.)	22,09,378	28,04,828
Rate / Unit (Rs.)	0.28	0.28

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

	2011- 12	2010 - 11
<b>2. Furnace Oil</b>		
Quantity (Litres)	<b>32,25,978</b>	55,65,390
Total Cost (Rs.)	<b>9,48,48,350</b>	12,94,14,077
Average rate (Rs.) / Litre	<b>29.40</b>	23.25
<b>3. Others</b>		
Quantity (MT)	<b>53,621</b>	40,071
Total Cost (Rs.)	<b>18,45,11,181</b>	12,33,83,805
Average rate (Rs.) / MT	<b>3,441.04</b>	3,079.10

**(B) CONSUMPTION PER UNIT OF PRODUCTION**

Electricity (Units)	<b>2.81</b>	2.95
Furnace Oil (Litre)	<b>0.17</b>	0.30
Others (Kgs)	<b>2.91</b>	2.17

**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 by optimization of specification and process parameters, newer processes for manufacture of domestic & export tyres.

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

The R & D activities carried out by your Company has assisted the Company in OE market and also proved your Company's ability to introduce new products, including products with upgraded capabilities, as and when required by domestic market, besides entering into new overseas market.

3. Future Plan of Action:

Manufacture of high performance products for both domestic & export market.

Technology upgradation to improve process yield.

	Rs. in Crore
<b>4. Expenditure on R&amp;D:</b>	
a) Capital	1.67
b) Recurring	9.43
c) Total	11.10
d) Total R & D expenditure as a percentage of total turnover	0.79%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

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

Introduction of new products resulted in both OEM & Export markets and improved consistency in quality of product / process.

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

Company was able to develop a whole range of new products for OE, After 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.170.06 crore

Interest Rs. 2.59 crore

Others -

- c) Outgo Rs. 366.07 crore



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Economic Review

India's GDP Growth Rate is expected to be in the range of 6.90% in the year 2011-12 and the slow-down in comparison to the preceding two years was due to deceleration in industrial growth. This was further dampened by increased current account deficit and reduced net capital inflow, which put pressure on exchange rate. However, India's GDP is expected to be in the range of 7.60% in 2012-13.

### 2. Industry Structure and Development

The Indian Tyre Industry is estimated to grow at around 10% to 12% in the year 2012-13 over the year 2011-12. Growth in OE segment will be driven by vehicle demand, while consumption in the After Market will be affected by general economic condition and usage. However, the overall buoyancy in economic situation expected in the second half of the fiscal year, should augur well for growth in After Market segment.

In an environment of increasing inflation, fuel prices and interest rates, two wheeler industry has recorded a healthy volume growth of 15.56% for the year ended 31st March, 2012.

Natural Rubber price continued to rule high since the consumption was more than the production and imports during the year 2011-12.

Power shortage and the introduction of power holidays has been a major concern area for all the industries, with particular reference to tyre industry. Lot of prevailing restrictive measures have added woes to your Company's increasing power cost.

### 3. Performance of the Company

Market :

Original Equipment Manufacturers:

Your Company's performance in the OE segment during the year 2011-12 was good enough to maintain its leadership position.

After Market :

After Market segment continued to be sluggish during the year 2011-12 due to excess supply than the demand. Your Company is continuing its brand building exercise to increase its presence in the After Market segment.

Export :

Export market witnessed a steady growth during the current year. Appointment of new distributors, exploration of new markets, expanding the existing markets, etc. are some of the initiatives taken by your Company during the year to register the above growth.

Manufacturing :

Continuous improvements are implemented to improve manufacturing quality and productivity in many of the manufacturing areas.

Cost Management :

Value engineering, reducing process scrap and operational efficiency projects are being pursued with the help of outside consultants.

### 4. Outlook

OE segment is expected to grow in the range of 8% to 12%. Your Company has taken stock of the indicators and has taken steps for increasing its presence with all OE manufacturers.

On the positive side, After Market segment is showing signs of recovery. This is due to the double digit growth rate achieved by the OE segment in the last three years, which should naturally flow to After Market segment in the coming years. Focused improvement programs have been designed by your Company for implementation during the year 2012-13.

Automobile growth in Export market is projected to be in the range of 22% to 24% till 2016-17. Your Company

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

has taken an ambitious growth rate for the year 2012-13 and is hopeful of achieving the same with increased penetration in new countries. Apart from new initiatives planned in Off Highway Tyres, new innovative patterns for two and three wheelers are planned.

Consumption of Natural Rubber was more than the production by 7% during the year 2011-12. However, the consumption of Natural Rubber in the tyre industry has increased by 6.3%. According to Rubber Board projections, there will be a deficit of Natural Rubber in the year 2012-13, which will definitely push the prices of Natural Rubber.

Adequate capital expenditure is planned for the year 2012-13 to support the above growth. The expenditure will be incurred on case to case basis.

### 5. Opportunity and Threats

Urbanization of smaller towns may fuel the demand for two wheelers amongst the youth and middle class population.

Rising inflation and increasing interest cost is always a threat to the Industry. Apart from this, introduction of small sized economy model cars is also a threat to two wheeler demand. Low cost tyre from China, volatility in raw material prices, with particular reference to Natural Rubber, non-availability of skilled manpower are other threats faced by the Industry as a whole.

### 6. 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 Indian Tyre Industry faces major concerns such as inflation, rising interest rates, change in economic scenario, competition from imports, etc.

However, given the strong fundamentals of your Company, the Company does not expect to be significantly affected by this risk in the long term.

Internal Risks:

a) Business mix 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.

Increasing our presence in the After Market segment will automatically reduce our dependence on OE segment. Your company is in the advanced stage of implementation of tractor radials, which will boost the de-risking plans of your Company.

Risk Assessment Study across the Company was done and the identified risks are being monitored and mitigation plans are designed.

### 7. 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,



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

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.

### 8. 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.

### 9. Discussion on Financial Performance

	Rs. in Crore
Net Sales & Other Income	1409.30
Net profit	39.75

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.1396 crore, which is a landmark achievement. This reflects a sales growth of 29%.

### 10. 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, 2012, 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, 2012. These were on 27.5.2011, 3.8.2011, 12.11.2011 and 4.2.2012 and the gap between two meetings did not exceed four months.

#### Attendance and other Directorships

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 Ramachandhran	Executive	7	-	3	Yes
Mr M S Viraraghavan	Non-Executive & Independent	-	-	4	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	-	4	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](http://www.tvstyres.com). All the Board Members and Senior Management Personnel have affirmed compliance with the Code for the year ended 31st March, 2012. The annual report contains a declaration to this effect signed by the Managing Director and the Company Secretary, as compliance officer of the Code.

**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 Athreya, 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 27.5.2011, 2.8.2011, 12.11.2011 and 4.2.2012. 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 Athreya	4
Mr Sitaram Rao Valluri*	1
Mr P Vijayaraghavan	4
Mr H Janardana Iyer	3

\* Mr. Sitaram Rao Valluri has resigned from the Audit Committee with effect from 28.5.2011.

Company Secretary is the Secretary of the Audit Committee

Mr R Naresh, Executive Vice Chairman and Ms Shobhana Ramachandran, Managing Director, 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
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(a) Mr S Narayanan	(b) 0.30	(c) 5.84	(d) 6.14	(e) 2195,
(a) Mr M S Viraraghavan	(b) 0.40	(c) 11.50	(d) 11.90	(e) 900,
(a) Mr N H Atthreya	(b) 0.40	(c) 11.50	(d) 11.90	(e) 1200,
(a) Mr Sitaram Rao Valluri	(b) 0.20	(c) 6.56	(d) 6.76	(e) Nil,
(a) Mr P Vijayaraghavan	(b) 0.90	(c) 11.50	(d) 12.40	(e) 150,
(a) Mr H Janardana Iyer	(b) 0.30	(c) 11.50	(d) 11.80	(e) Nil

The details of remuneration to the Managing Director and Executive Vice Chairman for the financial year ended 31st March, 2012 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) 55.59	(d) 116.79	(e) Nil	(f) 172.38;
(a) Mr R Naresh	(b) Executive Vice Chairman	(c) Nil	(d) 116.79	(e) Nil	(f) 116.79

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

## 6. Shareholders/Investors Grievance 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 only one complaint during the year 2011-12 and it was resolved. As on 31st March, 2012 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 31.3.2012.



**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 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, 2012.

**7. General Body Meetings:**

Location and time where the annual general meetings were held during the last three years

Year	Location	Date & Time
2008-09	Lakshmi Sundaram Hall 15-A Gokhale Road Madurai 625 002	25.9.2009, 10.15 A.M
2009-10	-do -	20.9.2010, 10.00 A.M
2010-11	-do -	3.8.2011, 10.30 A.M

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 web site 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	27th September, 2012 10.30 AM
	Venue	Lakshmi Sundaram Hall 15-A Gokhale Road, Madurai 625 002
b)	Financial Calendar	April 2012 to March 2013 First Quarter Results – on or before 14.8.2012 Half Yearly Results – on or before 14.11.2012 Third Quarter Results – on or before 14.2.2013 Annual Results for the year ending 31st March, 2013 – on or before 30th May, 2013
c)	Date of Book closure	From 21.9.2012 to 27.9.2012 (both days inclusive)

**CORPORATE GOVERNANCE (Contd.)**

d)	Dividend Payment Date	Dividend will be paid on 5.10.2012
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 2012-13
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, 2012**

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1 to 500	16901	95.47	1874456	24.48
501 to 1000	502	2.84	365521	4.77
1001 to 2000	161	0.91	233789	3.05
2001 to 3000	46	0.26	119166	1.56
3001 to 4000	20	0.11	68992	0.90
4001 to 5000	17	0.10	79380	1.04
5001 - 10000	16	0.09	109186	1.43
10001 & above	40	0.22	4806560	62.77
Total	17703	100.00	7657050	100.00



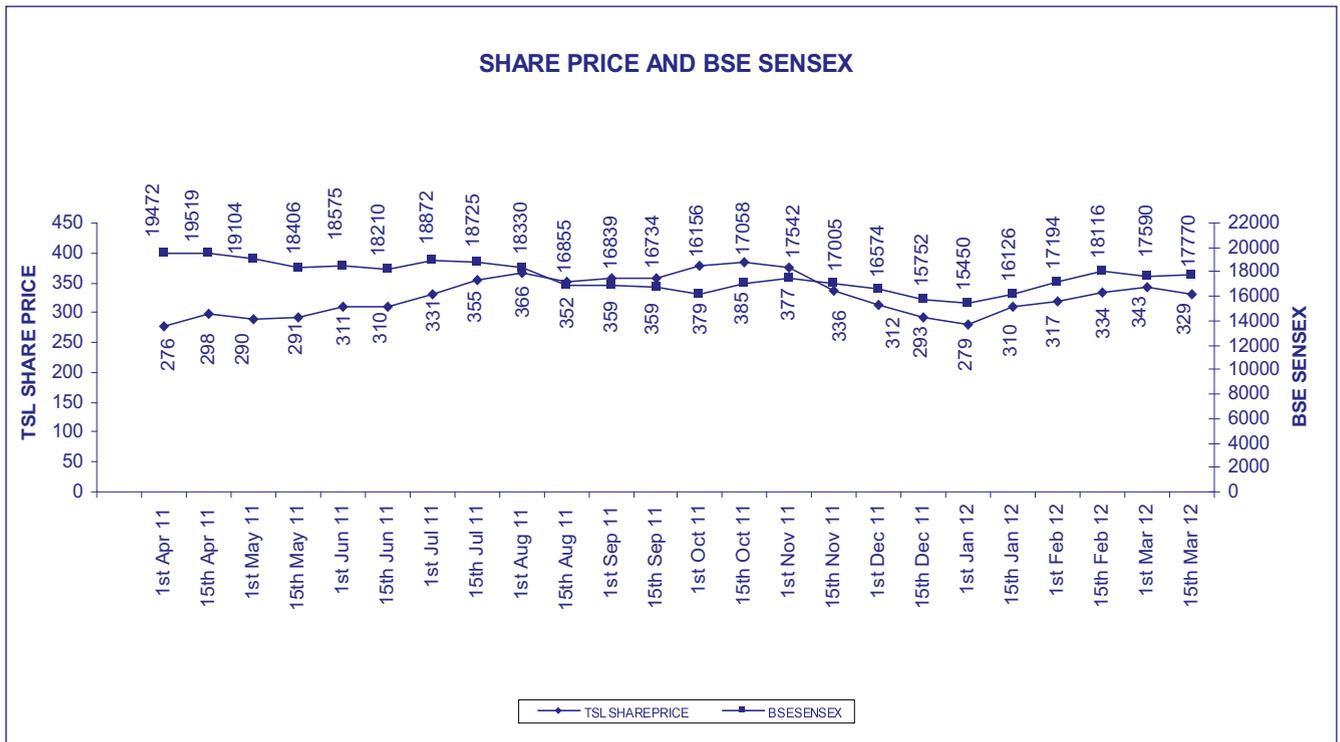
**CORPORATE GOVERNANCE (Contd.)**

j) Share Price Data

Month	Bombay Stock Exchange Ltd. (BSE)		National Stock Exchange Ltd. (NSE)	
	High	Low	High	Low
April 2011	304.35	269.05	308.20	273.45
May 2011	309.75	270.00	307.15	272.05
June 2011	318.85	299.80	316.35	299.65
July 2011	393.35	326.15	392.10	330.50
August 2011	373.25	328.65	374.55	328.85
September 2011	381.30	356.65	380.00	358.25
October 2011	392.05	372.15	393.95	372.05
November 2011	373.40	306.30	374.00	305.65
December 2011	313.35	270.00	311.45	271.10
January 2012	326.15	283.10	325.40	279.80
February 2012	345.15	299.80	340.65	297.55
March 2012	340.55	325.00	340.25	325.00

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 be 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, 2012, 85.69% 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>
	Details of public funding obtained in the last three years	No capital has been raised in the last three years.
	Outstanding GDRs /ADRs / Warrants or any convertible instruments	Not issued
m)	Secretarial Audit	<p>A qualified Practicing Company Secretary carried out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL), and in physical form with the total number of paid-up / listed capital. The audit confirms that the total paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.</p>
n)	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@integratedindia.in</p>
o)	Plant Location	<p>Tamil Nadu</p> <ol style="list-style-type: none"> <li>Vellaripatti Village, Melur Taluk, Madurai District, Pin 625 122</li> <li>Narasingampatti Village, Therkutheru, Melur Taluk, Madurai District, Pin 625 122</li> </ol> <p>Uttarakhand</p> <p>Plot No.7, Sector – 1, Integrated Industrial Estate, SIDCUL, Pantnagar 263153, Rudrapur, Tehsil – Kichha, District Udham Singh Nagar, Uttarkhand</p>
p)	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>

**CORPORATE GOVERNANCE (Contd.)**

q)	Compliance Officer	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
r)	Exclusive email id for redressal of investor complaints	In terms of Clause 47 (f) of the Listing Agreement, investors may use the email id <a href="mailto:investorgrievances@tvstyres.com">investorgrievances@tvstyres.com</a> for redressal of complaints.
s)	Website	<a href="http://www.tvstyres.com">www.tvstyres.com</a>

**10. Unclaimed Share Certificates**

In terms of the provisions of Clause 5A of the Listing Agreement, shares issued pursuant to the Public Issues or any other issues which remain unclaimed shall be credited to a demat suspense account with one of the Depository Participants opened by the Company for this purpose. As per this clause, the Company has sent three reminder letters to the shareholders, whose share certificates were lying with the Company. In this regard, the Company has opened demat suspense account with M/s Geojit BNP Paribas Financial Services Limited, Kochi. As and when the shareholder approaches the Company with required documents, the Company shall credit the shares lying in the suspense account to the demat account of the shareholder.

**11. 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 31.3.2012, 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 : 26.5.2012



## 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, 2012 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 : 26.5.2012

### 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, 2012.

Place : Chennai  
Date : 26.5.2012

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, 2012 and also the Statement of Profit and Loss 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 Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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, 2012;
  - (b) in the case of the Statement of Profit and Loss, 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 : 26.5.2012

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 granted a loan of Rs.1012 lakhs during the year to a subsidiary Company. The rate of interest and terms and conditions on which such loan has been given is not prejudicial to the interests of the Company. The loan together with interest of Rs.25.88 lakhs is outstanding at the end of the year. The maximum amount outstanding at any time during the year is 1037.88 lakhs.  
(b) The Company has taken during the year Rs.1500 lakhs as loan from a party 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 loan was 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 in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. The Company has not accepted deposits from the public.
8. The Company has an internal audit system commensurate with the size of the Company and nature of its business.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

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

10. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Excise Duty, Sales Tax, Service Tax, Custom Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31.3.2012 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	-	-	-
Customs, Excise and Service Tax Appellate Tribunal	158.00	-	-
Commissioner of Central Excise	2.83	-	-
Deputy Commissioner of Central Excise	6.04	-	-
Assistant Commissioner of Central Excise	21.80	-	-
Appellate Tribunal	-	-	3.21
Assessing Officer	-	-	12.91

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 given guarantee of (GBP 610000) Rs.492.64 lakhs to a Bank for the loan taken by a Subsidiary Company.
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 : 26.5.2012



## BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	31.3.2012	Rs. in lakhs 31.3.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	1	765.70	765.70
(b) Reserves and Surplus	2	13391.78	10617.99
(c) Money received against share warrants			
<b>2 Share application money pending allotment</b>			
		—	—
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	13451.76	7608.60
(b) Deferred tax liabilities (Net)	4	1297.42	997.42
(c) Other Long term liabilities	5	1274.18	1214.42
(d) Long-term provisions	6	148.43	126.11
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	16851.43	15066.95
(b) Trade payables	8	24301.98	20960.31
(c) Other current liabilities	9	3725.67	2962.60
(d) Short-term provisions	10	4117.90	4523.65
	Total	<u>79326.25</u>	<u>64843.75</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets	11	17368.44	15407.62
(ii) Intangible assets	11	341.40	48.04
(iii) Capital work-in-progress	11	2163.15	1039.21
(b) Non-current investments	12	1981.76	261.04
(c) Long-term loans and advances	13	3694.99	667.95
<b>2 Current assets</b>			
(a) Inventories	14	30033.17	26433.49
(b) Trade receivables	15	18955.32	17394.06
(c) Cash and cash equivalents	16	561.32	513.25
(d) Short-term loans and advances	17	4226.70	3079.09
	Total	<u>79326.25</u>	<u>64843.75</u>
Significant Accounting Policies	25		
Notes on Accounts	26		

SHOBHANA RAMACHANDHRAN  
Managing Director

As per our report attached  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Registration No. 004207 S

S NARAYANAN  
Chairman

Place : Chennai  
Date : 26.5.2012

K S NARAYANASWAMY  
Partner  
Membership No. 8593

P SRINIVASAN  
Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Rs. in lakhs		
		Note No.	31.3.2012	31.3.2011
I.	Revenue from operations	18	<b>140344.98</b>	109089.24
II.	Other income	19	<b>584.56</b>	636.51
<b>III.</b>	<b>Total Revenue (I + II)</b>		<b><u>140929.54</u></b>	<u>109725.75</u>
IV.	Expenses:			
	Cost of materials consumed	20	<b>96721.59</b>	75485.19
	Purchases of Traded goods		<b>40.86</b>	77.32
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	<b>-2406.59</b>	-6511.30
	Employee benefit expenses	22	<b>9624.02</b>	8553.87
	Finance costs	23	<b>5533.10</b>	3183.50
	Depreciation and amortization expense	11	<b>2079.46</b>	1582.02
	Other expenses	24	<b>23861.92</b>	21638.27
	Total expenses		<b><u>135454.36</u></b>	<u>104008.87</u>
<b>V.</b>	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>5475.18</b>	5716.88
VI.	Exceptional items		-	-
<b>VII.</b>	<b>Profit before extraordinary items and tax (V - VI)</b>		<b>5475.18</b>	5716.88
VIII.	Extraordinary Items		-	-
<b>IX.</b>	<b>Profit before tax (VII - VIII)</b>		<b>5475.18</b>	5716.88
X.	Tax expense :			
	(1) Current tax		<b>1200.00</b>	1550.00
	(2) Deferred tax		<b>300.00</b>	250.00
<b>XI.</b>	<b>Profit/(Loss) for the period from continuing operations (IX-X)</b>		<b>3975.18</b>	3916.88
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
<b>XIV.</b>	<b>Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)</b>		<b>-</b>	-
<b>XV.</b>	<b>Profit/(Loss) for the period (XI + XIV)</b>		<b><u>3975.18</u></b>	<u>3916.88</u>
XVI.	Earnings per equity share:			
	(1) Basic		<b>51.92</b>	51.15
	(2) Diluted		-	-
	Significant Accounting Policies	25		
	Notes on Accounts	26		

SHOBHANA RAMACHANDHRAN  
Managing Director

As per our report attached  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Registration No. 004207 S

S NARAYANAN  
Chairman

Place : Chennai  
Date : 26.5.2012

K S NARAYANASWAMY  
Partner  
Membership No. 8593

P SRINIVASAN  
Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	31.3.2012		31.3.2011
			Rs. in lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Profit before tax		5475.18	5716.88
Adjustments for :			
Depreciation	2079.46		1582.02
Interest paid	5533.10		2964.83
Interest received	(76.15)		(45.07)
Dividend Received	(25.00)		(15.00)
Rent received	(0.18)		(0.18)
(Profit)/Loss on Sale of Assets	-		3.36
Assets Condemned	5.26		-
Non operating income	(36.24)		(126.70)
		<u>7480.25</u>	<u>4363.26</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>12955.43</b>	<b>10080.14</b>
Adjustments for :			
Trade Receivables	(1561.26)		(5500.46)
Other Receivables	(361.46)		(506.26)
Inventories	(3599.68)		(10889.90)
Trade and other payables	3011.98		9131.54
		<u>(2510.42)</u>	<u>(7765.08)</u>
<b>Cash Generated From Operations</b>		<b>10445.01</b>	<b>2315.06</b>
Direct taxes paid		1248.37	1475.87
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>9196.64</b>	<b>839.19</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of Fixed Assets	(8263.83)		(6550.60)
Proceeds from disposal of assets	-		8.49
Investments Made	(1720.72)		-
Dividend received	25.00		15.00
Non operating income	36.24		126.70
Rent received	0.18		0.18
Interest received	76.15		45.07
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>(9846.98)</b>	<b>(6355.16)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Interest paid	(5533.10)		(2964.83)
Proceeds/(Repayment) from short term borrowings	1784.48		3585.12
Proceeds/(Repayment) of long term borrowings	6575.32		4550.58
Loan given	(1012.20)		-
Dividend & Dividend tax paid	(1116.09)		-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES: (C)</b>		<b>698.41</b>	<b>5170.87</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>48.07</b>	<b>(345.10)</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>		<b>513.25</b>	<b>858.35</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>		<b>561.32</b>	<b>513.25</b>

SHOBHANA RAMACHANDHRAN

Managing Director

Place : Chennai

Date : 26.5.2012

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, 2012. 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 Statement of Profit and Loss and Balance Sheet of the Company by our report dated 26.5.2012 to the members of the Company.

For SUNDARAM &amp; SRINIVASAN

Chartered Accountants

Firm Registration No. 004207 S

K S NARAYANASWAMY

Partner

Membership No.8593

Place : Chennai

Date : 26.5.2012

## NOTES TO FINANCIAL STATEMENTS

	Rs. in lakhs	
NOTE 1 - SHARE CAPITAL	31.3.2012	31.3.2011
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs. 10 each	<u>1000.00</u>	<u>1000.00</u>
<b>Issued, Subscribed and fully Paid Up:</b>		
76,57,050 Equity Shares of Rs. 10 each	<u>765.70</u>	<u>765.70</u>
<b>Subscribed &amp; Paid up</b>		
76,57,050 Equity Shares of Rs.10 each fully paid	<b>765.70</b>	765.70
<b>Subscribed but not fully Paid up</b>		
Equity Shares of Rs. 10 each, not fully paid up.		
Total	<u><b>765.70</b></u>	<u>765.70</u>
	Equity Shares	
	No.'000	Rs. In lakhs
Shares outstanding at the beginning of the year	7657.05	765.70
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	7657.05	765.70
<b>Other Information :</b>		
Equity Share holders holding more than 5% of the total Share capital of the Company		
T V Sundram Iyengar & Sons Limited	27.73%	27.73%
Sundaram Industries Limited	9.79%	9.79%

Rights, preferences and restrictions attached to shares -

Equity shares - The Company has one class of equity share having a par value of Rs. 10/- each. Each share holder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Each shareholder also has a residual interest in the assets of the Company in proportion to their shareholding, in the unlikely event of liquidation of the Company.



## NOTES TO FINANCIAL STATEMENTS (Contd.)

	Rs. in lakhs	
NOTE 2 - Reserves and Surplus	31.3.2012	31.3.2011
<b>a. Capital Reserves</b>		
Opening Balance	0.16	0.16
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>0.16</u>	<u>0.16</u>
<b>b. Securities Premium Account</b>		
Opening Balance	93.57	93.57
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	<u>93.57</u>	<u>93.57</u>
<b>c. Other Reserves - Surplus on Amalgamation</b>		
Opening Balance	46.24	46.24
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>46.24</u>	<u>46.24</u>
<b>d. Other Reserves - General Reserve</b>		
Opening Balance	1861.00	1461.00
(+) Current Year Transfer	400.00	400.00
(-) Written Back in Current Year	-	-
Closing Balance	<u>2261.00</u>	<u>1861.00</u>
<b>e. Surplus</b>		
Opening balance	8617.02	6216.23
(+) Net Profit/(Net Loss) For the current year	3975.18	3916.88
(-) Proposed Dividend	1033.70	957.12
(-) Dividend Tax	167.69	158.97
(-) Transfer to Reserves	400.00	400.00
Closing Balance	<u>10990.81</u>	<u>8617.02</u>
Total	<u>13391.78</u>	<u>10617.99</u>

## NOTES TO FINANCIAL STATEMENTS (Contd.)

	Rs. in lakhs	
NOTE 3 - Long Term Borrowings	31.3.2012	31.3.2011
<b>Secured</b>		
<b>(a) Term loans</b>		
from banks	13063.00	6169.00
from other parties	<u>388.76</u>	<u>1438.00</u>
	<u>13451.76</u>	<u>7607.00</u>
<b>Unsecured</b>		
<b>(a) Long term maturities of finance lease obligations</b>	-	1.60
	-	<u>1.60</u>
<b>Total Long Term Borrowings</b>	<u>13451.76</u>	<u>7608.60</u>

## Additional Information :

## a. Details of Security for Secured Loans

- a) 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 including 1 No.1250 KW Wind Electric Generator located at Vadavalli Village, Palladum Taluk, Coimbatore District. Further the Term Loan from 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, Uttarakhand.
- b) Term Loan from Karur Vyasa Bank Ltd., is secured by hypothecation of Specific Plant and Machinery located at Company's Plant at Vellaripatti Village, Madurai.
- c) Term Loan from Sundaram Finance Ltd., is secured by hypothecation of Specific Plant & Machinery located at Pant Nagar, Rudrapur, Uttarakhand as well as Specific Plant and Machinery located at Vellaripatti Village, Madurai.
- d) Term Loan from DBS Bank is secured by hypothecation of Specific Plant & Machinery located at Madurai as well as specified immovable properties located at Madurai. The Charge for the same is yet to be created.

	31.3.2012	31.3.2011
<b>NOTE 4 - Deferred Tax Liability/Assets</b>		
i) Deferred Tax Liability		
a) On account of Depreciation on Fixed Assets	1352.11	1040.11
b) On account of timing Differences in Recognition of Expenditure	-	-
ii) Deferred Tax Asset		
a) On account of timing Differences in Recognition of Expenditure	54.69	42.69
Total	<u>1297.42</u>	<u>997.42</u>

**NOTE 5 - Other Long Term Liabilities**

(a) Trade Payables	-	-
(b) Others	1274.18	1214.42
Total	<u>1274.18</u>	<u>1214.42</u>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

Rs. in lakhs

## NOTE 6 - Long Term Provisions

	31.3.2012	31.3.2011
<b>(a) Provision for employee benefits</b>		
Leave Encashment (unfunded)	148.43	126.11
(b) Others	-	-
(c) Provision for Taxation	-	-
Total	<u>148.43</u>	<u>126.11</u>

## NOTE 7 - Short Term Borrowings

## Secured

## (a) Loans repayable on demand

from banks	16851.43	15066.95
from other parties	-	-
Total	<u>16851.43</u>	<u>15066.95</u>

## Additional Information :

## a. Details of Security for Secured Loans

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.

## NOTE 8 - Trade Payables

i) To Micro Small and Medium Enterprises	-	-
ii) Others	24301.98	20960.31
Total	<u>24301.98</u>	<u>20960.31</u>

## NOTE 9 - Other Current Liabilities

(a) Current maturities of long-term debt	3636.24	2901.83
(b) Current maturities of finance lease obligations	1.60	3.85
(c) Interest accrued but not due on borrowings	7.84	-
(d) Unpaid dividends	79.99	56.92
Total	<u>3725.67</u>	<u>2962.60</u>

## NOTE 10 - Short Term Provisions

## (a) Provision for employee benefits

Salary & Reimbursements	448.87	472.32
Contribution to PF	39.28	27.60
Leave encashment	16.31	8.77
Gratuity (Funded)	171.15	78.01

## (b) Others - Other Creditors

2198.91 2730.50

## (c) Provisions

Taxation Less Advance Tax	41.99	90.36
Dividend	1033.70	957.12
Dividend Tax	167.69	158.97

Total 4117.90 4523.65

# NOTES TO FINANCIAL STATEMENTS (Contd.)

## NOTE 11 - Fixed Assets

Rs. in lakhs

Fixed Assets	GROSS BLOCK		ACCUMULATED DEPRECIATION			NET BLOCK			
	As at 31 March 2011	Additions	Disposals	As at 31 March 2012	As at 31 March 2011	Depreciation charge for the year	On disposals	As at 31 March 2012	As at 31 March 2011
<b>a Tangible Assets</b>									
Land - Freehold	102.03	-	-	102.03	-	-	-	-	102.03
Land - Leasehold	285.36	-	-	285.36	6.03	3.17	-	9.20	279.33
Buildings	3965.76	1185.54	-	5151.30	588.82	141.30	-	730.12	3376.94
Plant and Machinery	18903.54	2179.26	-	21082.80	8378.75	1787.70	-	10,166.45	10524.79
Furniture and Fixtures	309.56	74.96	1.18	383.34	157.00	23.18	0.93	179.25	152.56
Vehicles	107.33	17.84	16.59	108.58	45.62	9.88	11.58	43.92	61.71
Office equipment	203.89	149.13	-	353.02	124.87	25.09	-	149.96	79.02
Others (Electrical)	1048.73	402.45	-	1451.18	217.49	52.78	-	270.27	831.24
Total	24926.20	4009.18	17.77	28917.61	9518.58	2043.10	12.51	11549.17	15407.62
<b>b Intangible Assets</b>									
Computer software	64.61	329.72	-	394.33	16.57	36.36	-	52.93	48.04
Total	64.61	329.72	-	394.33	16.57	36.36	-	52.93	48.04
<b>c Capital Work In Progress</b>									
Total	-	-	-	-	-	-	-	-	1039.21
GRAND TOTAL (a + b + c)	24990.81	4338.90	17.77	29311.94	9535.15	2079.46	12.51	11602.10	16494.87
Previous Year	19231.92	5835.47	76.58	24990.81	8017.86	1582.02	64.73	9535.15	15455.66

## NOTES TO FINANCIAL STATEMENTS (Contd.)

### NOTE 12 - Non Current Investments

Rs. in lakhs

As at  
31.3.2012

As at  
31.3.2011

#### Non Trade

Investment in Equity instruments

1990.32

269.60

Less : Provision for diminution in the value of Investments in an earlier year

8.56

Total

1981.76

261.04

#### Details of Non Trade Investments

Name of the Body Corporate	Subsidiary/ Associate/ JV/ Controlled Entity/ Others	No. of Shares/units		Quoted/ Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Amount (Rs. in lakhs)		Whether stated at Cost Yes/No	If Answer to Column (9) is 'No' - Basis of Valuation
		As at 31 March 2012	As at 31 March 2011			As at 31 March 2012	As at 31 March 2011				
		As at 31 March 2012	As at 31 March 2011			As at 31 March 2012	As at 31 March 2011				
<b>Investment in Equity Instruments</b>											
TVS Europe Distribution Ltd	Subsidiary	2125000/ 1 GBP	Nil	Unquoted	Fully paid	85	-	1720.72	0.00	yes	-
TVS Srichakra Investment Ltd	Subsidiary	2050000/ Rs 10	2050000/ Rs 10	Unquoted	Fully paid	100	100	205.00	205.00	yes	-
Van Leeuwen Tyres & Wheels BV	Associate	15000/ 1 Euro	15000/ 1 Euro	Unquoted	Fully paid	30	30	8.57	8.57	yes	-
ZF Electronics TVS (India) Pvt Ltd	Associate	500000/ Rs.10	500000/ Rs.10	Unquoted	Fully paid	50	50	53.58	53.58	yes	-
Arkam Energy (Rameshwaram) Ltd	Others	24500/ Rs 10	24500/ Rs 10	Unquoted	Fully Paid	-	-	2.45	2.45	yes	-
<b>Investments in Preference Shares</b>											
<b>Total</b>								<b>1990.32</b>	<b>269.60</b>		
Less : Provision for diminution in the value of Investments in an earlier year								<b>8.56</b>	<b>8.56</b>		
<b>Total</b>								<b>1981.76</b>	<b>261.04</b>		

## NOTES TO FINANCIAL STATEMENTS (Contd.)

Rs. in lakhs

## NOTE 13 - Long Term Loans and Advances

	31.3.2012	31.3.2011
<b>a. Capital Advances</b>		
Secured, considered good	-	-
Unsecured, considered good	3055.08	254.09
Doubtful		
Less: Provision for doubtful advances	-	-
	<u>3055.08</u>	<u>254.09</u>
<b>b. Security Deposits</b>		
Secured, considered good	-	-
Unsecured, considered good	227.20	166.00
	<u>227.20</u>	<u>166.00</u>
<b>c. Loans and advances to related parties</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
	<u>-</u>	<u>-</u>
<b>d. Other loans and advances</b>		
Secured, considered good	-	-
Unsecured, considered good	412.71	247.86
	<u>412.71</u>	<u>247.86</u>
Total	<u>3694.99</u>	<u>667.95</u>

## NOTE 14 - Inventories As certified by Managing Director

a. Raw Materials and components at cost	18244.44	17185.26
b. Work-in-progress at cost	3145.21	2027.46
c. Finished goods at lower of cost and realisable value	8107.73	6819.60
d. Stock-in-trade at cost	15.50	14.79
e. Stores and spares at cost	520.29	386.38
f. Loose Tools	-	-
g. Others	-	-
Grand Total	<u>30033.17</u>	<u>26433.49</u>

**NOTES TO FINANCIAL STATEMENTS (Contd.)****Rs. in lakhs****NOTE 15 - Trade Receivables**

	<b>31.3.2012</b>	31.3.2011
Trade receivables outstanding for a period less than six months from the date they are due for payment	-	-
Unsecured, considered good	<b>18528.48</b>	17339.99
	<u><b>18528.48</b></u>	<u>17339.99</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Unsecured, considered good	<b>426.84</b>	54.07
	-	-
	<u><b>426.84</b></u>	<u>54.07</u>
Total	<u><b>18955.32</b></u>	<u>17394.06</u>

**NOTE 16 - Cash and Cash Equivalents**

a. Balances with banks		
- In Unpaid Dividend Accounts	<b>80.19</b>	56.92
- In Margin money	<b>217.30</b>	3.43
- In Security for borrowings, Guarantees and Other Commitments	-	-
- In Deposits accounts exceeding 12 Months Maturity	-	-
- In Current Accounts	<b>253.95</b>	436.82
b. Cheques, drafts on hand	-	-
c. Cash on hand	<b>9.88</b>	16.08
d. Others	-	-
Total	<u><b>561.32</b></u>	<u>513.25</u>

**NOTE 17 - Short Term Loans and Advances**

a. Loans and advances to related parties (refer note 2)		
Unsecured, considered good	<b>1012.20</b>	-
	<u><b>1012.20</b></u>	<u>-</u>
b. Others		
Unsecured, considered good	<b>3214.50</b>	3079.09
	<u><b>3214.50</b></u>	<u>3079.09</u>
Total	<u><b>4226.70</b></u>	<u>3079.09</u>

**NOTES TO FINANCIAL STATEMENTS (Contd.)**
**Rs. in lakhs**
**NOTE 18 - Revenue from operations**

	<b>31.3.2012</b>	31.3.2011
Sale of products	<b>150334.42</b>	118123.40
Other operating revenues	<b>739.79</b>	557.95
Less: Excise duty	<b>10729.23</b>	9592.11
Total	<b><u>140344.98</u></b>	<u>109089.24</u>

**NOTE 19 - Other Income**

Interest Income - Current Investments	<b>76.15</b>	45.07
Dividend Income - Long Term Investments	<b>25.00</b>	15.00
Exchange Rate Gain & Loss	<b>447.17</b>	449.74
Other non-operating income (net of expenses directly attributable to such income)	<b>36.24</b>	126.70
Total	<b><u>584.56</u></b>	<u>636.51</u>

**NOTE 20 - Cost of Materials Consumed**

Opening Stock	<b>17185.26</b>	13000.65
Add : Purchase (includes processing charges Rs. 1848.41 lakhs - Previous year Rs. 2044.70 lakhs)	<b>97780.77</b>	79669.80
Total	<b><u>114966.03</u></b>	<u>92670.45</u>
Less : Closing Stock	<b>18244.44</b>	17185.26
Cost of Materials consumed	<b><u>96721.59</u></b>	<u>75485.19</u>

**NOTE 21 - (Increase) / Decrease in Stock**

Opening Stock Finished goods & Traded goods	<b>6834.39</b>	1132.19
Opening Stock Work in progress	<b>2027.46</b>	1218.36
Closing Stock of Finished goods & Traded Goods	<b>8123.23</b>	6834.39
Closing Stock of Work in progress	<b>3145.21</b>	2027.46
(Increase) / Decrease in Finished goods & Traded Goods	<b>(1288.84)</b>	(5702.20)
(Increase) / Decrease in Work in progress	<b>(1117.75)</b>	(809.10)
Total (Increase) / Decrease in Stock	<b><u>(2406.59)</u></b>	<u>(6511.30)</u>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

Rs. in lakhs

## NOTE 22 - Employee Benefit Expenses

	31.3.2012	31.3.2011
(a) Salaries and wages	7677.14	6835.25
(b) Contributions to -		
(i) Superannuation Fund	73.39	41.73
(ii) Gratuity fund contributions	171.15	78.01
(iii) Provident Fund	471.28	469.03
(c) Remuneration to Whole time directors	289.17	288.14
(d) Staff welfare expenses	941.89	841.71
Total	<u>9624.02</u>	<u>8553.87</u>

## NOTE 23 - Finance Costs

Interest expense	5134.53	2964.83
Other borrowing costs	398.57	218.67
Total	<u>5533.10</u>	<u>3183.50</u>

## NOTE 24 - Other Expenses

Consumption of Stores & Spares	3404.79	2958.02
Power & Fuel	5905.35	5520.95
Repairs to building	261.26	232.01
Repairs to machinery	218.10	151.96
Repairs Others	116.56	60.05
Insurance	218.43	173.65
Rates & taxes	188.26	148.74
Telephone & Internet Charges	91.71	78.48
Travelling Expense	577.44	622.94
Business Promotion	1003.23	1342.52
Freight Out	3952.51	3740.73
Bad Debts receivables written off	7.50	0.72
Loss on Sale of Fixed Assets (Net)	-	3.36
Assets condemned	5.26	-
Remuneration to non Whole time directors		
- Commission	58.40	60.79
Commission & Discount	5955.68	4849.64
Rent & Lease rentals	628.18	549.60
Audit Fees	9.05	6.73
Donation	2.63	12.47
Consultancy	805.81	828.34
Warranty Claims	283.77	139.91
Other expenses	168.00	156.66
Total	<u>23861.92</u>	<u>21638.27</u>

## 25. 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, stores and spares are valued at cost arrived by applying the Weighted Average Method. Cost consists of cost of materials, Cess, Duty & Freight.

Work in progress is valued at cost applying weighted average method. 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 Statement of Profit and Loss. The cash flow statement is prepared under 'Indirect method'.

### 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 incomes/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 at the agreed forward contract rates. 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.



## 25. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 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 on 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 on 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	31.3.2012	31.3.2011
Obligations at period beginning	135.21	114.94
Service Cost	51.05	40.16
Interest cost	8.63	7.96
Actuarial (gain)/loss	37.17	3.00
Benefits paid	(67.32)	(30.85)
Amendment in benefit plans	-	-
Obligations at the period end	164.74	135.21

## 25. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(Rs. In Lakhs)

GRATUITY		
Particulars	31.3.2012	31.3.2011
Obligations at period beginning	779.11	670.63
Service Cost	167.04	83.76
Interest cost	65.10	53.05
Actuarial (gain)/loss	(2.18)	(13.35)
Benefits paid	(26.43)	(14.98)
Amendment in benefit plans	-	-
Obligations at the period end	982.64	779.11

GRATUITY		
Particulars	31.3.2012	31.3.2011
Change in plan assets		
Plan assets at the beginning of the year	701.10	593.70
Expected return on the plan assets	58.19	50.00
Actuarial gain/(loss)	0.13	(4.99)
Contributions	78.01	76.93
Benefits paid	(26.43)	(14.98)
Difference in Opening Balance	0.49	0.44
Plan assets at the year end, fair value	811.49	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	982.64
Defined plan obligations at the year end	811.49
Assets(liabilities) recognized in the Profit and Loss Account during the year	171.15

Assumptions:	Gratuity	Leave Encashment
Interest Rate	8.50%	8.50%
Discount Factor	8.50%	8.50%
Estimated Return on Plan Assets	8.00%	-
Salary Increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement Age	58 & 60	58 & 60

**25. SIGNIFICANT ACCOUNTING POLICIES (Contd.)****(Rs. In Lakhs)**

GRATUITY		
Gratuity cost:	31.3.2012	31.3.2011
Service Cost	167.04	83.76
Interest Cost	65.10	53.05
Expected return on plan assets	(58.19)	(50.00)
Actuarial (gains)/losses	(2.31)	(8.36)
Difference in Opening Balance	(0.49)	(0.44)
Net gratuity cost	171.15	78.01

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	1.60
One to five Years	-

**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, 1962. Disputed taxes are not provided for, but disclosed in the notes on accounts. The company provides for deferred tax arising on account of temporary and reversible timing differences on account of depreciation, employees' benefits and expenditure which are allowed under the Income Tax Act only on payment basis.

**15. AS 25: Interim financial reporting:**

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

## 25. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 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:

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

(Rs. In Lakhs)

Contingent liabilities:	31.3.2012	31.3.2011
Balance at the beginning of the year	4244.52	5347.35
Additions /(Deletions) during the year	8403.95	(1102.83)
Balance at the end of the year	12648.47	4244.52

Liabilities disputed and not provided for: - Sales Tax & Excise:	31.3.2012	31.3.2011
Balance at the beginning of the year	193.16	201.97
Additions /(Deletions) during the year	11.63	(8.81)
Balance at the end of the year	204.79	193.16

**26 NOTES ON ACCOUNTS**

- a) The company has prepared the financial statement in accordance with the Revised Schedule VI of the Companies Act, 1956. Accordingly the figures of the previous year have been regrouped and reclassified so as to make them comparable with that of the current year.
- b) The company had been valuing Raw materials, Work in progress, Stores & Spares by applying first in first out method till 30th September, 2011. The company has adopted the weighted average price method of valuation for the above with effect from 1st October, 2011. In respect of Raw materials, Cost consists of Material cost, Cess, Duties & Freight. In respect of Work in progress cost consists of Material cost, Labour and other appropriate overheads. The effect of the change in method of valuation increases the value of stock by Rs. 77.19 lakhs with a consequential impact on the Profits & Reserves.
- c) The company manufactures and sells Two wheeler, Three wheeler, Industrial, Agricultural and Farm Tyres as well as Knobs for direct application

The main Raw Material in the production are as follows:

- a) Natural Rubber b) Carbon Black c) Synthetic Rubber d) Butyle Rubber e) Chemical & Oils  
f) Bead wire g) Valves

		<b>Rs. in lakhs</b>	
	<b>31.3.2012</b>		<b>31.3.2011</b>
d) CIF Value of Imports			
1 Raw Materials	<b>35644.17</b>		17694.69
2 Spares	-		5.49
3 Capital Goods	<b>140.79</b>		786.50
4 Traded Goods	-		-
5 Software	-		-
e) Consumption of imported and indigenous raw materials and components			
	%	%	
1 Imported	<b>26.18</b>	<b>24834.25</b>	22.44 16482.62
2 Indigenous	<b>73.82</b>	<b>70038.93</b>	77.56 56957.87
f) Consumption of imported and indigenous Stores and Spares			
	%	%	
1 Imported	<b>0.29</b>	<b>9.80</b>	0.77 22.72
2 Indigenous	<b>99.71</b>	<b>3394.99</b>	99.23 2935.30
g) Earnings in foreign exchange			
1 F.O.B. value of goods exported		<b>17006.40</b>	11605.48
2 Interest		<b>25.89</b>	-
h) Expenditure incurred in Foreign Currency on			
1 Consultancy		<b>479.60</b>	395.18
2 Interest		<b>210.24</b>	-
3 Other Matters		<b>131.76</b>	121.50

## 26 NOTES ON ACCOUNTS (Contd.)

		Rs. in lakhs	
		31.3.2012	31.3.2011
i)	1. Remuneration to Managing Director:		
	Salaries & Allowances	55.59	45.00
	Commission	116.79	121.57
	Contribution to Provident & Other Funds	9.08	7.29
	2. Remuneration to Executive Vice Chairman:		
	Commission	116.79	121.57
j)	Interest Paid includes:		
	1 Interest on Fixed Loans	1519.29	1551.38
k)	Tax deducted at Source from Interest	7.40	0.46
l)	Stores and Spares consumed includes consumption towards repairs and maintenance of Plant & Machinery	1956.03	1570.46
m)	Details of the Audit Fees		
	a. Payments to auditors for Audit fees	7.00	5.00
	b. for taxation matters	0.45	0.30
	c. for Certification	1.00	0.85
	d. for Income Tax	0.10	0.10
	e. for reimbursement of expenses	0.50	0.48
n)	Details of Research and Development Expenditure:		
	(i) Capital Expenditure:		
	a) Plant & Machinery	8.34	62.20
	b) Electrical Installations	0.11	5.71
	c) Vehicles	8.31	4.53
	d) Computers	13.15	-
	e) Furniture	2.77	-
	f) Capital work in progress (P & M)	134.69	159.50
	Total	<u>167.37</u>	<u>231.94</u>



## 26 NOTES ON ACCOUNTS (Contd.)

	Rs. in lakhs	
	31.3.2012	31.3.2011
(ii) Revenue Expenditure:		
a) Raw Materials consumed	47.10	0.32
b) Stores & Spares consumed	-	4.69
c) Salaries, Wages, Bonus and Allowances	251.14	176.77
d) Freight	8.98	24.04
e) Rent including lease rentals	5.86	2.39
f) Rates & Taxes	0.05	39.71
g) Insurance	1.23	0.69
h) Travelling expenses	124.45	132.56
i) Repairs & Maintenance	77.22	101.12
j) Consultancy	284.44	217.91
k) Others	142.39	13.83
	Total	
	<b>942.86</b>	<b>714.03</b>
Total Research and Development expenditure	<b>1110.23</b>	<b>945.97</b>
o) Contingent Liabilities not provided for:		
a) Estimated amount of contracts remaining to be executed on capital account	2423.68	1470.42
b) On Letters of Credit opened by Company's Bankers	9152.53	2183.14
c) Excise Duty under Dispute	188.67	185.85
d) Sales Tax under Dispute	16.12	7.31
e) Customs duty on goods lying at Bonded Warehouse	579.62	590.96
f) Guarantee given to bank for loan taken by a subsidiary (GBP 610000)	492.64	
p) 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:		
	Rs. In Lakhs	
Forum where dispute is Pending	Excise Duty	Sales Tax
High Court	-	-
Customs, Excise and Service Tax Appellate Tribunal	158.00	-
Commissioner of Central Excise	2.83	-
Dy Commissioner of Central Excise	6.04	-
Assistant Commissioner of Central Excise	21.80	-
Appellate Tribunal	-	3.21
Assessing Officer	-	12.91

## 26 NOTES ON ACCOUNTS (Contd.)

### q) DISCLOSURE ON RELATED PARTY TRANSACTIONS (AS 18)

Description of relationship and Names of related parties:

1	Subsidiaries	TVS Srichakra Investments Ltd., TVS Europe Distribution 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 31.3.2012</b>				
1	Purchases	-	168.24 (47.33)	-	74.07 (1.26)
2	Sales	-	8334.26 (9624.46)	-	90.32 (46.77)
3	Interest Paid	-	145.37 (97.27)	-	-
4	Interest Received	25.89	-	-	-
5	Services rendered	-	583.77 (502.07)	-	21.20 (54.53)
6	Services received	1.38 (0.28)	68.82 (30.66)	301.15 (298.18)	1.90 (1.00)
7	Loans Accepted / Repaid	-	1500.00 (1500.00)	-	-
8	Loans Given / Repaid	1012.20	-	-	-
9	Investments	1720.72	-	-	-
10	Sale of Investments	-	-	-	-
<b>B</b>	<b>Outstanding as on 31.3.2012</b>				
1	Receivable	1012.20	845.57 (1031.78)	-	56.20 (85.11)
2	Payable	-	- (8.19)	233.58 (243.14)	-

Figures in brackets are that of previous year.



26 NOTES ON ACCOUNTS (Contd.)

		31.3.2012	Rs. in lakhs 31.3.2011
r)	Trade Payables and Short Term Provisions includes:		
	a) Acceptances	<b>8968.65</b>	9449.67
	b) Due to Managing Director	<b>116.79</b>	121.57
	c) Due to Executive Vice Chairman	<b>116.79</b>	121.57
	d) Due to Non-Whole Time Directors	<b>58.40</b>	60.79
s)	No amount is due as on 31st March, 2012 for credit to Investor Education and Protection Fund.		
t)	Details of Earnings Per Share		
	Profit after tax	Rs. In Lakhs <b>3975.18</b>	3916.88
	No. of equity shares	Nos <b>7657050</b>	7657050
	Face value of share	Rs <b>10.00</b>	10.00
	Basic Earnings per share	Rs <b>51.92</b>	51.15
u)	Terms of repayment of Term Loan		
	1. Term loan from SBI III is repayable in 62 monthly installments commencing from April, 2009 (with a moratorium of 8 months).		
	2. Term loan from SBI IV is repayable in 48 monthly installments commencing from January, 2010 (with a moratorium of 9 months).		
	3. Term loan from SBI V is repayable in 66 monthly installments commencing from October, 2010 (with a moratorium of 6 months).		
	4. Term loan from SBI VI is repayable in 62 monthly installments commencing from April, 2011 (with a moratorium of 8 months).		
	5. Term loan from KVB is repayable in 72 monthly installments commencing from October, 2011.		
	6. HP Loan from Sundaram Finance Ltd., is repayable in monthly installments commencing from January, 2010.		
	7. ECB Loan from DBS Bank is repayable in 20 Quarterly Instalment at the end of 27 months from the 1st drawdown (with a moratorium of 2 years).		
	8. Term loan from DBS Bank is repayable in 16 quarterly installments at the end of 15 months from the 1st drawdown.		
v)	An amount of Rs. 13.50 per share has been approved by the Board of Directors towards dividend.		

SHOBHANA RAMACHANDHRAN  
Managing Director

As per our report attached  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Registration No. 004207 S

S NARAYANAN  
Chairman

Place : Chennai  
Date : 26.5.2012

K S NARAYANASWAMY  
Partner  
Membership No. 8593

P SRINIVASAN  
Secretary

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31.3.2012**



**TVS SRICHAKRA LIMITED**

## **REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF TVS SRICHAKRA LIMITED**

1. We have audited the attached Consolidated Balance Sheet of M/s TVS Srichakra Limited, and its subsidiaries as at 31st March, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These Consolidated Financial Statements are the responsibility of TVS Srichakra Limited's Management. Our responsibility is to express an opinion on these Consolidated 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. We did not audit the Financial Statements of the Subsidiaries, whose financial statements reflect the Company's share of total assets of Rs. 11158.44 lakhs as at 31st March 2012, and the Company's share of total revenues of Rs. 4975.01 lakhs for the year ended on that date, and net cash inflows amounting to Rs. 408.66 lakhs for the year ended on that date. These Financial Statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by TVS Srichakra Limited's Management in accordance with the requirements of Accounting Standard 21, as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the reports of other auditors on separate Financial Statements, in our opinion and to the best of our information and according to the explanations given to us, 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 Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
  - b. In the case of Consolidated Statement of Profit and Loss, of the profit for the year ended on that date, and
  - c. In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

K S NARAYANASWAMY  
Partner  
Membership No. 8593

Place : Chennai  
Date : 26.5.2012



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	31.3.2012	Rs. in lakhs 31.3.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	1	765.70	765.70
(b) Reserves and Surplus	2	13345.64	10615.03
(c) Money received against share warrants		-	-
<b>2 Share application money pending allotment</b>			
Minority Interest		604.30	
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	13451.76	7608.60
(b) Deferred tax liabilities (Net)	4	1302.35	997.42
(c) Other Long term liabilities	5	1639.12	1214.42
(d) Long-term provisions	6	148.43	126.11
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	23145.38	15066.95
(b) Trade payables	8	27724.54	20960.51
(c) Other current liabilities	9	3740.37	2962.60
(d) Short-term provisions	10	5221.40	4523.65
	<b>TOTAL</b>	<b>91088.99</b>	<b>64840.99</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets	11	17478.05	15407.62
(ii) Intangible assets	11	7298.73	48.04
(iii) Capital work-in-progress	11	2163.15	1039.21
(b) Non-current investments	12	115.94	115.94
(c) Long-term loans and advances	13	3839.77	667.95
<b>2 Current assets</b>			
(a) Inventories	14	33169.35	26433.49
(b) Trade receivables	15	22549.33	17394.06
(c) Cash and cash equivalents	16	1112.29	655.56
(d) Short-term loans and advances	17	3362.38	3079.12
	<b>TOTAL</b>	<b>91088.99</b>	<b>64840.99</b>
Significant Accounting Policies	25		
Notes on Accounts	26		

SHOBHANA RAMACHANDHRAN  
Managing Director

As per our report attached  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Registration No. 004207 S

S NARAYANAN  
Chairman

Place : Chennai  
Date : 26.5.2012

K S NARAYANASWAMY  
Partner  
Membership No. 8593

P SRINIVASAN  
Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	31.3.2012	Rs. in lakhs 31.3.2011
I. Revenue from operations	18	145348.54	109089.24
II. Other income	19	539.85	636.51
<b>III. Total Revenue (I + II)</b>		<b>145888.39</b>	<b>109725.75</b>
IV. Expenses:			
Cost of materials consumed	20	96721.59	75485.19
Purchases of Traded goods		6594.71	77.32
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(5542.77)	(6511.30)
Employee benefit expenses	22	10194.66	8553.87
Finance costs	23	5717.21	3183.51
Depreciation and amortization expense	11	2270.51	1582.02
Other expenses	24	24433.11	21641.22
Total expenses		<b>140389.02</b>	<b>104011.83</b>
<b>V. Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>5499.37</b>	<b>5713.92</b>
VI. Exceptional items		-	-
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		<b>5499.37</b>	<b>5713.92</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit before tax (VII - VIII)</b>		<b>5499.37</b>	<b>5713.92</b>
X Tax expense :			
(1) Current tax		1257.19	1550.00
(2) Deferred tax		304.93	250.00
<b>XI Profit/(Loss) for the period from continuing operations (IX - X)</b>		<b>3937.25</b>	<b>3913.92</b>
Minority Interest		18.62	-
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
<b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII - XIII)</b>		<b>-</b>	<b>-</b>
<b>XV Profit/(Loss) for the period (XI + XIV)</b>		<b>3918.63</b>	<b>3913.92</b>
XVI Earnings per equity share:			
(1) Basic		51.18	51.12
(2) Diluted		-	-
Significant Accounting Policies	25		
Notes on Accounts	26		

SHOBHANA RAMACHANDHRAN  
Managing Director

As per our report attached  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Registration No. 004207 S

S NARAYANAN  
Chairman

Place : Chennai  
Date : 26.5.2012

K S NARAYANASWAMY  
Partner  
Membership No. 8593

P SRINIVASAN  
Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	31.3.2012	31.3.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	5499.37	5713.92
Adjustments for :		
Depreciation	2270.51	1582.02
Interest paid	5717.21	2964.83
Interest received	(76.15)	(45.07)
Dividend Received	(25.00)	(15.00)
Rent received	(0.18)	(0.18)
(Profit)/Loss on Sale of Assets	-	3.36
Assets Condemned	5.26	
Minority Share of Profits	(18.62)	
Adjustment for foreign exchange reserve	13.37	
Non operating income	(10.39)	
	<b>7876.01</b>	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>13375.38</b>	<b>10203.88</b>
Adjustments for :		
Trade Receivables	(5155.27)	(5500.46)
Other Receivables	(654.09)	(506.26)
Inventories	(6735.86)	(10889.90)
Trade and other payables	7679.88	9131.74
	<b>(4865.34)</b>	<b>(7764.88)</b>
<b>Cash Generated From Operations</b>	<b>8510.04</b>	<b>2439.00</b>
Direct taxes paid	463.66	1475.90
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>8046.38</b>	<b>963.10</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(15521.82)	(6550.60)
Proceeds from disposal of assets	-	8.49
Dividend received	25.00	15.00
Non operating income	10.39	-
Rent received	0.18	0.18
Interest received	76.15	45.07
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(15410.10)</b>	<b>(6481.86)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(5717.21)	(2964.83)
Proceeds/(Repayment) from short term borrowings	8078.43	3585.12
Proceeds/(Repayment) of long term borrowings	6575.32	4550.58
Dividend & Dividend tax paid	(1116.09)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES: (C)</b>	<b>7820.45</b>	<b>5170.87</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>456.73</b>	<b>(347.89)</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>655.56</b>	<b>1003.45</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>1112.29</b>	<b>655.56</b>

SHOBHANA RAMACHANDHRAN  
Managing Director

S NARAYANAN  
Chairman

Place : Chennai  
Date : 26.5.2012

P SRINIVASAN  
Secretary

### AUDITORS' CERTIFICATE

We have examined the Consolidated Cash Flow Statement of TVS Srichakra Limited for the year ended 31st March, 2012. 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 Statement of Profit and Loss and Balance Sheet of the Company by our report dated 26.5.2012 to the members of the Company.

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

Place : Chennai  
Date : 26.5.2012

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

Rs. in lakhs

### NOTE 1 - SHARE CAPITAL

	31.3.2012	31.3.2011
<b>Authorised:</b>		
1,00,00,000 Equity Shares of Rs. 10 each	<u>1000.00</u>	<u>1000.00</u>
<b>Issued, Subscribed and fully Paid Up:</b>		
76,57,050 Equity Shares of Rs. 10 each	<u>765.70</u>	<u>765.70</u>
<b>Subscribed &amp; Paid up:</b>		
76,57,050 Equity Shares of Rs.10 each fully paid	<u>765.70</u>	<u>765.70</u>
<b>Subscribed but not fully Paid up:</b>		
Equity Shares of Rs. 10 each, not fully paid up.	<u>-</u>	<u>-</u>
Total	<u>765.70</u>	<u>765.70</u>
	Equity Shares	
	NO.'000	
Shares outstanding at the beginning of the year	7657.05	765.70
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	7657.05	765.70
<b>Other Information :</b>		
Equity Shareholders holding more than 5% of the total Share capital of the Company		
T V Sundram Iyengar & Sons Limited	27.73%	27.73%
Sundaram Industries Limited	9.79%	9.79%

Rights, preferences and restrictions attached to shares -

Equity shares - The Company has one class of equity shares having a par value of Rs. 10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Each shareholder also has a residual interest in the assets of the Company in proportion to their shareholding.



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

Rs. in lakhs

## NOTE 2 - Reserves and Surplus

	31.3.2012	31.3.2011
<b>a. Capital Reserves</b>		
Opening Balance	0.16	0.16
(+) Current Year Transfer		
(-) Written Back in Current Year		
Closing Balance	<u>0.16</u>	<u>0.16</u>
<b>b. Securities Premium Account</b>		
Opening Balance	93.57	93.57
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	<u>93.57</u>	<u>93.57</u>
<b>c. Other Reserves - Surplus on Amalgamation</b>		
Opening Balance	46.24	46.24
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>46.24</u>	<u>46.24</u>
<b>d. Other Reserves - General Reserve</b>		
Opening Balance	1861.00	1461.00
(+) Current Year Transfer	400.00	400.00
(-) Written Back in Current Year	-	-
Closing Balance	<u>2261.00</u>	<u>1861.00</u>
<b>e. Surplus</b>		
Opening Balance	8614.06	6216.23
(+) Net Profit/(Net Loss) For the current year	3918.63	3913.92
(-) Proposed Dividend	1033.70	957.12
(-) Dividend Tax	167.69	158.97
(-) Transfer to Reserves	400.00	400.00
Closing Balance	<u>10931.30</u>	<u>8614.06</u>
<b>f. Foreign Currency Translation Reserve</b>	13.37	-
Total	<u>13345.64</u>	<u>10615.03</u>

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

	<b>Rs. in lakhs</b>	
<b>NOTE 3 - LONG TERM BORROWINGS</b>	<b>31.3.2012</b>	<b>31.3.2011</b>
<b>Secured</b>		
<b>(a) Term loans</b>		
from banks	<b>13063.00</b>	6169.00
from other parties	<b>388.76</b>	1438.00
	<b><u>13451.76</u></b>	<u>7607.00</u>
<b>Unsecured</b>		
<b>(a) Long term maturities of finance lease obligations</b>	-	1.60
	-	1.60
<b>Total Long Term Borrowings</b>	<b><u>13451.76</u></b>	<u>7608.60</u>

Additional Information :

a. Details of Security for Secured Loans

- a) Term Loan availed from State Bank of India is secured by hypothecation of Specified movable Plant and Machinery located at Company's Plant at Vellaripatti Village including 1 No.1250 KW Wind Electric Generator located at Vadavalli Village, Palladum Taluk, Coimbatore District. Further the Term Loan from 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, Uttrakhand.
- b) Term Loan from Karur Vyasa Bank Ltd., is secured by hypothecation of Specific Plant and Machinery located at Company's Plant at Vellaripatti Village, Madurai.
- c) Term Loan from Sundaram Finance Ltd., is secured by hypothecation of Specific Plant & Machinery located at Pant Nagar, Rudrapur, Uttrakhand as well as Specific Plant and Machinery located at Vellaripatti Village, Madurai.
- d) Term Loan from DBS Bank is secured by hypothecation of Specific Plant & Machinery located at Madurai as well as specified immovable properties located at Madurai. The Charge for the same is yet to be created.

### NOTE 4 - Deferred Tax Liability/Assets

	<b>31.3.2012</b>	<b>31.3.2011</b>
i) Deferred Tax Liability		
a) On Account of Depreciation on Fixed Assets	<b>1357.04</b>	1040.11
b) On account of timing Differences in Recognition of Expenditure	-	-
ii) Deferred Tax Asset		
a) On account of timing Differences in Recognition of Expenditure	<b>54.69</b>	42.69
<b>Total</b>	<b><u>1302.35</u></b>	<u>997.42</u>

### NOTE 5 - Other Long Term Liabilities

(a) Trade Payables	-	-
(b) Others	<b>1639.12</b>	1214.42
<b>Total</b>	<b><u>1639.12</u></b>	<u>1214.42</u>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

Rs. in lakhs

## NOTE 6 - Long Term Provisions

	31.3.2012	31.3.2011
<b>(a) Provision for employee benefits</b>		
Leave Encashment (unfunded)	148.43	126.11
(b) Others	-	-
(c) Provision for Taxation	-	-
Total	<u>148.43</u>	<u>126.11</u>

## NOTE 7 - Short Term Borrowings

## Secured

## Loans repayable on demand

from banks	22135.88	15066.95
from other parties	-	-

## Unsecured

from other parties	-	-
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Total	<u>23145.38</u>	<u>15066.95</u>
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## Additional Information :

## a. Details of Security for Secured Loans

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.

## NOTE 8 - Trade Payables

i) To Micro Small and Medium Enterprises	-	-
ii) Others	27724.54	20960.51
Total	<u>27724.54</u>	<u>20960.51</u>

## NOTE 9 - Other Current Liabilities

(a) Current maturities of long-term debt	3636.24	2901.83
(b) Current maturities of finance lease obligations	1.60	3.85
(c) Interest accrued but not due on borrowings	7.84	-
(d) Interest accrued and due on borrowings	-	-
(e) Unpaid dividends	79.99	56.92
(f) Others	14.70	-
Total	<u>3740.37</u>	<u>2962.60</u>

## NOTE 10 - Short Term Provisions

## (a) Provision for employee benefits

Salary & Reimbursements	481.80	472.32
Contribution to PF	39.28	27.60
Leave encashment	16.31	8.77
Gratuity (Funded)	171.15	78.01

## (b) Others - Other Creditors

	2427.58	2730.50
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## (c) Provisions

Taxation Less Advance Tax	883.89	90.36
Dividend	1033.70	957.12
Dividend Tax	167.69	158.97

Total	<u>5221.40</u>	<u>4523.65</u>
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## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

## NOTE 11 - Fixed Assets

Rs. in lakhs

Fixed Assets	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	As at 31 March 2011	Additions	Disposals	As at 31 March 2011	Depreciation charge for the year	On disposals	As at 31 March 2012	As at 31 March 2011
<b>a Tangible Assets</b>								
Land - Freehold Land	102.03	-	-	-	-	-	102.03	102.03
- Leasehold Land	285.36	-	-	6.03	3.17	-	276.16	279.33
Buildings	3965.76	1185.54	-	588.82	141.30	-	4421.18	3376.94
Plant and Machinery	18903.54	2184.93	-	8378.75	1788.37	-	10921.35	10524.79
Furniture and Fixtures	309.56	134.10	1.18	157.00	29.28	0.93	257.13	152.56
Vehicles	107.33	27.03	16.59	45.62	11.17	11.58	72.56	61.71
Office equipment	203.89	197.43	-	124.87	29.72	-	246.73	79.02
Others (Electrical)	1048.73	402.45	-	217.49	52.78	-	1180.91	831.24
Total	24926.20	4131.48	17.77	9518.58	2055.79	12.51	17478.05	15407.62
<b>b Intangible Assets</b>								
Goodwill*	-	7135.69	-	-	178.36	-	6957.33	-
Computer software	64.61	329.72	-	16.57	36.36	-	341.40	48.04
Total	64.61	7465.41	-	16.57	214.72	-	7298.73	48.04
<b>c Capital Work In Progress</b>								
Total	-	-	-	-	-	-	2163.15	1039.21
GRAND TOTAL (a + b + c)	24990.81	11596.89	17.77	9535.15	2270.51	12.51	26939.93	16494.87
Previous Year	19231.92	5835.47	76.58	8017.86	1582.02	64.73	15455.66	

\* Amortized.

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

### NOTE 12 - Non Current Investments

	Rs. in lakhs
	31.3.2011
	31.3.2012
	124.50
	8.56
Total	<u>115.94</u>

#### Non Trade

Investment in Equity instruments

Less : Provision for diminution in the value of Investments in an earlier year

#### Details of Non Trade Investments

Rs. in lakhs

Name of the Body Corporate	Subsidiary/ Associate/ JV/ Controlled Entity/ Others	No. of Shares/units		Quoted/ Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Amount (Rs. in lakhs)		Whether stated at Cost Yes/No	If Answer to Column (9) is 'No' - Basis of Valuation
		As at 31 March 2012	As at 31 March 2011			As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011		
<b>Investment in Equity Instruments</b>											
Van Leeuwen Tyres & Wheels BV	Associate	15000/ 1 Euro	15000/ 1 Euro	Unquoted	Fully paid	30	30	8.57	8.57	Yes	-
ZF Electronics TVS (India) Pvt. Ltd	Associate	500000/ Rs.10	500000/ Rs.10	Unquoted	Fully paid	50	50	53.58	53.58	Yes	-
Tvs Telecom Components Ltd.,	Associate	599000/ Rs.10	599000/ Rs.10	Unquoted	Fully paid	50	50	59.90	59.90	Yes	-
Arkay Energy (Rameshwaram) Ltd.	Others	24500/ Rs.10	24500/ Rs.10	Unquoted	Fully paid	-	-	2.45	2.45	Yes	-
<b>Total</b>								<b>124.50</b>	<b>124.50</b>		
Less : Provision for diminution in the value of Investments in an earlier year											
<b>Total</b>								<b>8.56</b>	<b>8.56</b>		
								<b>115.94</b>	<b>115.94</b>		

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

Rs. in lakhs

### NOTE 13 - Long Term Loans and Advances

	31.3.2012	31.3.2011
<b>a. Capital Advances</b>		
Secured, considered good	-	-
Unsecured, considered good	3199.56	254.09
Doubtful	-	-
Less: Provision for doubtful advances	-	-
	<u>3199.56</u>	<u>254.09</u>
<b>b. Security Deposits</b>		
Secured, considered good	-	-
Unsecured, considered good	227.20	166.00
	<u>227.20</u>	<u>166.00</u>
<b>c. Loans and advances to related parties</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
	<u>-</u>	<u>-</u>
<b>d. Other loans and advances</b>		
Secured, considered good	-	-
Unsecured, considered good	413.01	247.86
	<u>413.01</u>	<u>247.86</u>
Total	<u>3839.77</u>	<u>667.95</u>

### NOTE 14 - Inventories As certified by Managing Director

	31.3.2012	31.3.2011
a. Raw Materials and components at cost	18244.44	17185.26
b. Work-in-progress at cost	3145.21	2027.46
c. Finished goods at lower of cost and realisable value	8107.73	6819.60
d. Stock-in-trade at cost	3151.69	14.79
e. Stores and spares at cost	520.29	386.38
f. Loose Tools		
g. Others		
Grand Total	<u>33169.35</u>	<u>26433.49</u>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

Rs. in lakhs

## NOTE 15 - Trade Receivables

	31.3.2012	31.3.2011
Trade receivables outstanding for a period less than six months from the date they are due for payment	—	—
Unsecured, considered good	<b>22120.82</b>	17339.99
Total	<b>22120.82</b>	<b>17339.99</b>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	—	—
Unsecured, considered good	<b>428.51</b>	54.07
Total	<b>428.51</b>	54.07
Total	<b>22549.33</b>	<b>17394.06</b>

## NOTE 16 - Cash and Cash Equivalents

a. Balances with banks		
- In Unpaid Dividend Accounts	<b>80.19</b>	56.92
- In Margin money	<b>217.30</b>	3.43
- In Security for borrowings, Guarantees and Other Commitments	—	—
- In Deposits accounts exceeding 12 Months Maturity	—	—
- In Current Accounts	<b>804.30</b>	579.13
b. Cheques, drafts on hand	—	—
c. Cash on hand	<b>10.50</b>	16.08
d. Others	—	—
Total	<b>1112.29</b>	<b>655.56</b>

## NOTE 17 - Short Term Loans and Advances

a. Loans and advances to related parties (refer note 2)		
Unsecured, considered good	—	—
Total	—	—
b. Others		
Unsecured, considered good	<b>3362.38</b>	3079.12
Total	<b>3362.38</b>	<b>3079.12</b>

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

Rs. in lakhs

### NOTE 18 - Revenue from operations

	31.3.2012	31.3.2011
Sale of products	150334.42	118123.40
Sale of Traded Goods	5003.56	-
Other operating revenues	739.79	557.95
Less: Excise duty	10729.23	9592.11
Total	<u>145348.54</u>	<u>109089.24</u>

### NOTE 19 - Other Income

Interest Income - Current Investments	76.15	45.07
Dividend Income - Long Term Investments	25.00	15.00
Exchange Rate Gain & Loss	428.31	449.74
Other non-operating income (net of expenses directly attributable to such income)	10.39	126.70
Total	<u>539.85</u>	<u>636.51</u>

### NOTE 20 - Cost of Materials Consumed

Opening Stock	17185.26	13000.65
Add: Purchase (includes processing charges Rs.1,848.41 lakhs - Previous year Rs. 2,044.70 lakhs)	97780.77	79669.80
Total	114966.03	92670.45
Less: Closing Stock	18244.44	17185.26
Cost of Materials consumed	<u>96721.59</u>	<u>75485.19</u>

### NOTE 21 - (Increase) / Decrease in Stock

Opening Stock Finished goods & Traded goods	6834.39	1132.19
Opening Stock Work in progress	2027.46	1218.36
Closing Stock of Finished goods & Traded Goods	11259.41	6834.39
Closing Stock of Work in progress	3145.21	2027.46
(Increase) / Decrease in Finished goods & Traded Goods	(4425.02)	(5702.20)
(Increase) / Decrease in Work in progress	(1117.75)	(809.10)
Total (Increase) / Decrease in Stock	<u>(5542.77)</u>	<u>(6511.30)</u>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

Rs. in lakhs

## NOTE 22 - Employee Benefit Expenses

	31.3.2012	31.3.2011
(a) Salaries and wages	8182.85	6835.25
(b) Contributions to -		
(i) Superannuation Fund	73.39	41.73
(ii) Gratuity fund contributions	171.15	78.01
(iii) Provident Fund	513.97	469.03
(c) Remuneration to Whole time directors	289.17	288.14
(d) Staff welfare expenses	964.13	841.71
Total	<u>10194.66</u>	<u>8553.87</u>

## NOTE 23 - Finance Costs

Interest expense	5309.97	2964.83
Other borrowing costs	407.24	218.68
Total	<u>5717.21</u>	<u>3183.51</u>

## NOTE 24 - Other Expenses

Consumption of Stores & Spares	3404.79	2958.02
Power & Fuel	5917.31	5520.95
Repairs to building	261.26	232.01
Repairs to machinery	232.29	151.96
Repairs Others	151.72	60.05
Insurance	237.68	173.65
Rates & taxes	202.14	148.74
Telephone & Internet Charges	97.43	78.48
Travelling Expense	577.44	622.94
Business Promotion	1004.39	1342.52
Freight Out	4258.81	3740.73
Bad Debts receivables written off	7.97	0.72
Loss on Sale of Fixed Assets (Net)	-	3.36
Assets condemned	5.26	-
Remuneration to non Whole time directors		
- Commission	58.40	60.79
Commission & Discount	5955.68	4849.64
Rent & Lease rentals	713.88	549.60
Audit Fees	31.12	6.93
Donation	2.75	12.47
Consultancy	806.96	828.06
Warranty Claims	283.77	139.91
Other expenses	222.06	159.69
Total	<u>24433.11</u>	<u>21641.22</u>

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

### 25. NOTES ON ACCOUNTS ON COSOLIDATED FINANCIAL STATEMENTS OF TVS SRICHAKRA LIMITED

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### Basis of Consolidation:

##### a) Basis of Preparation:

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. The consolidated financial statements of the subsidiary company in the UK and its subsidiaries have been prepared according to accepted Accounting Standards in the UK.

##### b) Principles of consolidation:

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

##### c) Companies included in Consolidation:

Name of the Company	Shareholding
TVS Srichakra Investments Limited	100%
TVS Europe Distribution Limited, UK	85%
Universal Components UK Limited	-

(Subsidiary of TVS Europe Distribution Limited, which holds 90% in the Company)

##### d) Accounting convention:

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable accounting standards.

##### 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, in respect of the companies incorporated in India. Depreciation is provided for at annual rates on straight-line basis, by the foreign subsidiary, in order to write off each asset over its estimated useful life.

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, in the books of the companies incorporated in India.

The carrying values of intangible assets in the foreign subsidiary are reviewed for impairment in periods if circumstances indicate that the carrying value may not be recoverable.

##### 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.



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

### h) Inventories:

Raw Materials, and stores and spares are valued at cost arrived by applying Weighted Average Method. Cost consists of cost of materials, Cess, Duty & Freight.

Work in progress is valued at cost applying Weighted Average Method. 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.

Traded Goods in a foreign subsidiary have been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### i) Cash flow statements:

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

### j) Revenue Recognition:

Income of the holding 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.

Turnover of the foreign subsidiary represents net invoiced sales of goods, excluding Value Added Tax received and receivable from the provision of goods to customers during the period. Turnover is recognised once goods have been despatched.

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 realisation 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.

For the purpose of consolidation of the accounts of the foreign subsidiary, the operations of the subsidiary have been treated as non-integral operations and the income and expenses have been translated at the average of rates prevailing on the date of incorporation and the date of the Balance Sheet. The assets and the liabilities have been translated at the closing rate on the date of the Balance Sheet. The difference on translation has been taken to foreign exchange translation reserve and disclosed under Reserves and Surplus.

### 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.

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

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: (applicable only to the holding Company)

(Rs. In Lakhs)

LEAVE ENCASHMENT		
Particulars	31.3.2012	31.3.2011
Obligations at period beginning	135.21	114.94
Service Cost	51.05	40.16
Interest cost	8.63	7.96
Actuarial (gain)/loss	37.17	3.00
Benefits paid	(67.32)	(30.85)
Amendment in benefit plans	-	-
Obligations at the period end	164.74	135.21

GRATUITY		
Particulars	31.3.2012	31.3.2011
Obligations at period beginning	779.11	670.63
Service Cost	167.04	83.76
Interest cost	65.10	53.05
Actuarial (gain)/loss	(2.18)	(13.35)
Benefits paid	(26.43)	(14.98)
Amendment in benefit plans	-	-
Obligations at the period end	982.64	779.11



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (Contd.)

(Rs. In Lakhs)

GRATUITY		
Particulars	31.3.2012	31.3.2011
Change in plan assets	.	.
Plan assets at the beginning of the year	<b>701.10</b>	593.70
Expected return on the plan assets	<b>58.19</b>	50.00
Actuarial gain/(loss)	<b>0.13</b>	(4.99)
Contributions	<b>78.01</b>	76.93
Benefits paid	<b>(26.43)</b>	(14.98)
Difference in Opening Balance	<b>0.49</b>	0.44
Plan assets at the year end, fair value	<b>811.49</b>	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	982.64
Defined plan obligations at the year end	811.49
Assets(liabilities) recognized in the Profit and Loss Account during the year	171.15

Assumptions:	Gratuity	Leave Encashment
Interest Rate	8.50%	8.50%
Discount Factor	8.50%	8.50%
Estimated Return on Plan Assets	8.00%	—
Salary Increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement Age	58 & 60	58 & 60

GRATUITY		
Gratuity cost:	31.3.2012	31.3.2011
Service Cost	<b>167.04</b>	83.76
Interest Cost	<b>65.10</b>	53.05
Expected return on plan assets	<b>(58.19)</b>	(50.00)
Actuarial (gains)/losses	<b>(2.31)</b>	(8.36)
Difference in Opening Balance	<b>(0.49)</b>	(0.44)
Net gratuity cost	<b>171.15</b>	78.01

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (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 where ever 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 holding Company operates only in one segment and the foreign subsidiary in another. However the turnover of the foreign subsidiary is less than 10% of the consolidated turnover 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 holding 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 Accounting Standard on Leases (AS 18) issued by the Institute of Chartered Accountants of India. The foreign subsidiary has entered into lease transactions which are in the nature of operating leases as per the provisions of the above standard:

Future Minimum Lease payments	Rs. In Lakhs
Upto One year	7.85
One to five Years	277.11
Present value of Future Minimum Lease payments	–
Upto One year	7.62
One to five Years	279.44

### 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 applicable tax laws. 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.

### 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. The

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

foreign subsidiary has capitalized goodwill that arose on acquisition of business, as intangible asset and amortizes the same over a period of twenty years.

**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:	<b>31.3.2012</b>	31.3.2011
Balance at the beginning of the year	<b>4244.52</b>	5347.35
Additions /(Deletions) during the year	<b>8403.95</b>	(1102.83)
Balance at the end of the year	<b>12648.47</b>	4244.52
Liabilities disputed and not provided for - Sales Tax & Excise:		
Balance at the beginning of the year	<b>193.16</b>	201.97
Additions /(Deletions) during the year	<b>11.63</b>	(8.81)
Balance at the end of the year	<b>204.79</b>	193.16

## 26 CONSOLIDATED NOTES ON ACCOUNTS

- a) The Company has prepared the financial statement in accordance with the Revised Schedule VI of the Companies Act, 1956. Accordingly the figures of the previous year have been regrouped and reclassified so as to make them comparable with that of the current year.
- b) The Company had been valuing Raw materials, Work in progress, Stores & Spares by applying first in first out method till 30th September 2011. The Company has adopted the weighted average price method of valuation for the above with effect from 1st October, 2011. In respect of Raw materials, cost consists of Material cost, Cess, Duties & Freight. In respect of Work in progress cost consist of Material cost, Labour and other appropriate overheads. The effect of the change in method of valuation increases the value of stock by Rs. 77.19 lakhs with a consequential impact on the Profits & Reserves.
- c) The Company manufactures and sells Two wheeler, Three wheeler, Industrial, Agricultural and Farm Tyres as well as Knobs for direct application

The main Raw Material in the production are as follows:

- a) Natural Rubber b) Carbon Black c) Synthetic Rubber d) Butyle Rubber e) Chemical & Oils  
f) Bead wire g) Valves

				<b>Rs. in lakhs</b>	
		<b>31.3.2012</b>		<b>31.3.2011</b>	
d)	CIF Value of Imports				
	1 Raw Materials	<b>35644.17</b>			17694.69
	2 Spares	–			5.49
	3 Capital Goods	<b>140.79</b>			786.50
	4 Traded Goods	–			–
	5 Software	–			–
e)	Consumption of imported and indigenous raw materials and components				
		%		%	
	1 Imported	<b>26.18</b>	<b>24834.25</b>	22.44	16482.62
	2 Indigenous	<b>73.82</b>	<b>70038.93</b>	77.56	56957.87
f)	Consumption of imported and indigenous Stores and Spares				
		%		%	
	1 Imported	<b>0.29</b>	<b>9.80</b>	0.77	22.72
	2 Indigenous	<b>99.71</b>	<b>3394.99</b>	99.23	2935.30
g)	Earnings in foreign exchange				
	1 F.O.B. value of goods exported		<b>17006.40</b>		11605.48
h)	Expenditure incurred in Foreign Currency on				
	1 Consultancy		<b>479.60</b>		395.18
	2 Interest		<b>210.24</b>		–
	3 Other Matters		<b>131.76</b>		121.50



## 26 CONSOLIDATED NOTES ON ACCOUNTS (Contd.)

		Rs. in lakhs
	31.3.2012	31.3.2011
i) 1. Remuneration to Managing Director:		
Salaries & Allowances	55.59	45.00
Commission	116.79	121.57
Contribution to Provident & Other Funds	9.08	7.29
2. Remuneration to Executive Vice Chairman:		
Commission	116.79	121.57
j) Interest Paid includes:		
1 Interest on Fixed Loans	1645.14	1551.38
k) Tax deducted at Source from Interest	7.40	0.46
l) Stores and Spares consumed includes consumption towards repairs and maintenance of Plant & Machinery	1956.03	1570.46
m) Details of the Audit Fees		
Payments to auditors		
a. for audit fees	7.00	5.00
b. for taxation matters	0.45	0.30
c. for Certification	1.00	0.85
d. for Income Tax	0.10	0.10
e. for reimbursement of expenses	0.50	0.48
n) Details of Research and Development Expenditure:		
(i) Capital Expenditure:		
a) Plant & Machinery	8.34	62.20
b) Electrical Installations	0.11	5.71
c) Vehicles	8.31	4.53
d) Computers	13.15	-
e) Furniture	2.77	-
f) Capital work in progress (P & M)	134.69	159.50
Total	<u>167.37</u>	<u>231.94</u>

## 26 CONSOLIDATED NOTES ON ACCOUNTS (Contd.)

	31.3.2012	31.3.2011
		<b>Rs. in lakhs</b>
(ii) Revenue Expenditure:		
a) Raw Materials consumed	47.10	0.32
b) Stores & Spares consumed	-	4.69
c) Salaries, Wages, Bonus and Allowances	251.14	176.77
d) Freight	8.98	24.04
e) Rent including lease rentals	5.86	2.39
f) Rates & Taxes	0.05	39.71
g) Insurance	1.23	0.69
h) Travelling expenses	124.45	132.56
i) Repairs & Maintenance	77.22	101.12
j) Consultancy	284.44	217.91
k) Others	142.39	13.83
	<b>Total</b>	<b>942.86</b>
Total Research and Development expenditure	<b>1110.23</b>	<b>945.97</b>
o) Contingent Liabilities not provided for:		
a) Estimated amount of contracts remaining to be executed on capital account	2423.68	1470.42
b) On Letters of Credit opened by Company's Bankers	9152.53	2183.14
c) Excise Duty under Dispute	188.67	185.85
d) Sales Tax under Dispute	16.12	7.31
e) Customs Duty on goods lying at Bonded Warehouse	579.62	590.96
f) Guarantee given to bank for loan taken by a subsidiary (GBP 610000)	492.64	-
p) 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>Rs. In Lakhs</b>
Forum where dispute is Pending	Excise Duty	Sales Tax
High Court	-	-
Customs, Excise and Service Tax Appellate Tribunal	158.00	-
Commissioner of Central Excise	2.83	-
Dy Commissioner of Central Excise	6.04	-
Assistant Commissioner of Central Excise	21.80	-
Appellate Tribunal	-	3.21
Assessing Officer	-	12.91

**26 CONSOLIDATED NOTES ON ACCOUNTS (Contd.)****q) DISCLOSURE ON RELATED PARTY TRANSACTIONS (AS 18)**

Description of relationship and Names of related parties:

- |   |   |  |
|---|---|--|
| 1 | Associates                                      | T V Sundram Iyengar & Sons Limited<br>TVS Telecom Components Limited<br>ZF Electronics TVS (India) P Ltd<br>Van Leeuwen Tyres & Wheels B.V., Holland |
| 2 | Key Management Personnel                        | Sri R Naresh, Executive Vice Chairman<br>Ms Shobhana Ramachandran, 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 31.3.2012</b>			
1	Purchases	168.24 (47.33)	— —	74.07 (1.26)
2	Sales	8334.26 (9624.46)	— —	90.32 (46.77)
3	Interest Paid	145.37 (97.27)	—	—
4	Interest Received	—	—	—
5	Services rendered	583.77 (502.07)	— —	21.20 (54.53)
6	Services received	68.82 (30.66)	301.15 (298.18)	1.90 (1.00)
7	Loans Accepted / Repaid	1500.00 (1500.00)	— —	— —
8	Loans Given / Repaid	—	—	—
9	Investments	—	—	—
10	Sale of Investments	—	—	—
<b>B</b>	<b>Outstanding as on 31.3.2012</b>			
1	Receivable	845.57 (1031.78)	— —	56.20 (85.11)
2	Payable	— (8.19)	233.58 (243.14)	— —

Figures in brackets are that of previous year.

## 26 CONSOLIDATED NOTES ON ACCOUNTS (Contd.)

		31.3.2012	Rs. in lakhs 31.3.2011
r)	Trade Payables and Short Term Provisions includes:		
	a) Acceptances	<b>10482.07</b>	9449.67
	b) Due to Managing Director	<b>116.79</b>	121.57
	c) Due to Executive Vice Chairman	<b>116.79</b>	121.57
	d) Due to Non-whole time Directors	<b>58.40</b>	60.79
s)	No amount is due as on 31st March, 2012 for credit to Investor Education and Protection Fund.		
t)	Details of Earnings Per Share		
	Profit after tax	Rs. In Lakhs <b>3918.63</b>	3913.92
	No. of equity shares	Nos <b>7657050</b>	7657050
	Face value of share	Rs <b>10.00</b>	10.00
	Basic Earnings per share	Rs <b>51.18</b>	51.12
u)	Terms of repayment of Term Loan		
	1. Term loan from SBI III is repayable in 62 monthly installments commencing from April, 2009 (with a moratorium of 8 months)		
	2. Term loan from SBI IV is repayable in 48 monthly installments commencing from January, 2010 (with a moratorium of 9 months)		
	3. Term loan from SBI V is repayable in 66 monthly installments commencing from October, 2010 (with a moratorium of 6 months)		
	4. Term loan from SBI VI is repayable in 62 monthly installments commencing from April, 2011 (with a moratorium of 8 months)		
	5. Term loan from KVB is repayable in 72 monthly installments commencing from October, 2011		
	6. HP Loan from Sundaram Finance Ltd., is repayable in monthly installments commencing from January, 2010		
	7. ECB Loan from DBS Bank is repayable in 20 Quarterly Installment at the end of 27 months from the 1st drawdown (with a moratorium of 2 years)		
	8. Term loan from DBS Bank is repayable in 16 quarterly installments at the end of 15 months from the 1st drawdown.		
	9. Term Loan from Exim bank is repayable in November 2012.		
v)	An amount of Rs. 13.50 per share has been approved by the Board of Directors towards dividend.		

SHOBHANA RAMACHANDHRAN  
Managing Director

As per our report attached  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Registration No. 004207 S

S NARAYANAN  
Chairman

Place : Chennai  
Date : 26.5.2012

K S NARAYANASWAMY  
Partner  
Membership No. 8593

P SRINIVASAN  
Secretary

**Financial information of Subsidiary Company(s) for the year ended 31.3.2012**

Name of the Subsidiary Company : TVS SRICHAKRA INVESTMENTS LIMITED

Rs. In lakhs

Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover (including Other Income)	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Dividend
205.00	-2.94	216.76	216.76	59.90	2.78	0.03	-	0.03	-

Name of the Subsidiary Company : TVS EUROPE DISTRIBUTION LIMITED

Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover (including Other Income)	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation*	Dividend
2024.38	-44.58	13479.01	13479.01	-	4987.40	31.47	62.12	-57.96	-

\* After adjusting Minority Interest.



**TVS SRICHAKRA LIMITED**

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

**TWENTY NINTH ANNUAL GENERAL MEETING**

**ADMISSION SLIP**

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

I hereby record my presence at the 29th Annual General Meeting of the Company being held at 10.30 A.M. on Thursday, the **27th September, 2012, 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 NINTH 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 29th Annual General Meeting of the Company to be held at 10.30 A.M. on Thursday, the 27th September, 2012, at Lakshmi Sundaram Hall, 15-A Gokhale Road, Madurai 625 002 and at any adjournment thereof.

Signed this..... day of .....2012

\* 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**

Tamil Nadu: Vellaripatti, Melur Taluk, Madurai - 625 122, Tamil Nadu. Tel: 0452 - 2443300, 2420461.

Uttarakhand: Integrated Industrial Estate, Sidcul, Pant Nagar, Rudrapur Tehsil,  
Kicha Dist, Uttarakhand - 263 153. Tel: 05944 - 250374.

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