

BOARD OF DIRECTORS

S NARAYANAN
Chairman

R NARESH
Executive Vice Chairman

SHOBHANA RAMACHANDHRAN
Managing Director

M S VIRARAGHAVAN

N H ATTREYA

J V RAGHAVAN

SITARAM RAO VALLURI

P VIJAYARAGHAVAN

S RAVICHANDRAN

T CHINNADURAI

AUDIT COMMITTEE

M S VIRARAGHAVAN
Chairman

N H ATTHREYA
SITARAM RAO VALLURI

SHAREHOLDERS / INVESTORS COMMITTEE

S NARAYANAN
Chairman

SHOBHANA RAMACHANDHRAN
J V RAGHAVAN
P VIJAYARAGHAVAN

AUDITORS

SUNDARAM & SRINIVASAN
NEW NO. 250
P T RAJAN ROAD
MADURAI 625 014

BANKERS

STATE BANK OF INDIA
WEST VELI STREET
MADURAI 625 001

REGISTERED OFFICE

TVS BUILDING
7-B, WEST VELI STREET
MADURAI 625 001

ADMINISTRATIVE OFFICE

10, JAWAHAR ROAD,
MADURAI 625 002
e-mail : investorgrievances@tvstyres.com
demat@tvstyres.com
website : www.tvstyres.com

PLANT LOCATION

VELLARIPATTI VILLAGE
MELUR TALUK
MADURAI DISTRICT
PIN 625 122

NARASINGAMPATTI VILLAGE
THERKUTHERU, MELUR TALUK
MADURAI DISTRICT
PIN 625 122

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

REGISTRAR AND SHARE TRANSFER AGENT

INTEGRATED ENTERPRISES (INDIA) LIMITED
"KENCES TOWERS", II FLOOR
NO.1, RAMAKRISHNA STREET
NORTH USMAN ROAD, T. NAGAR
CHENNAI - 600 017
e-mail : yesbalu@iepindia.com
sureshbabu@iepindia.com

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NOTICE TO SHARE HOLDERS

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Company will be held at 10.15 AM on Friday, the 25th September, 2009, at Lakshmi Sundaram Hall, 15-A Gokhale Road, Madurai 625 002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2009 and Profit and Loss Account for the year ending 31st March, 2009 and Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr Sitaram Rao Valluri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr N H Atthreya, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s Sundaram & Srinivasan, Chartered Accountants, Madurai, retire and are eligible for re-appointment.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, and subject to such approvals and consents as may be necessary, the approval of the Company is hereby accorded to the re-appointment of Mr R Naresh as the Whole-Time Director designated as "Executive Vice Chairman" of the Company for a period of five years, with effect from 16th June, 2009 on such salary, commission and perquisites as set out hereunder, which the Company is entitled to pay in terms of Section I of Part II of Schedule XIII to the Companies Act, 1956.

- a) Salary : Rs.1,25,000/- (Rupees One lakh and twenty five thousand only) per month in the scale of annual increase of Rs.25,000/- (Rupees Twenty five thousand only) per month. Annual increase shall be effective 1st April, every year.
- b) Commission: Two percent of net profits for each financial year or part thereof computed in the manner laid down under the applicable provisions contained in the Companies Act, 1956.
- c) Perquisites: The value and details of which are set out in the explanatory statement to the notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter or vary the composition / elements of the remuneration payable to Mr R Naresh in such manner as agreed to between the Board of Directors and Mr R Naresh within the overall limits as setout above.

7. To appoint Mr S Ravichandran as a Director, and for that purpose to consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution, a notice of intention to move the same having been received from a member as required under Section 257 of the Companies Act, 1956.

RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956, Mr S Ravichandran be and is hereby appointed as a Director of the Company, liable to retire by rotation.

8. To appoint Mr T Chinnadurai as a Director, and for that purpose to consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution, a notice of intention to move the same having been received from a member as required under Section 257 of the Companies Act, 1956.

RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956, Mr T Chinnadurai be and is hereby appointed as a Director of the Company, liable to retire by rotation.

By Order of the Board

Place : Chennai

SHOBHANA RAMACHANDHRAN

Date : 30.5.2009

Managing Director

NOTICE TO SHARE HOLDERS (Contd.)**NOTES**

1. **MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.**
2. **THE PROXIES TO BE VALID SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Register of Members and the Share Transfer books of the Company will remain closed from 16th September, 2009 to 25th September, 2009, both days inclusive, for payment of dividend on equity shares.
4. Dividend, as recommended by the Board of Directors, if declared at the meeting shall be paid, to those members whose name(s) appear in the Register of Members of the Company as on 25th September, 2009. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
5. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the meeting.
6. Members, who are desirous of seeking any further information or clarification relating to the annual accounts, are requested to write to the Company, at least 7 days before the meeting so as to enable the Company to keep such details ready.
7. **MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY ANY CHANGE IN THEIR ADDRESS TO M/s INTEGRATED ENTERPRISES (INDIA) LIMITED, CHENNAI, THE SHARE TRANSFER AGENT OF THE COMPANY. (For further details/ address, please refer Page No.22.)**
8. a) Members are requested to sign at the space provided in the attendance sheet appended to this Annual Report and hand over the same at the entrance of the meeting hall.
b) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

9. Members who have not encashed their dividend warrants in respect of the dividend declared for the year ended 31.3.2003 and for any subsequent years, are requested to make their claim to the Share Transfer Agent of the Company.
10. The details of unclaimed dividend transferred to Investor Education and Protection Fund (IEPF), during the year 2008-2009 is given below. It may be noted that Members are not entitled to claim these amounts from IEPF.

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

EXPLANATORY STATEMENT

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

Item No. 6

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

Further, the Board of Directors of your Company, at their meeting held on 30th May, 2009 have unanimously approved the re-appointment of Mr R Naresh as a Whole-Time Director, for a period of five (5) years with effect from 16th June, 2009, at such salary, commission and perquisites as set out in the resolution No.6 of the notice convening this Annual General Meeting. The appointment, if approved, will be in conformity with the requirements of Part I and II of Schedule XIII to the Companies Act, 1956.

Perquisites :

The value and details of perquisites as referred to in the resolution set out under item No.6 is given hereunder

- a) House Rent Allowance at the rate of fifty percentage of the salary
- b) Medical Expenses incurred for the Whole-Time Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- c) Leave Travel Concession for the Whole-Time Director and his family once in a year incurred in accordance with the rules of the Company.

NOTICE TO SHARE HOLDERS (Contd.)

- d) Fees of clubs, subject to a maximum of two clubs. This will not include admission and the life membership fees.
- e) Personal Accident Insurance for an amount, the annual premium of which does not exceed Rs.10,000/-.
- f) Contribution to Provident Fund, Superannuation and annuity fund in accordance with the rules specified by the Company. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- g) Encashment of leave at the end of the tenure.
- h) Provision of chauffeur driven car for use on company's business and telephone at residence.

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

Further, where in any financial year during the currency of tenure of the Whole-Time Director, the company has no profits or if profits are inadequate, the minimum remuneration payable to the Whole-Time Director shall be the same substantive salary and perquisites as above mentioned, subject to the ceiling set out under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Considering the valuable contribution made by Mr R Naresh, Executive Vice Chairman to the growth of the Company over the years, your Directors recommend that his re-appointment and remuneration as set forth above be approved by the Members at this Meeting.

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

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

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

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

A brief resume, nature of expertise in specific functional areas and details of other Directorships and Committee positions of the aforementioned Directors are given below, in line with the requirement of Code of Corporate Governance.

Mr SITARAM RAO VALLURI

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

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

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

Mr S R Valluri is not holding Directorship / Committee positions in any other Company. Mr S R Valluri does not hold any equity shares in your Company.

Dr N H ATTHREYA

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

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

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

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

NOTICE TO SHARE HOLDERS (Contd.)

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

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

Item No. 7

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

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

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

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

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

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

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

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

Item No. 8

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

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

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

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

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

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

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

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

By Order of the Board

Place : Chennai

SHOBHANA RAMACHANDHRAN

Date : 30.5.2009

Managing Director

FIVE YEAR PERFORMANCE AT A GLANCE

Rs. in lakhs

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

* Excluding other income

including dividend tax

DIRECTORS' REPORT

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

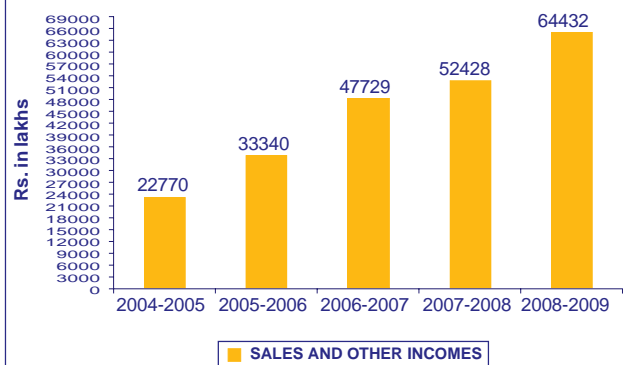
FINANCIAL HIGHLIGHTS

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

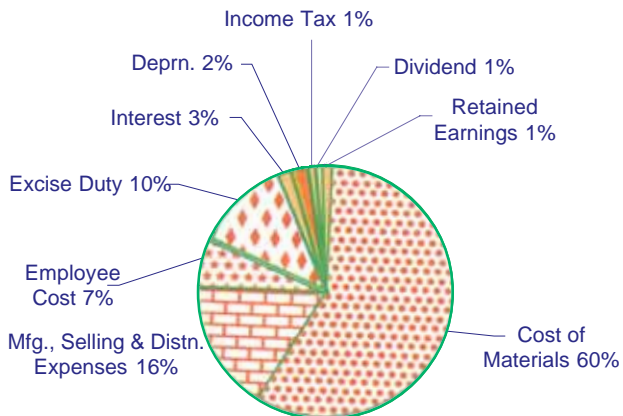
PERFORMANCE

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

GROSS REVENUES

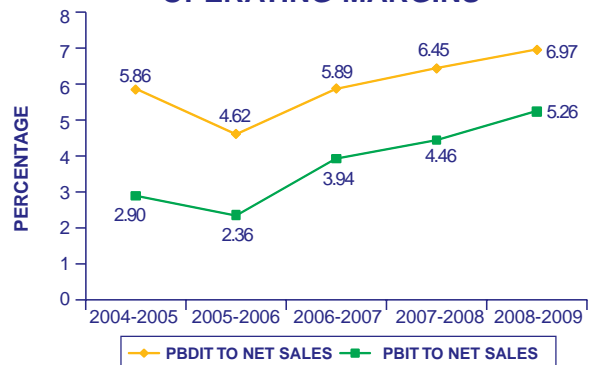


SPLIT OF GROSS REVENUES



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

OPERATING MARGINS



DIRECTORS' REPORT (Contd.)

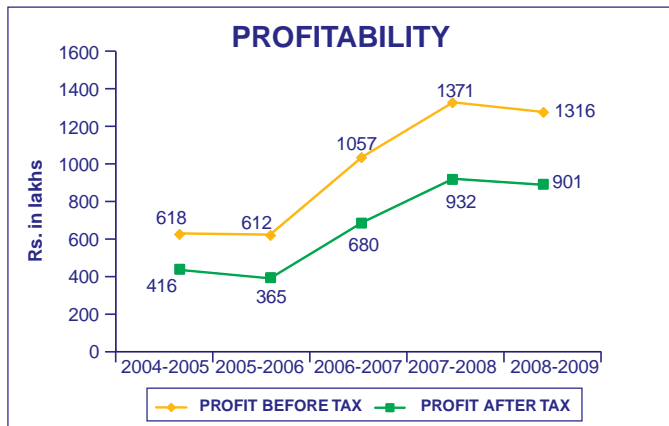
EXPORTS

Your company has achieved an Export turnover of Rs.96 Crores from Rs.90 Crores last year. Your Company has registered a marginal growth despite a global recessionary trend.

While the exports sale grown till Nov.08 at 36%, the sales dropped from Dec.08 due to global recession.

Initiatives were taken in the areas of New Product Development and new business identification, which contributed in maintaining the export sales at last year's level.

Your Company has expanded the export segment in Motor Cycle and Scooter tyres also and this business segment looks encouraging.



MARKETING

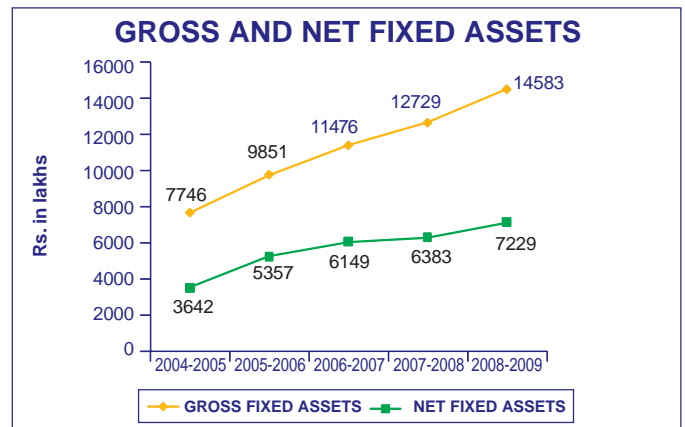
Two Wheeler Industry which has shown a negative growth in the last year has moved to a positive growth of around 5% in the year ending 31.3.09. The growth has been in both motorcycle and scooter segments. The growth in the first 6 months was very encouraging and was around 14% but the last 6 month has shown a negative growth of 4%.

Your Company has grown by around 8.5% against the Industry growth of 5%. This was possible by increasing our presence by way of increasing the share of business with the vehicle manufacturers.

The After Market continues to be buoyant. Strengthening our dealer network and intense focus through the sales

promotion activities drove the market growth substantially. Your Company will continue to enhance the brand image in the coming years through these activities which will result in higher market share.

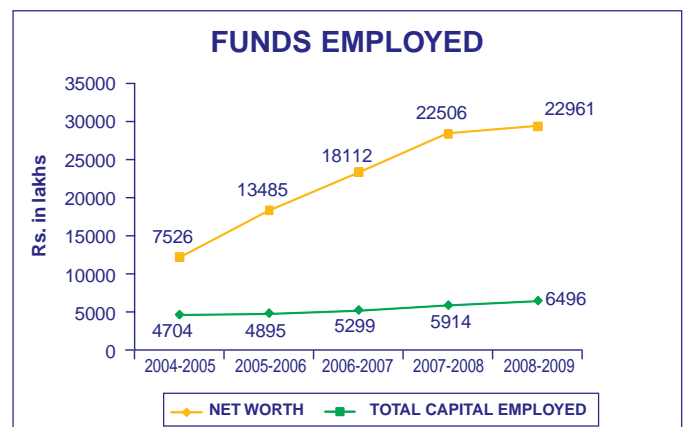
Your Company plan to sustain the growth level in the coming year also.



EXPANSION

Your Company has increased its installed capacity by approximately 1,00,000 tyres and tubes per month, during the current year.

Your Company has started the process of setting up a plant at Uttarakhand and the project implementation is under progress. Commercial production from this plant is expected to commence during the year 2009-10.



DIRECTORS' REPORT (Contd.)

NEW PRODUCT DEVELOPMENT

Your Company has launched several new tyres for both domestic and export markets during the year 2008-09, depending on market requirements. Efforts are also being taken to reduce the cycle time for New Product Development in order to serve the market requirements as and when necessary.

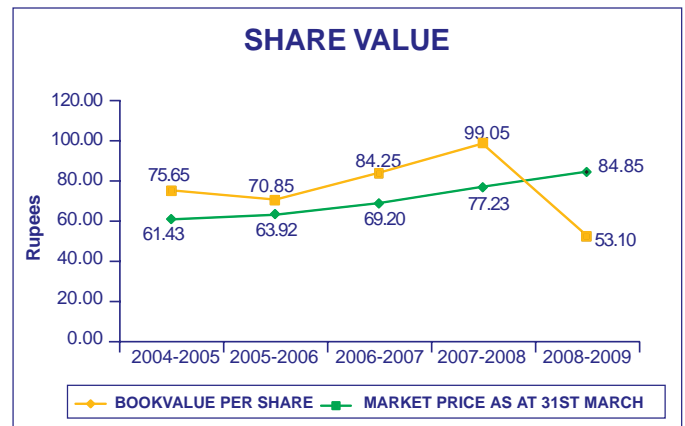
HUMAN RESOURCES

Your Company has conducted Out Bound Training Programs on team building for lower and middle management level and Commitment & Credibility Program for middle management executives. During the year, your Company has formed Empowered Work Teams for workmen in the areas of Calendaring, Curing, Extrusion and Mixing. During the year, a Two Module Program on Vision and Strategy for Senior Executives was initiated. Several Quality Circles have been formed which participated in numerous National, State and Regional level competitions.

Your Company won the National Energy Conservation Award for the 4th year in succession. Your Company has also received the IMEA Award for manufacturing excellence in the tyre industry.

CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the good corporate governance practices. As per the applicable provisions of Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion & Analysis, a Report on Corporate Governance together with the Auditors' certificate on the compliance of conditions of Corporate Governance form part of the Annual Report.



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 judgements and statements so as to give a true and fair view of the state of affairs of the Company and of the results of the operations of the Company. Significant accounting policies followed and other disclosures are detailed in the Notes to the Accounts and forming part of the annual accounts.

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

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

The internal control system of the Company is monitored by an independent internal audit team, which encompasses the examination and evaluation of the adequacy and effectiveness

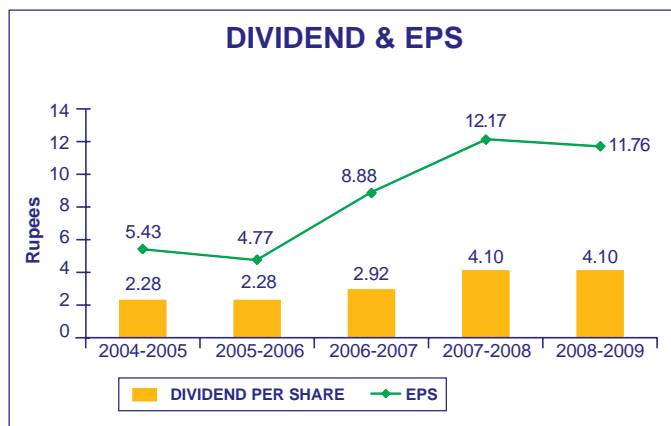
DIRECTORS' REPORT (Contd.)

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.

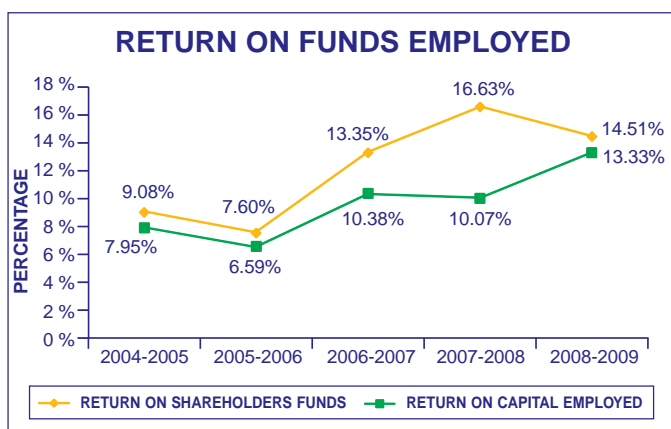
DIVIDEND

Your Directors are pleased to recommend a dividend of 35% absorbing a sum of Rs. 268 lakhs. The dividend will be paid to all the shareholders whose names appear in the Register of Members as on the book closure date.



DEPOSITS

There are no deposits as on 31st March, 2009. All deposits which matured till June 2009, were repaid on the due dates.



COST AUDIT

The Board of Directors have appointed Mr C Ramamoorthy, Cost Accountant, Madurai to audit the cost accounts of the Company relating to the manufacture of rubber tyres and tubes for the financial year ended 31st March, 2010, in compliance with the Central Government directives in this regard.

DIRECTORS

Mr Sitaram Rao Valluri and Mr N H Atthreya retire by rotation and being eligible offer themselves for re-appointment.

M/s S Ravichandran and T Chinnadurai were appointed as Additional Directors of the Company.

AUDITORS

M/s Sundaram & Srinivasan, Chartered Accountants, Madurai, retire and are eligible for reappointment.

STATUTORY STATEMENTS

In terms of Section 217(1)(e) of the Companies Act, 1956, and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the additional information as required is furnished as Annexure forming part of the Report.

No employee of the Company was in receipt of remuneration during the financial year 2008-09, in excess of the sum prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

APPRECIATION

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

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

For and on behalf of the Board

Place : Chennai
Date : 30.5.2009

S NARAYANAN
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 31.3.2009.

FORM A

(A) POWER AND FUEL CONSUMPTION :

A. CONSERVATION OF ENERGY:

- a) Energy conservation measures taken;
1. Electrical
 - i) VFD installed in pump application, cooling tower fans, Boiler ID, FD fans and drive Motors based on the application.
 - ii) Optimization of motors done by load study and replaced, where possible, by energy efficient motors.
 - iii) Compressed air conserved by pipe line sizing and air leaks control.
 - iv) Reciprocating compressors replaced by more efficient screw compressors.
 2. Thermal
 - i) Condensate recovery improved and feed water temperature increased for optimizing steam generation.
 - ii) Fuel consumption reduced by installation of on line boiler efficiency monitoring system.
- b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy;
- i) Usage of auto / semi auto system in machines.
 - ii) Low cost automation in machines for Energy Conservation and Productivity Improvement.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;
- By effectively adopting the above measures, we have been able to reduce
- i) Specific Power and fuel consumption
 - ii) Specific Power and fuel cost
- d) Total energy consumption and energy consumption per unit of production.

	2008 - 09	2007 - 08
1. Electricity		
a) Purchased :		
Units	1,51,12,166	1,42,59,537
Total Amount (Rs.)	5,81,68,072	6,62,13,415
Rate / Unit (Rs.)	3.85	4.64
b) Own Generation :		
i) Through Diesel Generator (units)	53,42,253	15,03,694
Units per litre of diesel oil	2.99	3.03
Cost / Unit (Rs.)	11.21	13.90
ii) Through Wind Electric Generator (Units)	74,01,015	75,96,943
Total Cost (Rs.)	19,08,064	59,18,268
Rate / Unit (Rs.)	0.26	0.78
2. Furnace Oil		
Quantity (Litres)	7,04,039	4,30,057
Total Cost (Rs.)	1,47,76,544	83,56,628
Average rate (Rs.) / Litre	20.99	19.43
3. Others		
Quantity (MT)	26,535	12,359
Total Cost (Rs.)	6,21,92,140	4,24,76,946
Average rate (Rs.) / MT	2,343.76	3,436.92
(B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (Units)	2.58	2.45
Furnace Oil (Litre)	0.07	0.06
Others (Kgs)	2.46	1.26

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)
B. TECHNOLOGY ABSORPTION:
FORM B
RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the Company :
 - a) Introduction of Tubeless tyres for Motorcycles.
 - b) Range expansion in Export segment.
 - c) Newer, application oriented patterns for the After Market and Export, to satisfy various customer needs.
 - d) Product quality improvement through continuous process improvements.
2. Benefits derived as a result of the above R & D:
 - a) Entry into more Export markets.
 - b) Improved replacement market share.
 - c) Ability to introduce products as required by market.
 - d) Entry into new OEM for Motorcycle tyres.
3. Future Plan of Action:
 - a) To introduce increased automation for capability improvement, and manufacture of superior products.
 - b) Introduction of futuristic new products for Domestic After Market
 - c) Diversification of product range in export with technology up-gradation.
 - d) New pattern for different class of customers for both Original Equipment and After Market.
4. Expenditure on R&D:

	Rs. in lakhs
a) Capital	27.67
b) Recurring	574.45
c) Total	602.12
d) Total R & D expenditure as a percentage of total turnover	0.94%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

Introduction of new products resulted in higher growth in all markets.

Improved consistency in quality of product.
2. Benefits derived as a result of the above efforts :

Company was able to develop a whole range of new products for OEM, Replacement Market and Export Market, in the shortest development cycle time.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished.
 - a) Technology imported - Nil
 - b) Year of import - Not Applicable
 - c) Has technology been fully absorbed - Not Applicable
 - d) If not fully absorbed, areas where this has not been taken place, reasons therefor and future plans of action - Not Applicable

C. FOREIGN EXCHANGE EARNINGS & OUTGO :

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

Introduction of new products, addition of new customers, expanding of new geographies etc.,
- b) Earnings

Exports	Rs. 9,578.53 lakhs
Others	-
- c) Outgo

	Rs.11,682.10 lakhs
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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

Automobile industry will continue to be the growth engine for economies and Tyre industry demand depends primarily on the Automotive industry. The offtake and growth in the OEM market of the Company is directly related to new vehicle sales and the market share.

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

The year ended, threw a difficult and complex business scenario, mainly because of downturn in global economy, spiraling raw material prices and fluctuating demands. Though, Two Wheeler industry registered a growth of 5%, thanks to the rural sector of our country still having money power to spend, high interest rates, postponement of purchases by consumers due to global recession in the second half of the year, the first three quarters of the year ended seeing steep increase in raw material prices and fluctuation in exchange rates, did have its impact in overall business.

Unprecedented increase in the price of Natural Rubber and Synthetic Rubber in particular, as well as other Petroleum based raw materials necessitated the manufacturers to hold higher inventories and opt for spot purchases. Since Tyre industry is not only a highly capital intensive industry as well as a labour-oriented industry, power scarcity has also been of a great concern, in addition to high material cost.

2. Discussion and Analysis

Market :

Original Equipment Manufacturers:

Last year, though Company could register a growth in volume and value, higher than the industry growth, contribution continued to be a point of concern, in view of sustained fluctuation in raw material prices. Innovative technologies, entry into premium segments and increased market share have helped the company to withstand to an extent the cost pressures.

After Market :

The Company continues its good performance by registering a significant growth in both value and volume during the year also, through its concentration in Semi-Urban and Rural markets, involvement in Sales Promotion Activities and bringing in newer products in Motorcycle tyre segment.

Export :

Exports showed a good growth in the first half of the year ended, but as the global recession started in October 2008, demand and sales dropped down. The Company embarked upon newer products in Agricultural segment, new Distribution Channels and an increase in Motorcycle tyres exports, thereby the overall Export revenue showing an increase last year.

Manufacturing :

The Company continued its initiatives in sustaining the manufacturing excellence, derived through TPM recognitions by working on increased productivity, lean and flexible manufacturing systems, Empowered work teams for Workmen and targeting continuous cost compression. The Company won for the 4th successive year, the Energy Conservation Award, from the Government of India, and also IMEA Award for manufacturing excellence in the Tyre industry.

3. Outlook

Two Wheeler Industry recorded a growth of around 5% in the year ended on 31st March'09. Your Company recorded a higher growth than the average industry growth.

Market indications are that this year will see the Two Wheeler industry sustaining its growth and quite a few newer models will be launched in 2009-10. Your Company continues to enjoy the highest market share with the vehicle manufacturers and most of the newer models will sport TVS Tyres.

After Market continues to throw open greater opportunities in this year also with increased demand, more so in Semi-Urban and Rural markets of the country. Your Company will continue its focus in strengthening the Dealer Network, sustaining the Promotional Activities through a close interaction with Dealers, Mechanics and Consumers, thereby aiming

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

towards increased market share and expanded volumes in this year.

As Overseas markets, primarily Europe and USA, continue to reel under recession, your Company expects to sustain the export turnover of the year under review during the year 2009-10 also, through introduction of new products and adding more Distribution Channels.

Your Company is confident of showing an overall growth in this year also.

4. Risks and Concerns

External Risks :

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

Fear of continued down turn in global economy, thereby postponing the new vehicle purchase and lower support from Banks on loans could result in drop in vehicle sales.

Highly Volatile Foreign Exchange fluctuations.

Power scarcity resulting in increased Conversion Cost.

Strategic sourcing and spot purchasing necessitating higher funds availability.

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

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

Internal Risks:

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

The past years have seen the share of After Market sale going up, thereby reducing the Company's

dependency on a few OEMs. Developing tyres for premium segment of vehicles, launch of high technology tyres for Motorcycles such as Tubeless tyres, increased fitment of the tyres of your Company in Export vehicles, added to the positive steps for the future.

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

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

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

5. Internal Control Systems

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

6. Discussion On Financial Performance With Respect To Operational Performance

	Rs. in lakhs
Sales and Labour charges	64289
Other Income	143
Net profit	901

7. Cautionary Statement

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

CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

The Company believes in the philosophy of continuous improvement in all facets of its operations. Budgets, investment proposals, significant developments are placed before the Board. Audit, Share Transfer and Shareholder and Investors Committee meet regularly 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.

2. Board of Directors

The Board comprises of ten members, as per details furnished below

Mr S Narayanan, Chairman	Non Executive Director
Mr R Naresh, Executive Vice Chairman	Executive
Ms Shobhana Ramachandhran Managing Director	Executive
Mr M S Viraraghavan, Director	Non-Executive and Independent
Mr N H Atthreya , Director	Non-Executive and Independent
Mr J V Raghavan, Director	Non - Executive
Mr Sitaram Rao Valluri , Director	Non-Executive and independent
Mr P Vijayaraghavan, Director	Non-Executive Director
Mr S Ravichandran, Additional Director	Non-Executive and independent
Mr T Chinnadurai, Additional Director	Non-Executive and independent

All Directors and Senior Management Personnel have affirmed compliance with the Code of conduct approved and adopted by the Board of Directors.

Attendance at Board Meeting and last Annual General Meeting

During the financial year 2008-09, the Board met 5 times on 30.5.2008; 31.7.2008; 17.9.2008; 31.10.2008; 31.1.2009

Details of attendance at Board Meetings, Annual General Meeting and details of Directorships in other Boards and Board Committees.

	Attendance Particulars		No. of directorship & committee Membership other than TSL as on 31.3.2009	
	Board meeting	Last AGM	Membership in other Board	Membership in other Committees
Mr S Narayanan	5	Yes	4	1
Mr R Naresh	4	Yes	6	-
Ms Shobhana Ramachandhran	5	Yes	5	-
Mr M S Viraraghavan	4	Yes	-	-
Mr N H Atthreya	5	Yes	1	1
Mr J V Raghavan	-	Yes	-	-
Mr Sitaram Rao Valluri	5	Yes	-	-
Mr P Vijayaraghavan	2	No	-	-
Mr S Ravichandran*	-	-	-	-
Mr T Chinnadurai*	-	-	-	-

* Appointed as Additional Directors only on 30th March, 2009

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

3. Audit Committee

The terms of reference of the Audit Committee is based on revised Clause 49 of the Listing Agreement and the applicable provisions of the Companies Act, 1956.

The gist of terms of reference is given below :

- Review of Company's financial reporting process.
- Review of Quarterly, half yearly and annual financial statements, before submission to the Board.

CORPORATE GOVERNANCE (Contd.)

- c) Review with External Auditors, on areas of concern.
- d) Review with Internal Auditors, on significant observations.
- e) Recommending appointment of External Auditor and fixation of audit fees.
- f) Recommending appointment of Internal Auditor and fixation of audit fees.
- g) Review with External Auditors, on the nature and scope of audit.
- h) Review the adequacy of Internal Audit function; including review of Internal Audit's staffing, structure etc.
- i) Review the Internal Audit plan for the year.
- j) Review the adequacy of internal control system.
- k) Review the Company's financial and risk management policies.
- l) Review of Performance of External / Internal Auditors.
- m) Mandatory Review of
 - Management Discussion and Analysis of financial condition and results of operations;
 - Statement of Significant Related Party Transactions (as defined by the Audit Committee), submitted by Management
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit Reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee

During the financial year 2008-09, the Audit Committee met 4 times on 30.5.2008, 31.7.2008, 31.10.2008 and

31.1.2009. The composition and attendance particulars are as follows:

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

4. Remuneration Committee

This being a non-mandatory requirement, the Company has not formed a remuneration Committee.

The remuneration to the Managing Director and the Executive Vice Chairman has been determined considering the prevalent remuneration for managerial personnel of Companies of similar size and stature. This remuneration is within the limits set out under Schedule XIII of the Companies Act, 1956 and is approved by the Board of Directors and shareholders at the General Meeting.

The details of remuneration to the Managing Director and Executive Vice Chairman for the financial year ended 31st March, 2009, are as follows:

	Rs. in lakhs
i) Ms Shobhana Ramachandhran, Managing Director:	
Salaries & Allowances	35.00
Commission	28.65
Perquisites	5.67
ii) Mr R Naresh, Executive Vice Chairman :	
Commission	28.65

No stock options were granted to any Directors or employees.

The Non-Executive Directors are remunerated by way of commission within the ceiling of 1% of the net profits

CORPORATE GOVERNANCE (Contd.)

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 :

Name of the Director	Sitting Fees Paid	Commission Paid	Rs. in lakhs	
			Total	No. of shares
Mr S Narayanan	0.40	1.43	1.83	2195
Mr R Naresh	-	-	-	97656
Miss Shobhana Ramachandhran	-	-	-	247506
Mr M S Viraraghavan	0.35	3.34	3.69	900
Mr N H Atthreya	0.45	3.34	3.79	1200
Mr J V Raghavan	0.15	1.43	1.58	7625
Mr Sitaram Rao Valluri	0.45	3.34	3.79	-
Mr P Vijayaraghavan	0.10	1.43	1.53	150

Further, the Executive Vice Chairman and Managing Director are entitled to draw medical expenses, leave travel concession, fees of clubs and use of car and telephone at residence, as per terms of appointment. Further they are entitled to gratuity and leave encashment as per the terms of appointment.

5. Status on Compliance to Non-mandatory requirements

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

6. Shareholders / Investors Committee

The Shareholders / Investor grievance committee was constituted to attend to shareholders and investors

complaints. The Committee consists of Mr S Narayanan Ms Shobhana Ramachandhran Mr J V Raghavan and Mr P Vijayaraghavan as its members. Mr S Narayanan is the Chairman of the Committee.

Company Secretary is the Secretary of Shareholders/ Investors Committee.

Company Secretary has been designated as Compliance Officer of the Company.

There were no complaint(s), during the year 2008-2009.

There were 2 transfer requests pending as on 31.3.2009, which were subsequently cleared.

7. General Body Meetings:

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

Year	Venue	Date & Time
2005-06	Lakshmi Sundaram Hall 15-A Gokhale Road Madurai 625 002	7.8.2006, 10.00 A.M
2006-07	-do -	14.9.2007, 10.25 A.M
2007-08	-do -	18.9.2008, 10.30 A.M

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

8. Disclosures

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

There have been no instances of non-compliance by the Company on any matters relating to capital market,

CORPORATE GOVERNANCE (Contd.)

nor has any penalty / strictures been imposed on the Company by the Stock Exchange or SEBI or any other Statutory authority on such matters.

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

9. Means of Communication

- The quarterly / half yearly and annual financial results of the Company are normally published in "Economic Times" and "Dinamalar". In addition to the above, quarterly and annual results are displayed at our Website at www.tvstyres.com for the information of all the Shareholders.
- All material information about the Company is promptly sent to the Stock Exchanges.
- Pursuant to Clause 51 of the Listing Agreement, financial information like annual and quarterly financial statements, shareholding pattern, etc., are available on SEBI website www.sebidifar.nic.in

10. Management Discussion & Analysis Report

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

11. General Shareholders information

a) 26th Annual General Meeting

Date & Time	25th September, 2009 10.15 AM
Venue	Lakshmi Sundaram Hall 15-A Gokhale Road Madurai 625 002

b) Financial Year	April to March
First quarter results ending June 30, 2009	July 2009
Second quarter results ending September 30, 2009	October 2009
Third quarter results ending December 31, 2009	January 2010
Financial Reporting for the quarter ending March 31, 2010	April - June 2010
c) Period of Book Closure	From 16.9.2009 To 25.9.2009 (both days inclusive)
d) Dividend for 2008 - 2009	35% (proposed)
e) Listing on Stock Exchanges	Madras Stock Exchange Ltd., Chennai (MSE) - Regional Stock Exchange BSE, Mumbai (BSE) National Stock Exchange of India Ltd
f) Stock Code	MSE Stock Code : TVSSRICHAK BSE Stock Code : 509243 NSE Stock Code : TVSSRICHAK

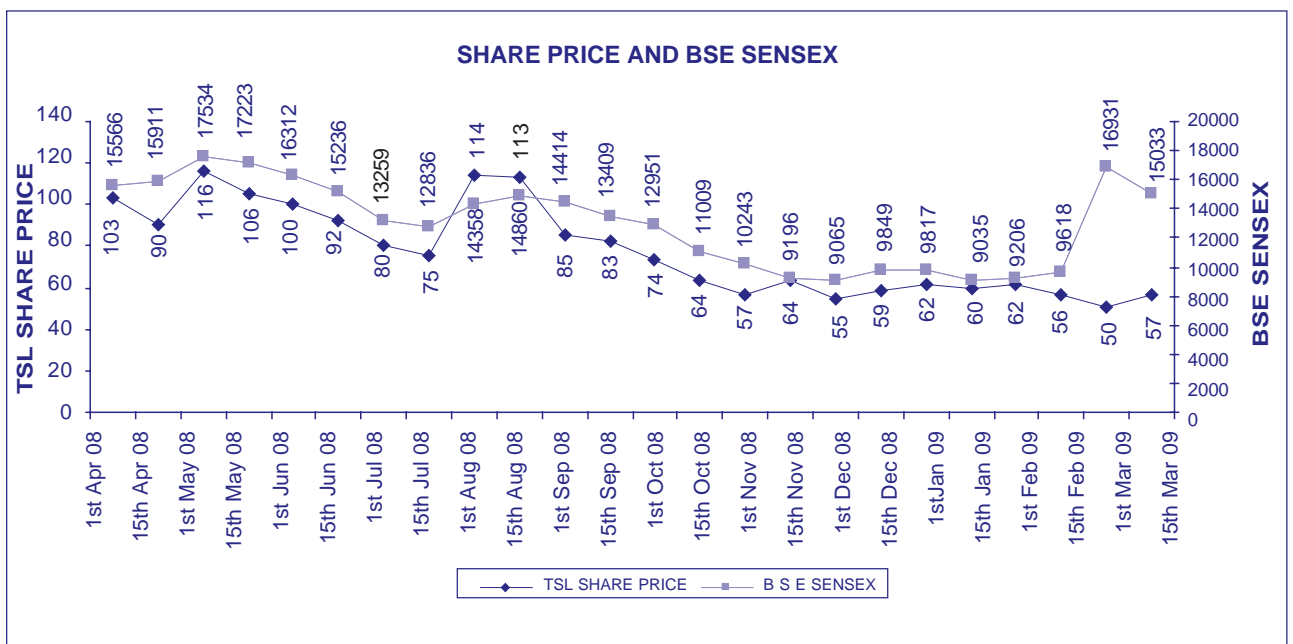
CORPORATE GOVERNANCE (Contd.)

g) Market Price Data (Rs.)

Month	High	Low	Month	High	Low
April 2008	115.75	87.45	Oct. 2008	73.50	46.00
May 2008	114.75	96.10	Nov. 2008	62.80	55.25
June 2008	99.25	78.10	Dec. 2008	63.90	55.00
July 2008	86.00	72.15	Jan. 2009	65.00	54.30
August 2008	90.25	81.30	Feb. 2009	61.90	49.00
September 2008	95.75	72.65	Mar. 2009	63.00	51.90

As on 31st March, 2009: High: Rs.115.75 Low: Rs.46.00 (Source: BSE, Mumbai)

h) Market Price Movement in comparison to BSE Index



i) Registrar & Share Transfer Agents and Share Transfer System

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

CORPORATE GOVERNANCE (Contd.)

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

M/s Integrated Enterprises (India) Limited
 "Kences Towers" II Floor
 No.1, Ramakrishna Street,
 North Usman Road, T Nagar
 Chennai 600 017
 Phone : 044 - 28140801 - 803
 Fax : 044 - 28142479
 Email : yesbalu@iepindia.com
 sureshbabu@iepindia.com

j) Distribution of shareholding as on 31st March, 2009.

No. of Shares held	No. of shares		No. of folios	
	In Nos	as a %	In Nos	as a %
Upto 500	20,28,630	26.50	17,355	95.30
501 - 1000	4,07,296	5.32	553	3.04
1001 - 5000	4,71,625	6.16	244	1.34
5001 - 10000	1,47,245	1.92	20	0.11
10001 and above	46,02,254	60.10	39	0.21
Total	76,57,050	100	18,211	100

k) Dematerialisation of shares

Your Company's shares are available in the electronic form (depository system); as on 31.3.2009, 7631 shareholders have dematerialised their holdings, aggregating to 41.89% of the paid up capital of the Company. Your Company's ISIN No. is INE 421C01016

There are several benefits to investors under this

depository system like elimination of bad deliveries and risks associated with physical certificates like theft, loss, mutilation etc., apart from non applicability of stamp duty in case of transfer of shares in the depository system. We recommend the Shareholder to demat their holdings in their own interest.

l) Outstanding GDRs/ADRs/ Warrants

There are no outstanding GDRs / ADRs / Warrants or any convertible instruments as on 31st March, 2009.

m) 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

n) Address for correspondence and any assistance / clarification :

TVS Srichakra Limited
 No.10, Jawahar Road
 Madurai 625 002
 Phone : 0452 2420461
 Fax : 0452 2420266
 Email : investorgrievances@tvstyres.com
 demat@tvstyres.com

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 31.3.2009, 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
K S NARAYANASWAMY
Partner
Membership No. 8593

Place : Chennai
Date : 30.5.2009

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, 2009 and that to the best of our knowledge and belief
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee that there were
 - i) no significant changes in internal control over financial reporting during the year;
 - ii) no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

L R SUBRAMANIAN
PRESIDENT - FINANCE & SECRETARY

SHOBHANA RAMACHANDHRAN
MANAGING DIRECTOR

Place : Chennai

Date : 30.5.2009

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, 2009.

Place : Chennai
Date : 30.5.2009

SHOBHANA RAMACHANDHRAN
MANAGING DIRECTOR

AUDITORS' REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of M/s TVS Srichakra Limited, as at 31st March, 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. a) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
b) Further to our comments in the Annexure referred to in paragraph (a) above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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, 2009;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
 - (c) in the case of Cash Flow Statement, the Cash flows of the Company for the year ended on that date.

For SUNDARAM & SRINIVASAN
Chartered Accountants
K S NARAYANASWAMY
Partner
Membership No:8593.

Place : Chennai
Date : 30.5.2009

ANNEXURE TO THE REPORT OF THE AUDITORS

1. The nature of the Company's business/activities during the year is such that, to the best of our knowledge and the information and explanations given to us, clauses (xiii) & (xiv) of paragraph 4 of the Order are not applicable to the Company.
2. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The Fixed Assets have been physically verified by the Management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
(c) The Company has not disposed off any major/substantial part of the fixed assets during the year.
3. (a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and the same have been properly dealt with in the accounts.
4. (a) The Company has not granted any loan during the year to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has not taken any loan from parties listed in the register maintained under Section 301 of the Companies Act, 1956.
(c) In respect of other loans and advances granted, repayment is regular. Payment of interest is also regular.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for sale of goods and there are no major weaknesses in such internal control.
6. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and Section 58AA of the Companies Act, 1956; and the companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public. We are informed that no order has been passed by the Company Law Board.
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

ANNEXURE TO THE REPORT OF THE AUDITORS (Contd.)

- facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
10. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Excise Duty, Sales Tax/VAT, 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, Excise Duty, Sales Tax/VAT, Service Tax, Customs Duty and Cess were in arrears, as at 31.3.2009 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/VAT and Excise Duty which have not been deposited on account of any dispute is furnished in Note No.5 to the Notes on Accounts.
11. The Company does not have any accumulated losses and no loss cash or otherwise has been incurred by the Company in the current financial year or preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Bank.
13. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
14. The Company has not given Guarantee for loans taken by others, from banks or financial institutions.
15. In our opinion, on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
17. The Company has not issued any shares during the year and hence the question of any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 does not arise.
18. The Company has not issued any debentures during the year.
19. The Company has not raised any money by issue of shares during the year.
20. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For SUNDARAM & SRINIVASAN
Chartered Accountants
K S NARAYANASWAMY
Partner
Membership No:8593.

Place : Chennai
Date : 30.5.2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31.3.2009	Rs. in lakhs 31.3.2008
I SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	765.70	765.70
Reserves & Surplus	2	5731.23	5148.01
Loan Funds			
Secured Loans	3	15708.55	15826.24
Unsecured Loans	4	13.14	28.67
Deferred Tax Liability (Net)	5	742.03	737.03
Total		<u>22960.65</u>	<u>22505.65</u>
II APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block at Cost		14583.47	12728.55
Less: Depreciation		7430.75	6447.34
Net Block		7152.72	6281.21
Capital Work-in-Progress		76.57	102.24
		<u>7229.29</u>	<u>6383.45</u>
Investments	7	124.50	124.50
Current Assets, Loans & Advances			
Inventories	8	6539.30	9349.99
Sundry Debtors	9	10658.66	8453.63
Cash & Bank Balances	10	1326.01	423.49
Loans & Advances	11	2732.85	3650.91
(A)		<u>21256.82</u>	<u>21878.02</u>
Less: Current Liabilities & Provisions			
Liabilities	12	5058.41	5476.18
Provisions	13	591.55	404.14
(B)		<u>5649.96</u>	<u>5880.32</u>
Net Current Assets	(A-B)	15606.86	15997.70
Total		<u>22960.65</u>	<u>22505.65</u>
Notes on Accounts	18		

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

SHOBHANA RAMACHANDHRAN
Managing Director

As per our report attached
For SUNDARAM & SRINIVASAN
Chartered Accountants
K S NARAYANASWAMY
Partner

S NARAYANAN
Chairman
L R SUBRAMANIAN
President - Finance & Secretary

Place : Chennai
Date : 30.5.2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	31.3.2009	Rs. in lakhs 31.3.2008
INCOME			
Sales		64289.26	51986.65
Less: Excise Duty		<u>6654.19</u>	<u>6172.95</u>
Net Sales		57635.07	45813.70
Labour Charges		–	5.74
Other Income	14	143.09	435.56
Increase / (Decrease) in Stock	15	635.43	378.19
	Total (A)	<u>58413.59</u>	<u>46633.19</u>
EXPENDITURE			
Materials consumed	16	39610.61	30746.76
Purchase of traded goods		63.51	73.93
Other Expenses	17	14577.02	12424.22
Interest		1859.08	1109.08
Depreciation		987.66	908.63
	Total (B)	<u>57097.88</u>	<u>45262.62</u>
Profit before taxation	(A–B)	1315.71	1370.57
Provision for:			
– Income Tax		375.00	435.00
– Deferred Tax		5.00	(21.61)
– Fringe benefit tax		35.00	25.00
Profit after taxation		900.71	932.18
Tax relating to Prior years:			
– Income Tax relating to prior years		-3.94	-3.05
– Fringe Benefit Tax relating to prior year		–	-0.91
Surplus brought forward from last year		<u>3988.28</u>	<u>3468.61</u>
Profit available for appropriation		<u>4885.05</u>	<u>4396.83</u>
Appropriations:			
Transfer to General Reserve		95.00	95.00
Proposed Dividend		268.00	268.00
Tax on distribution of Dividend		45.55	45.55
Balance carried forward		<u>4476.50</u>	<u>3988.28</u>
	Total	<u>4885.05</u>	<u>4396.83</u>
Basic and Diluted Earnings Per Share (Rs.)		11.76	12.17
(Face value of Rs. 10/- each (Last year face value of Rs. 10/- each))			
Notes on Accounts	18		

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

SHOBHANA RAMACHANDHRAN
Managing Director

As per our report attached
For SUNDARAM & SRINIVASAN
Chartered Accountants

S NARAYANAN
Chairman

Place : Chennai
Date : 30.5.2009

K S NARAYANASWAMY
Partner

L R SUBRAMANIAN
President - Finance & Secretary

SCHEDULES

	Rs. in lakhs	
	31.3.2009	31.3.2008
1. SHARE CAPITAL		
Authorised :		
1,00,00,000 equity shares of Rs. 10/- each	<u>1000.00</u>	1000.00
Issued, subscribed and paid-up :		
76,57,050 equity shares of Rs. 10/- each fully paid	<u>765.70</u>	765.70
2. RESERVES & SUPRLUS		
General Reserve		
As Per last Balance Sheet	<u>1066.00</u>	971.00
Add: Transfer from Profit & Loss Account	<u>95.00</u>	95.00
	<u>1161.00</u>	1066.00
Capital Reserve	<u>0.16</u>	0.16
Share Premium	<u>93.57</u>	93.57
Profit & Loss Account	<u>4476.50</u>	3988.28
	<u>5731.23</u>	5148.01
3. SECURED LOANS*		
Loans from Banks:		
Working Capital Facilities	<u>11791.43</u>	12358.16
Term Loans:		
State Bank of India	<u>3917.12</u>	3468.08
	<u>15708.55</u>	15826.24
* For nature of security refer Note No. 8 of Notes on Accounts		
4. UNSECURED LOANS		
Fixed Deposits	-	11.68
HP Finance	<u>13.14</u>	16.99
	<u>13.14</u>	28.67
5. DEFERRED TAX LIABILITY (NET)		
DEFERRED TAX LIABILITY:		
On account of Depreciation:		
As per last Balance Sheet	<u>757.48</u>	781.69
Adjustment during the year	<u>20.00</u>	(24.21)
	<u>777.48</u>	757.48
DEFERRED TAX ASSET:		
On account of Retirement Benefits		
As per last Balance Sheet	<u>20.45</u>	23.05
Adjustment during the year	<u>15.00</u>	(2.60)
	<u>35.45</u>	20.45
	<u>742.03</u>	737.03

SCHEDULES (Contd.)
6. FIXED ASSETS

Rs. in lakhs

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK		
	As at 1.4.2008	Additions Deductions As at 31.3.2009	Up to 31.3.2008	For the Year	Deductions Up to 31.3.2009	As at 31.3.2009	As at 31.3.2008
LAND - FREEHOLD	99.13	- 1.06	-	-	-	98.07	99.13
BUILDINGS	1419.97	257.81 -	354.20	44.42	398.62	1279.16	1065.77
PLANT & MACHINERY	10575.26	1537.42 5.47	5803.43	902.11	6701.68	5405.53	4771.83
ELECTRICAL INSTALLATION	342.32	40.55 -	151.77	17.92	169.69	213.18	190.55
FURNITURES & FIXTURES	170.57	18.38 1.16	107.66	10.69	117.96	69.83	62.91
VEHICLES	101.83	5.19 -	27.74	9.47	37.21	69.81	74.09
INTANGIBLE ASSETS	19.47	3.26 -	2.54	3.05	5.59	17.14	16.93
TOTAL	12728.55	1862.61 7.69	6447.34	987.66	7430.75	7152.72	6281.21
Previous Year	11475.84	1303.12 50.41	5578.49	908.63	6447.34	6281.21	-
Capital Work-in-Progress						76.57	102.24

SCHEDULES (Contd.)

	Rs. in lakhs	
	31.3.2009	31.3.2008
7. INVESTMENTS		
(LONG TERM)		
AT COST-NON-TRADE-UNQUOTED		
Fully paid-up		
5,00,000 Equity Shares of Rs. 10/- each fully paid-up in TVS Cherry Private Ltd.	53.58	53.58
5,99,000 Equity Shares of Rs. 10/- each fully paid-up in TVS Telecom Components Ltd.	59.90	59.90
15,000 Equity Shares of Euro 1 each in Van Leeuwen Tyres & Wheels B.V., Holland	8.57	8.57
24,500 Equity Shares of Rs. 10/- each fully paid-up in Arkay Energy (Rameswaram) Ltd. (Aggregate unquoted shares Rs. 124.50 lakhs) (Previous year Rs. 124.50 lakhs)	2.45	2.45
	124.50	124.50
8. INVENTORIES		
AS CERTIFIED BY THE MANAGING DIRECTOR		
Raw Materials at cost	3313.87	6581.33
Work in Progress at cost	411.17	620.64
Finished Goods at lower of cost and realisable value	2479.04	1843.73
Stores and Spares at cost	320.25	289.44
Stock of Traded Goods at cost	14.97	14.85
	6539.30	9349.99
9. SUNDRY DEBTORS		
(UNSECURED CONSIDERED GOOD)		
Debts Outstanding for a period exceeding 6 months	281.23	95.06
Other Debts	10377.43	8358.57
	10658.66	8453.63
10. CASH AND BANK BALANCES		
Cash on Hand	3.53	3.50
With Scheduled Banks:		
– In Current Accounts	1285.65	385.15
– In Fixed Deposit Accounts	–	–
– In Dividend Warrant Accounts	36.83	34.84
	1326.01	423.49
11. LOANS AND ADVANCES		
(UNSECURED CONSIDERED GOOD)		
Loan	–	18.00
Advances Recoverable in cash or in kind or for value to be received	2369.11	3169.62
Prepaid Expenses	122.43	84.66
Accrued Income	50.14	166.07
Deposits	191.17	170.17
Advance taxes net of provisions	–	42.39
	2732.85	3650.91

SCHEDULES (Contd.)

	Rs. in lakhs	
	31.3.2009	31.3.2008
12. CURRENT LIABILITIES		
Sundry Creditors	5021.58	5439.74
Unpaid Dividend Warrants	36.83	34.84
Interest accrued but not due	–	1.60
	<u>5058.41</u>	<u>5476.18</u>
13. PROVISIONS		
Proposed Dividend	268.00	268.00
Dividend tax	45.55	45.55
Gratuity	114.97	30.42
Leave Encashment	102.51	60.17
Provision for Taxation less Advance tax including Fringe Benefit Tax	60.52	–
	<u>591.55</u>	<u>404.14</u>
14. OTHER INCOME		
Rent	0.79	0.05
Interest	23.96	16.25
Dividend	2.50	37.50
Exchange Rate Fluctuation	–	–
Profit on Sale of Assets (Net)	–	3.91
Miscellaneous Sales	99.46	105.75
Miscellaneous Income	16.38	272.10
	<u>143.09</u>	<u>435.56</u>
15. INCREASE/(DECREASE) IN STOCK		
Opening Stock:		
Finished Goods	1843.73	1475.48
Traded Goods	14.85	4.91
	<u>1858.58</u>	<u>1480.39</u>
Closing Stock:		
Finished Goods	2479.04	1843.73
Traded Goods	14.97	14.85
	<u>2494.01</u>	<u>1858.58</u>
	<u>635.43</u>	<u>378.19</u>
16. MATERIALS CONSUMED		
Opening Stock – Raw Materials	6581.33	4161.30
– Work in Progress	620.64	393.89
	<u>7201.97</u>	<u>4555.19</u>
Add : Purchases – Raw Materials (includes processing charges of Rs. 744.62 lakhs) (Previous year Rs. 713.73 lakhs)	36133.68	33393.54
	<u>43335.65</u>	<u>37948.73</u>
Less: Closing Stock– Raw Materials	3313.87	6581.33
– Work in Progress	411.17	620.64
	<u>39610.61</u>	<u>30746.76</u>

SCHEDULES (Contd.)

	31.3.2009	Rs. in lakhs 31.3.2008
17. EXPENSES		
Stores & Spares consumed	1475.39	1150.47
Salaries and Wages	3534.25	3017.06
Contribution to Provident and other funds	292.45	252.45
Gratuity	114.97	30.43
Workmen & Staff Welfare	346.75	301.02
Power & Fuel	2019.49	1384.40
Freight	2026.93	1976.08
Rent including lease rentals	257.66	165.73
Rates & Taxes	40.62	36.16
Insurance	67.85	90.31
Commission & Discounts	2330.21	2038.13
Finance Charges	28.98	10.03
Travelling Expenses	383.10	468.48
Audit Fees:		
- Audit	5.00	3.75
- Tax Audit	0.30	0.15
- Income Tax matters	0.10	0.10
- Certification work	0.45	0.45
- Expenses	0.40	0.35
Directors' Sitting Fees	1.95	1.75
Repairs & Maintenance :		
- Buildings	116.82	177.30
- Plant & Machinery	89.33	68.34
- Others	43.72	51.03
Advertisement & Sales Promotion	536.03	302.20
Donation	3.92	3.64
Others	860.35	894.41
	<u>14577.02</u>	<u>12424.22</u>

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

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

2. AS 2: Valuation of inventories:

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

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

3. AS 3: Cash flow statements:

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

4. AS 6: Depreciation accounting:

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

5. AS 9: Revenue Recognition:

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

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

6. AS 10: Accounting for fixed assets:

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

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

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

SCHEDULES (Contd.)

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

8. AS 13: Accounting for Investments:

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

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

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

Leave encashment is provided for based on actuarial valuation.

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

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

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

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

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

(Rs. In Lakhs)

LEAVE ENCASHMENT		
Particulars	31.3.2009	31.3.2008
Obligations at period beginning	60.17	67.83
Service Cost	54.63	10.36
Interest cost	3.44	5.42
Actuarial (gain)/loss	6.24	(4.50)
Benefits paid	(21.97)	(18.94)
Amendment in benefit plans		
Obligations at the period end	102.51	60.17

SCHEDULES (Contd.)

(Rs. In Lakhs)

GRATUITY		
Particulars	31.3.2009	31.3.2008
Obligations at period beginning	420.91	364.21
Service Cost	75.35	54.61
Interest Cost	28.54	29.13
Actuarial (gain)/loss	28.43	(7.69)
Benefits paid	(26.41)	(19.35)
Amendment in benefit plans	–	–
Obligations at the period end	526.82	420.91

(Rs. In Lakhs)

GRATUITY		
	31.3.2009	31.3.2008
Change in plan assets		
Plan assets at the beginning of the year	390.49	328.44
Expected return on the plan assets	31.40	26.27
Actuarial gain/(loss)	(14.05)	19.36
Contributions	30.42	35.77
Benefits paid	(26.41)	(19.35)
Plan assets at the year end, fair value	411.85	390.49

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

(Rs. In Lakhs)

Fair value of the plan assets at the year beginning	411.85
Defined plan obligations at the year end	526.82
Assets(liabilities) recognized in the Profit and Loss account during the year	114.97

(Rs. In Lakhs)

Assumptions:	Gratuity	Leave Encashment
Interest Rate	7.00%	8.00%
Discount Factor	7.00%	8.00%
Estimated Return on Plan Assets	8.00%	8.00%
Salary Increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement Age	55 & 60	55 & 60

SCHEDULES (Contd.)

(Rs. In Lakhs)

Gratuity cost:	31.3.2009	31.3.2008
Service Cost	75.35	54.61
Interest Cost	28.54	29.13
Expected return on plan assets	(31.40)	(26.27)
Actuarial (gains)/losses	42.48	(27.05)
Amortizations (Reduction in benefits)	–	–
Net gratuity cost	114.97	30.42

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 not capitalized since there is no substantial period of time between the date of borrowing and date on which the assets are put to use. Hence all the interest costs of the company have been taken to revenue.

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.

	Rs. In Lakhs
Future Minimum Lease payments	
Upto One year	3.85
One to five Years	9.29
Less : Amount Representing Interest	2.48
Present value of Future Minimum Lease payments	
Upto One year	3.62
One to five Years	7.04

13. AS 20: Earnings per share:

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

SCHEDULES (Contd.)

14. AS 22: Accounting for taxes on income:

The Company provides for current taxes at current rates under the provisions of the Income Tax Act, 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.

16. AS 26: Intangible Assets:

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

17. AS 28: Impairment of Assets:

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

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

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

(Rs. In Lakhs)

Contingent liabilities:	31.3.2009	31.3.2008
Balance at the beginning of the year	3666.58	1015.87
Additions /(Deletions) during the year	(1710.08)	2650.71
Balance at the end of the year	1956.50	3666.58

(Rs. In Lakhs)

Liabilities disputed and not provided for: - Sales Tax & Excise:	31.3.2009	31.3.2008
Balance at the beginning of the year	267.69	338.13
Additions /(Deletions) during the year	(35.17)	(70.44)
Balance at the end of the year	232.52	267.69

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

Sl. No.	Capacity Details	UOM	Automotive Tyres		Automotive Tubes	
			2008-09	2007-08	2008-09	2007-08
1.	Licensed Capacity	Nos ('000)	15000	15000	15000	15000
2.	Installed Capacity (*)	Nos ('000)	12205	11029	12866	11750

(*) As certified by the Managing Director.

b) Opening Stock & Closing Stock

Sl. No.	Product Description	UOM	Opening Stock as at				Closing Stock as at	
			1.4.2008		1.4.2007		31.3.2009	
			Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)
1.	Automotive Tyres	Nos.	341	1476.08	278	1219.32	450	1936.45
2.	Automotive Tubes	Nos.	473	361.92	353	251.97	568	536.32
3.	Flaps	Nos.	1	0.69	1	0.73	1	0.69
4.	Traded Goods	Nos.	19	14.85	13	4.91	11	14.97
5.	Others	—	—	5.04	—	3.46	—	5.58

c) Production & Sale of Manufactured Goods

Sl. No.	Product Description	UOM	Production		Sales			
			2008-09	2007-08	2008-09		2007-08	
			Quantity ('000)	Quantity ('000)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)
1.	Automotive Tyres	Nos.	10710	9774	10601	51994.79	9711	42867.39
2.	Automotive Tubes	Nos.	11366	10241	11271	11851.74	10121	8636.93
3.	Flaps	Nos.	—	—	—	—	—	—
4.	Others	—	—	—	—	360.95	—	407.75

d) Purchase & Sale of Traded Goods

Sl. No.	Product Description	UOM	Purchases				Sales			
			2008-09		2007-08		2008-09		2007-08	
			Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)	Quantity ('000)	Rs. (in lakhs)
1.	Traded Tyres	Nos.	1	14.85	—	—	1	11.14	—	—
2.	Traded Flaps	Nos.	85	48.66	112	73.93	93	70.64	106	80.32

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

				Rs. in lakhs	
		31.3.2009		31.3.2008	
e)	Particulars of Raw Materials consumed	MT.		MT.	
1.	Rubber	24771	22513.08	21585	16300.51
2.	Chemicals	14512	7979.13	14843	6986.31
3.	Fabrics	–	5727.06	–	4739.76
4.	Others	–	2437.25	–	2233.20
f)	CIF Value of Imports				
1.	Raw Materials		10985.74		10421.84
2.	Spares		92.40		52.92
3.	Capital Goods		328.84		75.00
g)	Consumption of imported and indigenous raw materials and components				
		%		%	
1.	Imported	35.09	13565.92	31.65	9577.42
2.	Indigenous	64.91	25090.60	68.35	20682.36
h)	Consumption of imported and indigenous Stores and Spares				
		%		%	
1.	Imported	0.86	12.70	0.90	10.38
2.	Indigenous	99.14	1462.69	99.10	1140.09
i)	Earnings in foreign exchange				
1.	F.O.B. value of goods exported		9578.53		8953.11
j)	Expenditure incurred in Foreign Currency on				
1.	Consultancy		194.56		150.20
2.	Other Matters		80.56		125.69

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

		Rs. in lakhs	
		31.3.2009	31.3.2008
k)	1. Remuneration to Managing Director:		
	Salaries & Allowances	35.00	30.48
	Commission	28.65	29.55
	Contribution to Provident & Other Funds	5.67	4.86
	2. Remuneration to Executive Vice Chairman:		
	Commission	28.65	29.55
	3. Commission to Non-Whole Time Directors	14.33	14.78
	4. Computation of Net Profit for ascertaining Commission payable		
	Net Profit as per Profit and Loss Account	1315.71	1370.57
	Add: Remuneration	112.30	109.22
	Sitting Fees	1.95	1.75
	Profit on Sale of assets (net)	–	-3.91
	Loss on Sale of assets (net)	2.67	–
		1432.63	1477.63
	Commission @ 2% to Managing Director	28.65	29.55
	Commission @ 2% to Executive Vice Chairman	28.65	29.55
	Commission @ 1% to Non-Whole Time Directors	14.33	14.78
<p>Mr R Naresh, Executive Vice Chairman is holding the position of a Joint Managing Director in Sundaram Industries Limited and hence the remuneration payable is subject to the limits set out under Section III of Part II of Schedule XIII of the Companies Act, 1956. Mr R Naresh is in receipt of salary and perquisites from the other company and has opted only for commission from this Company.</p>			
l)	Interest Paid includes:		
	1. Interest on Fixed Deposits	0.75	1.52
	2. Interest on Term Loans	417.98	432.50
m)	Expenses - Others includes:		
	1. Consultancy charges	309.20	247.00
	2. Bad debts	0.32	80.42
	3. Loss on Sale of assets (net)	2.67	–
	4. Sundry Balance written off	–	–
	5. Exchange rate fluctuation loss	85.11	140.71
	6. Impairment of Assets	–	19.31
n)	Tax deducted at Source		
	1. From Interest	3.83	0.04
	2. From Others	–	0.05
o)	Stores and Spares consumed includes consumption towards repairs and maintenance of Plant & Machinery	790.65	627.22

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

		Rs. in lakhs
	31.3.2009	31.3.2008
p) Details of Research and Development Expenditure:		
(i) Capital Expenditure:		
a) Plant & Machinery	23.42	19.13
b) Vehicles	4.25	4.16
Total	<u>27.67</u>	<u>23.29</u>
(ii) Revenue Expenditure:		
a) Raw Materials consumed	28.87	41.74
b) Stores & Spares consumed	9.29	4.39
c) Salaries, Wages, Bonus and Allowances	144.95	137.07
d) Freight	6.60	3.16
e) Rent including lease rentals	5.62	5.14
f) Rates & Taxes	12.74	12.74
g) Insurance	17.29	14.62
h) Travelling expenses	103.36	37.46
i) Repairs & Maintenance	93.90	69.91
j) Consultancy	140.18	74.54
k) Others	11.65	157.66
Total	<u>574.45</u>	<u>558.43</u>
Total Research and Development expenditure	602.12	581.72

SCHEDULES (Contd.)

18. NOTES ON ACCOUNTS (Contd.)	Rs. in 000's
3. INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956	31.3.2009
Balance Sheet Abstract & Company's General Business Profile	
I. Registration Details	
Registration No. L25111TN1982PLC009414	State Code 18
Balance Sheet Date 31.3.2009	
II. Capital Raised during the year	
Public Issue	—
Rights Issue	—
Bonus Issue	—
III. Position of Mobilisation and Deployment of Funds	
Total Liabilities	2296065
Total Assets	2296065
SOURCES OF FUNDS	
Paid-up Capital	76570
Reserves & Surplus	573123
Secured Loans	1570855
Unsecured Loans	1314
Deferred Tax Liability	74203
TOTAL	<u>2296065</u>
APPLICATION OF FUNDS	
Net Fixed Assets	722929
Investments	12450
Net Current Assets	1560686
TOTAL	<u>2296065</u>
IV. Performance of Company	
Turnover including other income	5841359
Total Expenditure including depreciation	5709788
Profit before tax	131571
Profit after tax	90071
Earnings Per Share	11.76
Dividend	35%
V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)	
Product Description	ITC Code Chapter Heading
1. New Pneumatic Tyres of Rubber	40.11
2. Inner Tubes of Rubber	40.13
3. Phenolic Moulded Products	39.26

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

		Rs. in lakhs	
		31.3.2009	31.3.2008
4.	Contingent Liabilities not provided for:		
a)	Estimated amount of contracts remaining to be executed on capital account	1112.85	456.06
b)	On Guarantees executed by Company's Bankers	–	0.85
c)	On Letters of Credit opened by Company's Bankers	826.83	2932.49
d)	Excise Duty under Dispute	197.99	234.08
e)	Sales Tax under Dispute	34.53	33.61
f)	Customs duty on goods lying at Bonded Warehouse	16.82	277.18
5.	Information pursuant to clause 4 (ix) (b) of the Companies (Auditor's Report) Order, 2003 in respect of dues disputed, not deposited, pending with various authorities:		
	Forum where dispute is Pending	Excise Duty	Sales Tax Rs. in lakhs
	High Court	–	21.50
	Commissioner	4.97	–
	Assistant Commissioner	30.61	3.62
	Appellate Tribunal	162.41	0.82
	Assessing Officer	–	8.59
6.	Sundry Creditors includes:		
a)	Acceptances	317.44	256.03
b)	Due to Managing Director	28.65	29.55
c)	Due to Executive Vice Chairman	28.65	29.55
d)	Due to Non-whole time Directors	14.33	14.78
e)	Due to Micro, Small & Medium Enterprises	–	–
7.	No amount is due as on 31st March, 2009 for credit to Investor Education and Protection Fund.		
8.	Nature of charge created against secured loans:		
a)	Working Capital Facilities availed from State Bank of India are secured by a first charge by way of hypothecation of stock of raw materials, stores, work-in-progress, finished goods and book debts;		
b)	Term Loan availed from State Bank of India is secured by hypothecation of specified movable Plant & Machinery located at Company's Plant at Vellaripatti Village, Madurai including 1 No. 1250 KW Wind Electric Generator located at Vadavalli Village, Palladam Taluk, Coimbatore District. Further, the term loan of State Bank of India is secured by equitable mortgage by deposit of title deeds of 1.90 acres of land in Survey No. 519/1B2 located at Narasingampatti Village, Madurai.		
9.	Advances include Rs.1 lacs being advance for purchase of equity shares.		
10.	Details of Earnings Per Share		
	Profit after tax	Rs. in lakhs	900.71
	No. of equity shares	Nos	7657050
	Face Value of share	Rs	10
	Basic Earnings per share	Rs	11.76

SCHEDULES (Contd.)

18. NOTES ON ACCOUNTS (Contd.)

11. Disclosure On Related Party Transactions (AS 18)

Description of relationship and Names of related parties:

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

Rs. In Lakhs

SI. No.	Particulars	Associates	Key Management Personnel	Enterprise with Common Key Management Personnel
A	Transactions for the year ended 31.3.2009			
1	Purchases	168.58 (40.76)	– –	16.80 (4.07)
2	Sales	6852.40 (4170.65)	– –	60.54 (32.69)
3	Interest received	1.04 (1.87)	– –	
4	Services rendered	148.62 (5.15)	– –	88.87 (63.93)
5	Services received	16.86 (38.24)	100.43 (96.84)	8.77 (10.38)
6	Loans given	–	–	–
B	Outstanding as on 31.3.2009			
1	Debtors	905.02 (445.26)	– –	27.89 (27.39)
2	Creditors	– –	57.31 (59.30)	4.25 –
3	Loans given	(18.00)	–	–

Figures in brackets are that of previous year.

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

SHOBHANA RAMACHANDHRAN
Managing Director

As per our report attached
For SUNDARAM & SRINIVASAN
Chartered Accountants

S NARAYANAN
Chairman

Place : Chennai
Date : 30.5.2009

K S NARAYANASWAMY
Partner

L R SUBRAMANIAN
President - Finance & Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

	31.3.2009	Rs. in lakhs
		31.3.2008
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	1315.71	1370.57
Adjustments for :		
Depreciation	987.66	908.63
Interest paid	1859.08	1109.08
Interest received	(23.96)	(16.25)
Dividend Received	(2.50)	(37.50)
Rent received	(0.79)	(0.05)
(Profit)/ Loss on Sale of Assets	2.67	(3.91)
Impairment of Assets	-	19.31
	<u>2822.16</u>	<u>1979.31</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4137.87	3349.88
Adjustments for :		
Trade Receivables	(2205.03)	(1247.29)
Other Receivables	875.67	(169.14)
Inventories	2810.69	(3195.98)
Trade and other payables	(290.88)	654.24
	<u>1190.45</u>	<u>(3958.17)</u>
Cash Generated From Operations	5328.32	(608.29)
Direct taxes paid	311.03	484.05
NET CASH FLOW OPERATING ACTIVITIES (A)	5017.29	(1092.34)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1836.94)	(1172.91)
Proceeds from disposal of assets	0.77	14.54
Dividend received	2.50	37.50
Rent received	0.79	0.05
Interest received	23.96	16.25
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(1808.92)	(1104.57)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(1859.08)	(1109.08)
Proceeds from short term borrowings	(566.73)	4973.49
Repayment of long term borrowings	433.51	(1172.50)
Dividend & Dividend tax paid	(313.55)	(223.96)
NET CASH FLOW FROM FINANCING ACTIVITIES: (C)	(2305.85)	2467.95
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	902.52	271.04
CASH AND CASH EQUIVALENTS - OPENING BALANCE	423.49	152.45
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	1326.01	423.49

SHOBHANA RAMACHANDHRAN
Managing Director

S NARAYANAN
Chairman

Place : Chennai
Date : 30.5.2009

L R SUBRAMANIAN
President - Finance & Secretary

AUDITORS' CERTIFICATE

We have examined the Cash Flow Statement of TVS Srichakra Limited for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company by our report dated 30.5.2009 to the members of the Company.

For SUNDARAM & SRINIVASAN
Chartered Accountants

K S NARAYANASWAMY
Partner
Membership No.8593

Place : Chennai
Date : 30.5.2009

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