



WHEELS INDIA LIMITED

Registered Office : 21, Patullas Road, Chennai - 600 002.

50TH ANNUAL REPORT

FACTORIES

PADI

CHENNAI – 600 050

TAMILNADU

22KM RAMPUR – TANDA ROAD

RAMPUR – 244 925, U.P.

PLOT NO C-1

RANJANGAON GROWTH CENTRE

KAREGAON VILLAGE, SHIRUR TALUK

PUNE DISTRICT – 412 210

MAHARASHTRA

PLOT NO 11-18, SECTOR 7

HSIDC GROWTH CENTER

BAWAL

REWARI DISTRICT - 123 501

HARYANA

SRIPERUMBUDUR

KANCHIPURAM DISTRICT – 602 105

TAMILNADU

PLOT NO.56, SECTOR 11

INTEGRATED INDUSTRIAL ESTATE IIE

PANTNAGAR – UDHAM SINGH NAGAR

UTTARKHAND - 263 153

PLOT NO D-3, DEOLI GROWTH CENTRE,

DEOLI MIDC, TALUKA DEOLI,

DISTRICT WARDHA - 442 101 MAHARASHTRA

WEBSITE ADDRESS : www.wheelsindia.com

BANKERS

UNITED BANK OF INDIA

STATE BANK OF INDIA

STANDARD CHARTERED BANK

HDFC BANK LIMITED

AUDITORS

M/S SUNDARAM AND SRINIVASAN

CHARTERED ACCOUNTANTS

CHENNAI

STOCK EXCHANGE LISTING

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

MUMBAI

BOARD OF DIRECTORS

S RAM – Chairman & Managing Director

S VIJI

T T RANGASWAMY

J MAAKERS

SRIVATS RAM – Managing Director

T K SESHADRI

T S VIJAYARAGHAVAN

S PRASAD

AUDIT COMMITTEE

S PRASAD – Chairman

S VIJI

T T RANGASWAMY

T K SESHADRI

SHARE TRANSFER & INVESTOR RELATIONS COMMITTEE

T T RANGASWAMY – Chairman

S RAM

S VIJI

REMUNERATION COMMITTEE

T T RANGASWAMY – Chairman

T K SESHADRI

S PRASAD

PRESIDENT (FINANCE) & SECRETARY

S SRIVATHSAN

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Notice to the Shareholders

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Shareholders of the Company will be held on Friday, **14th day of August, 2009**, at 10.25 a.m. at “**The Music Academy**”, 168 (Old No.306), T T K Road, Chennai 600 014, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statements of accounts for the year ended 31st March, 2009, and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2009.
3. To elect a Director in the place of Mr. S Viji, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Mr. T T Rangaswamy, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and fix their remuneration. M/s. Sundaram and Srinivasan, Chartered Accountants, Chennai, retire and are eligible for re-appointment.

Regd. Office:
21, Patullos Road
Chennai - 600 002.

By order of the Board
S Srivathsan
President (Finance) & Secretary

25th June, 2009



Notes:

- 1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend the meeting and vote instead of himself and such a proxy need not be a member. For appointment of a proxy to be effective, the proxy form (enclosed) shall be duly filled, stamped, executed and lodged with the Registered Office of the Company at least 48 hours before the time fixed for the commencement of the meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 07.08.2009 to 14.08.2009 (both days inclusive) for the purpose of Annual General Meeting and for payment of dividend on equity shares.
3. 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 14th August, 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.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 2002 and thereafter, which remain unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 2002, or any subsequent financial year are requested to make their claim to the Share Department of the company at Padi, Chennai - 600 050. It may also be noted that once the unclaimed dividend is transferred to the Government, as above, no claim shall lie against the Fund or the Company in respect of such amount.

Encl: Proxy Form.

Directors' Report to the Shareholders

Your Directors present their Fiftieth Annual Report and the Audited Accounts of your Company for the year ended 31st March 2009.

Financial Results

Sales for the year under review were Rs . 1128 crores compared to Rs. 1130 crores in the last year. The financial results of your Company for the year under review are as below:

	<u>2008-2009</u>	<u>2007-2008</u>
	(Rs. in Lakhs)	
Gross profit before interest and depreciation	10,997	10,170
Interest	4,676	3,069
Depreciation	3,379	3,127
Profit before tax for the year	2,942	3,974
Profit after tax for the year	2,115	2,586

Dividend

Your Directors are pleased to recommend, out of the profits of the current year, a dividend of Rs.5.50 per share on the paid up capital of the Company as at 31st March, 2009. The dividend will be paid to all the shareholders whose names appear in the Register of Members as on the Book closure date. If the dividend recommended is approved at the Fiftieth Annual General Meeting, a sum of Rs. 5,42,81,942/- will become payable. A dividend tax of 16.995% (including surcharge) will be paid on the dividend declared.

Management Discussion and Analysis

The last year saw a dramatic deterioration in your company's markets, affected by events that affected the global financial system. The automotive markets and off-highway markets were in disarray reeling under the effects of this crisis. While, India was relatively unscathed, there was a slowdown in GDP growth (estimated at 6.5%) as against 9% in the preceding fiscal. The industrial growth also slowed down, (estimated at 4.3%) as against a growth of 8.1% in the previous year. Given the international nature of the crisis, the exports from the country in US dollar terms grew at only 2.5% as opposed to 29% in the previous year due to the dramatic slowdown in the second half of the year. The liquidity crunch and high interest rates affected most of the sectors in the second half of the year.

The commercial vehicle sector was amongst the worst hit sectors with the medium and heavy commercial vehicles (M&HCV) registering a drop of 33% over the previous year, and the light commercial vehicles down by 7% against a 12% growth in the previous year. The major drop in the M&HCV segment was in haulage where the excess build up of capacities over the past years in multi-axle and tractor-trailer vehicles was exposed by the sudden slowdown in the economy.

The sales of passenger cars and multi-utility vehicles showed a marginal growth as against a growth of 12% in the previous year. This sector was affected in the second half of the year by risk aversion on the



part of lenders and concerns about continued job security on the part of prospective buyers. The agricultural tractor market fell by 5% in the last year, with the slowdown resulting in accumulation of pipeline stocks that manufacturers depleted by reducing their production towards the end of the year.

As a result of this, your Company saw its overall sales in the second half of the year at only 60% of the first half levels of operation. The drop in the second half for your Company in the terms of schedules for M&HCV wheels was even more dramatic, with second half volumes at only 35% of the first half volumes. This decline in volumes adversely affected your Company. In spite of cost cutting measures, your Company suffered operating losses in the second half of the year. The slowdown resulted in an immediate pile up of inventory at our end. Your company was able to tide over this situation by both operational control as well as support from our long standing bankers. In the last financial year, your company was also significantly affected by the volatile currency movements.

The slowdown in the global economy resulted in a drop in prices of commodities and this has had to be passed on to customers. We do see relative stability in commodity prices in the coming year.

In the coming year, with a stable government at the centre, we see the possibility of pump priming the economy resulting in some recovery in the latter part of the coming year. There is a need for significant investments in infrastructure in the country and if the government is able to move a number of projects in this area, it should bode well for the commercial vehicle market, probably towards the end of the year. At the same time, the current trends in vehicle production are not encouraging and we see a marginal decline in truck production in the coming year. We do, however, see some increase in share of business for the company resulting in a marginal increase in wheels sold by the company. In addition to trucks, the government has decided to buy a large number of low floor buses as a part of the Jawaharlal Nehru National Urban Renewal Mission. This will positively impact the company as nearly all the buses under this scheme will require air suspension systems where your company has market leadership.

In the passenger car and utility vehicle segment, we believe that there will be a return to a more positive sentiment as most believe that the worst is over for the Indian economy and prospects can only improve. In addition, car manufacturers have ambitious plans to increase export of small cars to cater to the demand for fuel efficient vehicles in the west. These factors lead us to believe that there will be a growth of 5-7% in the coming year in this segment.

In the agricultural tractor market, with an improvement in availability of finance, and stable government that wants to grow rural India, there will be some growth in the market in the coming year. In the construction equipment market, growth is dependent on mining and infrastructure projects coming through which is more likely with slightly improved funds availability and stable government.

While your company's export market remains at the depressed levels of the second half of last year, we believe that the market will improve from the third quarter of the current year, albeit not to the levels of the first half of last year, as de-stocking at the customer end is over and as finance availability improves following the re-structuring of global financial markets. It is expected that the export sales in the coming year will be 30% lower than the year under review.

The Pantnagar plant of your company which was set up to serve customers in the state of Uttarkhand has started operations in the first quarter of the coming year. In addition, your company is looking at reallocation of existing production capacities amongst its existing plants to ensure customer proximity and logistics cost optimization.

Your company has been looking at new areas of growth which align with our capabilities with a view to improve business performance. The 11th five year plan of GOI has called for the addition of 78,000MW as energy remains a major infrastructure bottleneck in our country. In line with this, power equipment companies are ramping up their production capacities. In discussion with power plant companies, we learnt that structural components were one of the major supply chain bottlenecks they faced in their expansion plans. The business aligns itself with your company's expertise in high quality welding of large parts. Your company has decided to invest Rs 40 Crores in a plant at Deoli, Wardha District, Maharashtra, to manufacture structural components for power plant manufacturers. The location of the plant has been decided to optimise on inbound and outbound logistics costs. The plant will be commissioned in the third quarter of the coming year. It is expected that the business from this investment will further grow substantially over a three year period.

Your Company has a well established internal audit procedure that continuously monitors the adequacy and effectiveness of the internal control across the Company. The internal audit function supplemented by independent internal auditors ensures periodical review of internal controls and suggests necessary checks and balances to improve effectiveness. The in house internal audit department along with the external audit firms reviews the status of compliance with operating systems, internal policies and regulatory requirements. During the year, your Company has successfully implemented a SAP based ERP system across its plants.

Your company would like to place on record its appreciation for the efforts of its employees in controlling the operating costs of the company, in this most difficult environment.

Directors

Under Article 94(3) of the Company, Mr. S Viji and Mr. T T Rangaswamy retire from office by rotation, and being eligible, offer themselves for re-appointment.

Corporate Governance

In pursuance to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report is given elsewhere and forms part of this Report.

Directors responsibility statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. such accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as at 31st March, 2009 and of the profit of the Company for the year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv. the annual accounts have been prepared on a going concern basis.



Auditors

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai retire at the conclusion of the Fiftieth Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment.

Particulars of Employees

In accordance with provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the annexure prescribed under Section 217(2A) of the Companies Act. The said annexure, setting out the names and other particulars of employees, is available for inspection by the Members at the Registered Office of the Company during office hours till the date of the Annual General Meeting viz. 14.08.2009.

General

Particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are enclosed in the annexure and form part of this report.

The Directors wish to thank United Bank of India, State Bank of India, Standard Chartered Bank and HDFC Bank Limited for their continued support.

Your Company continues to enjoy the full cooperation of all its employees. The Directors wish to place on record their appreciation of the good work done by them.

Chennai
25th June, 2009

On behalf of the Board of Directors
S Ram
Chairman & Managing Director

Report of the Auditors' to the Shareholders

We have audited the attached Balance Sheet of Wheels India Limited as at 31st March, 2009, the Profit and 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.

We conducted our audit in accordance with 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.

As required by the Companies (Auditor's Report) Order, 2003 and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit, we enclose in the annexure a statement on the matters specified in the said order.

Further to our comments in the Annexure referred to 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 and Profit and Loss Account 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. As per information furnished to us, no Director of the Company is disqualified as on 31st March, 2009 from being appointed as Director under 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 and
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

for SUNDARAM AND SRINIVASAN
Chartered Accountants
K. Srinivasan
Partner
Membership No.5809

Chennai
25th June, 2009



Annexure to the Report of Auditors

- I. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) These fixed assets have been physically verified by the Management at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
(c) The company has not disposed of substantial part of fixed assets during the year.
- II. (a) Physical verification of inventory has been conducted at reasonable intervals by the Management
(b) The procedures of physical verification of inventory 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 is maintaining proper records of inventory and the discrepancies noticed on physical verification which were not material, have been properly dealt with in the books of account.
- III. The company has neither granted nor taken any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence, the clauses (iii) (b) to (g) of the order are not applicable.
- IV. There is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. There is no continuous failure to correct major weaknesses in internal control system.
- V. (a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under the section.
(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI. The company has complied with the provisions of Section 58 A and 58 AA or any other relevant provisions of the Act and the Rules framed thereunder with regard to the deposits accepted from the public.
- VII. The company has an adequate internal audit system commensurate with its size and nature of its business
- VIII. The company has made and maintained the accounts and records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and we have broadly reviewed the same.
- IX. (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.

- (b) There were no disputed tax dues which have not been deposited with the respective authorities in respect of Income Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty, Value Added Tax and Cess.
- X. The Company has no accumulated losses and has not incurred cash losses during this financial year or in the immediately preceding financial year.
- XI. The company has not defaulted in repayment of dues to a financial institution or bank.
- XII. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4 (xiii) of the order is not applicable to the company.
- XIV. The company is not dealing or trading in shares, securities, debentures and other investments.
- XV. The company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. The term loans were applied for the purpose for which the loans were obtained.
- XVII. Based on the balance sheet and fund flow statement of the company in our opinion the funds raised on short term basis have not been used for long term investments.
- XVIII. The company has not made any preferential allotment of shares during the year.
- XIX. The company has not issued any debentures during the year.
- XX. The company has not raised any money by way of public issues during the year.
- XXI. No fraud on or by the company has been noticed or reported during the year.

for SUNDARAM AND SRINIVASAN
Chartered Accountants
K. Srinivasan
Partner
Membership No.5809

Chennai
25th June, 2009

ACCOUNTS 2008 - 2009

		Schedule		<i>Rs. in Lakhs</i>	
				As at 31.03.2008	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	I	986.94		986.94	
b) Reserves and Surplus	II	18,272.18		16,781.12	
			19,259.12		17,768.06
2. Loan Funds					
a) Secured loans	III	28,376.92		20,816.17	
b) Unsecured loans	IV	9,818.19		7,919.55	
			38,195.11		28,735.72
3. Deferred Tax Liabilities (Net)					
	V		3,144.47		2,883.00
			60,598.70		49,386.78
II APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	VI	57,772.82		50,149.30	
b) Less: Depreciation		25,302.66		22,072.26	
c) Net Block		32,470.16		28,077.04	
d) Add: Capital Work-in-Progress	VII	7,767.02		5,035.93	
			40,237.18		33,112.97
2. Investments					
	VIII		1,527.36		742.36
3. Foreign Currency Monetary Items					
Translation Difference					
			461.22		-
4. Current Assets, Loans and Advances					
a) Inventories	IX	13,981.01		16,153.77	
b) Sundry Debtors	X	16,283.72		14,361.10	
c) Cash and Bank Balances	XI	94.11		80.51	
d) Other Current Assets	XII	0.47		22.60	
e) Loans and Advances	XIII	7,242.26		8,428.92	
		37,601.57		39,046.90	
Less: Current Liabilities and Provisions					
a) Liabilities	XIV	18,593.56		23,053.58	
b) Provisions	XV	635.07		461.87	
Net Current Assets		19,228.63		23,515.45	
			18,372.94		15,531.45
			60,598.70		49,386.78
Notes on Accounts					
	XVI				

S RAM Chairman & Managing Director
S VIJI Director
T T RANGASWAMY Director
SRIVATS RAM Managing Director
As per our report attached For SUNDARAM AND SRINIVASAN Chartered Accountants

T K SESHADRI Director
T S VIJAYARAGHAVAN Director
S PRASAD Director
S SRIVATHSAN Secretary
K SRINIVASAN Partner
Membership No. 5809

Chennai
25th June, 2009

		<i>Rs. in Lakhs</i>	
		As at 31.03.2009	As at 31.03.2008
I	CAPITAL		
	Authorised		
	2,00,00,000 Equity Shares of Rs.10/- each	<u>2,000.00</u>	<u>2,000.00</u>
	Issued, Subscribed and Paid-up		
	98,69,444 Equity Shares of Rs.10/- each	<u>986.94</u>	<u>986.94</u>
	Includes		
	a) 3,02,250 Equity Shares of Rs.10/-each issued and allotted for consideration other than cash		
	b) 80,99,444 Bonus Equity Shares of Rs.10/- each allotted by capitalisation of General Reserve to the extent of Rs.8,07,39,028/- and Share Premium Account of Rs.2,55,412/-		
II	RESERVES AND SURPLUS		
	a) Capital Reserve		
	As per last Balance Sheet	0.02	0.02
	b) General Reserve		
	As per last Balance Sheet	16,198.44	14,398.44
	Transferred from Profit & Loss account	212.00	1,800.00
	Exchange difference on Long Term Foreign Currency Monetary Items relating to previous year	10.65	-
		<u>16,421.09</u>	<u>16,198.44</u>
	c) Surplus		
	Balance in Profit & Loss account	1,851.07	582.66
		<u>18,272.18</u>	<u>16,781.12</u>



<i>Rs. in Lakhs</i>		
	As at 31.03.2009	As at 31.03.2008
III SECURED LOANS		
a) Term Loans from Banks (Note 1 (a) of Schedule XVI)	19,208.23	11,730.59
b) Cash Credit from Banks (Note 1 (b) of Schedule XVI)	9,168.69	9,085.58
	<u>28,376.92</u>	<u>20,816.17</u>
IV UNSECURED LOANS		
a) Fixed Deposits	5,162.13	3,740.19
b) From State Government under Interest free Salestax Deferral Scheme	976.20	975.91
c) Term Loan from banks	3,013.90	3,203.45
d) Packing Credit	665.96	-
	<u>9,818.19</u>	<u>7,919.55</u>
V DEFERRED TAX LIABILITIES (NET)		
a) DEFERRED TAX LIABILITY		
Depreciation and Others	3,992.00	2,983.00
Exchange difference on Long Term Foreign Currency Monetary Items relating to previous year	5.47	-
	<u>3,997.47</u>	<u>2,983.00</u>
b) DEFERRED TAX ASSET		
Expenses allowable for tax purpose when paid	853.00	100.00
	<u>3,144.47</u>	<u>2,883.00</u>

VI FIXED ASSETS*Rs. in Lakhs*

Description	Land		Build-ings	Plant and Machi- nery	Furni- ture & Fixtures	Vehi- cles	Total	
	(Free hold)	(Lease- hold)					As at 31.03.2009	As at 31.03.2008
COST OF ASSETS								
At the beginning of the year	175.68	195.17	4,838.82	43,330.81	1,537.02	71.80	50,149.30	41,460.46
Additions	-	0.11	960.07	5,920.80*	904.97	-	7,785.95	8,995.79
Sales / transfers	1.41	-	1.82	115.34	21.39	22.47	162.43	306.95
Total	174.27	195.28	5,797.07	49,136.27	2,420.60	49.33	57,772.82	50,149.30
DEPRECIATION								
At the beginning of the year	-	19.66	1,165.13	19,830.10	997.44	59.93	22,072.26	19,199.14
For the year	-	1.65	166.57	2,878.36	330.22	2.14	3,378.94	3,127.32
Deduction								
on Sales / Transfers	-	-	0.54	107.90	22.12	17.98	148.54	254.20
Total	-	21.31	1,331.16	22,600.56	1,305.54	44.09	25,302.66	22,072.26
Written down value								
As at 31.03.2009	174.27	173.97	4,465.91	26,535.71	1,115.06	5.24	32,470.16	
As at 31.03.2008	175.68	175.51	3,673.69	23,500.71	539.58	11.87		28,077.04

* includes expenditure during construction period relating to new projects capitalised during the year amounting to Rs.109.78 Lakhs

VII CAPITAL WORK IN PROGRESS - At cost

a) Buildings*	359.82	1159.07
b) Plant and Machinery*	7,407.20	3,876.86
	7,767.02	5,035.93

* includes expenditure during construction period relating to new projects capitalised during the year amounting to Rs.47.62 Lakhs and Rs.478.81 Lakhs respectively.



		<i>Rs. in Lakhs</i>	
		As at 31.03.2009	As at 31.03.2008
VIII INVESTMENTS			
Trade - Long term	Face		
Un-Quoted	Value		
Shares of Companies			
Axles India Limited			
24,24,661 Equity Shares of Rs.10/- each fully paid - up	242.47	272.36	272.36
Arkay Energy (Rameswaram) Ltd			
7,00,000 Equity Shares of Rs.10/- each fully paid-up	70.00	70.00	70.00
Sundaram Hydraulics Limited			
73,50,000 Equity Shares of Rs.10/ each fully paid up (acquired during the year)	735.00	735.00	-
Bonds			
Rural Electrification Corporation Ltd			
Capital Gains Tax Exemption Bonds (acquired during the year - Rs.50 lakhs)			
4,500 Numbers of Non Convertible Redeemable taxable Bonds in the nature of debentures of Rs.10,000/- each		450.00	400.00
		1,527.36	742.36
IX INVENTORIES - As certified by Managing Director			
a) Stores and Spares		1,463.99	1,230.13
b) Loose Tools		707.95	491.16
c) Raw Materials		8,009.75	9,373.96
d) Work-in-process		3,184.38	4,615.00
e) Stock-in-Trade (Finished Goods)		614.94	410.38
f) Goods-in-Transit		-	33.14
		13,981.01	16,153.77
X SUNDRY DEBTORS - Unsecured - Considered Good			
a) Outstanding for a period exceeding six months		1,805.47	772.30
b) Others		14,478.25	13,588.80
		16,283.72	14,361.10
XI CASH AND BANK BALANCES			
a) Cash and Cheques on hand		43.12	9.54
b) With Scheduled Banks in:			
i) Current Accounts		29.91	50.39
ii) Fixed Deposits		4.75	3.50
iii) Unclaimed Dividend Accounts Balance with Banks - In current accounts		16.33	17.08
		94.11	80.51

	<i>Rs. in Lakhs</i>	
	As at 31.03.2009	As at 31.03.2008
XII OTHER CURRENT ASSETS		
Interest accrued on deposits and investments	0.47	22.60
XIII LOANS AND ADVANCES - Unsecured -Considered good		
a) Advances recoverable in cash or in kind or for value to be received * @ includes Advance for purchase of capital goods Rs.460.51 Lakhs (Last year Rs.2,145.07 Lakhs) and advance towards investments in equity shares of M/s Sundaram Hydraulics Limited Rs.Nil (Last year - Rs.396.90 lakhs)	3,526.03 @	5,308.17 @
b) Advance tax and Tax deducted at source less provision for taxation	75.85	4.94
c) Balance with Central Excise Authorities	3,640.38	3,115.81
	7,242.26	8,428.92
* Includes Rs.1.05 Lakhs due from an officer of the Company (Last year Rs.1.07 lakhs) (Maximum balance due at any time during the year Rs.1.07 Lakhs - Last year Rs.1.10 lakhs)		
XIV CURRENT LIABILITIES		
a) Sundry Creditors	18,267.96	22,640.88
b) Due to Directors	-	147.45
c) Interest accrued but not due on loans	325.60	265.25
	18,593.56	23,053.58
XV PROVISIONS		
a) Proposed Dividend	542.82	394.78
b) Dividend Tax	92.25	67.09
	635.07	461.87



	As at 31.03.2009	<i>Rs. in Lakhs</i> As at 31.03.2008		
XVI NOTES ON ACCOUNTS				
1 SECURED LOANS				
a) Term Loans from Banks Secured by equitable mortgage of land and buildings at Padi and by first charge by way of hypothecation of specific machinery.	19,208.23	11,730.59		
b) Cash Credit from Banks Secured by hypothecation by way of first charge on all movable assets present and future, consisting of stock of raw materials, work-in-process, finished goods, consumable stores and spares, goods-in-transit and book debts.	9,168.69	9,085.58		
2 a) Directors' Remuneration (Chairman & Managing Director and Managing Director)				
	2008-09		2007-08	
	(CMD)	(MD)	(CMD)	(MD)
Salaries & allowances	26.75	27.00	38.40	38.40
Commission	-	-	63.19	84.26
Contribution to Provident and Superannuation Funds	3.21	7.29	2.88	6.48
Other benefits	1.45	0.25	0.74	0.25
b) Sitting Fees to other Directors	4.95	4.35		
3 Computation of Net Profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956 and calculation of Commission payable to Chariman & Managing Director and Managing Director				
Profit after Taxation	2,115.48			
Add : Provision for Taxation	827.00			
Less: Profit on Sale of land	2,408.59			

		<i>Rs. in Lakhs</i>	
		2008-09	2007-08
Managerial remuneration within the meaning of Sec 198 of the Companies Act, 1956 (including Commission of Rs.Nil to Chairman & Managing Director and Managing Director)		70.90	
(Last year Rs.147.45 lakhs)		<u>(1,510.69)</u>	
Profit under Section 198 of the Companies Act, 1956		<u>604.79</u>	
Commission payable on Net Profit		NIL	
		Quantity	Quantity
		(M.T)	(M.T)
		Value	Value
4	Raw Materials Consumed		
i)	Basic Raw Materials - Steel Sections, Sheets, Coils and Plates	1,82,645	73,734.40
		2,31,714	74,697.80
ii)	Intermediates and Components	6,954.95	6,623.22
		<u>80,689.35</u>	<u>81,321.02</u>
5	Consumption of Raw Materials and Components		
		% to total	% to total
		Consumption	Consumption
		Value	Value
a)	Raw Materials		
i)	Imported	11.03	8,131.46
		11.36	8,488.51
ii)	Indigenous	88.97	65,602.94
		88.64	66,209.29
		<u>100.00</u>	<u>73,734.40</u>
		100.00	74,697.80
b)	Components		
i)	Imported	5.82	404.76
		11.76	778.89
ii)	Indigenous	94.18	6,550.19
		88.24	5,844.33
		<u>100.00</u>	<u>6,954.95</u>
		100.00	6,623.22



		<i>Rs. in Lakhs</i>	
		2008-09	2007-08
6	Imports (CIF Value)		
i)	Raw Materials	9,173.06	9,320.56
ii)	Spare Parts	159.90	99.26
iii)	Capital Goods	3,189.02	807.34
7	Expenditure in Foreign Currency		
i)	Royalty and Know-how fees (Net of Tax)	21.85	34.53
ii)	Commission	183.88	147.03
iii)	Interest	1,025.92	761.32
iv)	Others	203.87	282.15
8	Amount remitted in Foreign Currency towards Dividend		
i)	Number of Non-Resident Shareholders	1	1
ii)	Number of Shares held	35,44,470	35,44,470
iii)	Dividend and years to which it relates		
	- I Interim (2007-08)	-	106.33
	- II Interim (2007-08)	141.78	-
9	Earnings in Foreign Exchange		
	Exports (on FOB basis)	21,615.86	22,141.64
	Others	221.37	208.60
10	Sales by class of goods		
		Quantity	Value
		Numbers	Numbers
i)	Wheels for Commercial Vehicles, Passenger Cars, Jeeps and Tractors, Earthmoving and Construction Equipments	77,45,190	96,664.79
		81,66,746	97,979.04
ii)	Others	16,137.12	15,041.63
		1,12,801.91	1,13,020.67

				<i>Rs. in Lakhs</i>	
		2008-09		2007-08	
11	Licensed, Installed Capacity (per annum) and actual production				
a)	Wheels (Nos) Wheels for Commercial Vehicles, Passenger Cars, Jeeps, Tractors, Defence requirements, Earthmoving and Construction Equipments				
	i. Licensed / Registered capacity	Delicensed		Delicensed	
	ii. Installed capacity as certified by Managing Director	87,26,300		87,26,300	
	iii. Actual Production	77,77,521		81,74,532	
b)	Air Suspension System (sets)				
	i. Licensed capacity	Delicensed		Delicensed	
	ii. Installed capacity as certified by Managing Director	5,000		5,000	
	iii. Actual Production	5,251		2,804	
12	Opening and Closing Stock of goods produced				
		2008-09		2007-08	
		Opening Stock	Closing Stock	Opening Stock	Closing Stock
		Qty.	Qty.	Qty.	Qty.
Class of goods		(Nos)	Value	(Nos)	Value
Wheels for Commercial Vehicles, Passenger Cars, Jeeps and Tractors, Earthmoving and Construction Equipments		43,490	370.01	75,821	591.82
Others			40.37		23.12
			<u>410.38</u>		<u>614.94</u>
				35,901	196.79
				43,490	370.01
				26.98	40.37
				<u>223.77</u>	<u>410.38</u>
				As at	As at
				31.03.2009	31.03.2008
13	Liability to Banks on Guarantees			295.98	292.05
14	Contingent Liability towards bills discounted with banks			7,756.81	12,124.01
15	Estimated amount of contracts remaining to be executed on capital accounts and not provided for			562.78	3,221.83



		<i>Rs. in Lakhs</i>	
		As at	As at
		31.03.2009	31.03.2008
16	<p>i) Disputed amounts in respect of sales tax, customs duty and Employee State Insurance contribution which are contested in appeal and not provided for (of which a sum of Rs.1.64 Lakhs - previous year Rs.1.64 lakhs paid under protest appears under Advance recoverable in cash or in kind or for value to be received in the balance sheet)</p> <p>ii) Contingent Liability towards demand for enhanced compensation for Land along with interest is not provided for since the quantum has not yet been determined. Further the eligible rebate on land cost as per conditions of allotment amounting to Rs.32.40 lacs from the HSIDC has not been taken into consideration and the same will be accounted on cash basis.</p>	20.54	13.56
17	<p>Sundry creditors under Current liabilities include:-</p> <p>(i) Micro, Small and Medium Enterprises Disclosures required under the “Micro, Small and Medium Enterprises Act, 2006”</p> <p>Particulars</p> <p>a. Principal amount due to Suppliers under the Act</p> <p>b. Interest accrued and due to Suppliers under the Act, on the above amount</p> <p>c. Payment made to Suppliers (Other than interest) beyond the appointed day during the year</p> <p>d. Interest paid to Suppliers under the Act (Other than Section 16)</p> <p>e. Interest paid to Suppliers under the Act (Section 16)</p> <p>f. Interest due and payable to suppliers under the Act, for payments already made</p> <p>g. Interest accrued and remaining unpaid at the end of the year to Suppliers under the Act</p> <p>This information has been given in respect of such vendors to the extent they could be identified as ‘Micro, Small and Medium Enterprises’ on the basis of information available with the Company on which the Auditors have relied upon.</p>	71.86	83.88
	(ii) Unpaid dividend	-	-
	(iii) Unclaimed matured fixed deposits	-	-
	(iv) Cheques issued for interest warrants and matured deposits but not encashed	-	-
		0.66	-
		16.33	17.08
		25.42	23.85
		9.73	11.07
	Amount due and outstanding to be credited to Investor Education and Protection Fund - Nil. (Previous year - Nil)		

		<i>Rs. in Lakhs</i>		
		2008-09	2007-08	
18	Expenditure during construction period			
	Salaries, Wages, Bonus and Commission	100.05		98.20
	Contribution to Provident Fund and other funds	5.05		2.82
	Staff and workmen welfare expenses	2.00		11.91
	Cost of Stores & Tools consumed	3.28		0.54
	Power and fuel	19.93		17.83
	Insurance	0.92		9.73
	Rent, Rates and taxes	9.76		2.53
	Repairs - Plant and machinery	6.54		1.69
	Other expenses	13.10		38.96
	Borrowing costs	475.58		1,117.39
		636.21		1,301.60
19	Export incentive under other income includes income on 'Duty Entitlement Pass Book under Duty Exemption Scheme' amounting to Rs.967.61 Lakhs (Previous year Rs.1309.53 Lakhs)			
20	Expenditure incurred on Scientific Research and Development			
		2008-09	2007-08	2006-07
	a) Revenue Expenditure	470.39	521.50	409.99
	b) Capital Expenditure	571.75	508.49	62.32
21	Interest on fixed deposits to:			
	Chairman & Managing Director	6.25	5.68	
	Managing Director	10.68	4.71	
22	The Company has not provided for excise duty on closing stock of finished goods at the factory and customs duty on raw materials in bonded warehouse amounting to Rs.44.52 Lakhs (previous year Rs.25.73 lakhs) and accordingly not included the same in the value of said inventories. However, this has no impact on the net profit for the year.			
23	The Company was following the practice of accounting the foreign currency transactions outstanding at the year end at year end exchange rates and the profit / loss so determined and also the realized exchange gain / loss were recognised in the Profit and Loss Account.			
	During the year the Company has changed the above method of accounting by opting for accounting the exchange differences arising on reporting of Long Term Foreign Currency Monetary Items in line with the			



Rs. in Lakhs
2008-09 2007-08

Companies (Accounting Standards) Amendment Rules, 2009 on AS11 notification dated 31st March 2009 issued by the Ministry of Corporate Affairs.

Consequently,

- i. Exchange differences relating to Long Term Foreign Currency Monetary Items, in so far related to acquisition of depreciable capital assets arising during the financial year 2007-08 amounting to Rs.10.96 lakhs (gain) {net of depreciation Rs (0.85) lakhs} with corresponding impact on General Reserves amounting to Rs 7.23 lakhs (Net of Deferred Tax Asset of Rs 3.73 lakhs) and amounting to Rs 971.44 lakhs (loss) {net of depreciation Rs 40.33 lakhs} arising during the current financial year are (deducted) / added respectively to the cost of assets and depreciated over the balance life of the assets.
- ii. Exchange differences relating to Other Long Term Foreign Currency Monetary Items arising during the financial year 2007-08 amounting to Rs. 27.08 lakhs (loss) {net of amortization Rs 2.49 lakhs} with corresponding impact on General Reserves amounting to Rs 17.88 lakhs (Net of Deferred Tax liability of Rs 9.20 lakhs) and amounting to Rs 434.14 lakhs (loss) {net of amortization Rs 625.35 lakhs} arising during the current financial year, are adjusted to Foreign Currency Monetary Item Translation Difference Account. The amount remaining to be amortised as on 31st March 2009 is Rs 461.22 lakhs.
- iii As a result of the above change in the basis of accounting followed during the year, the net profit for the year is higher by Rs.1405.58 lakhs with consequential impact on the the General Reserve, Net Block of Fixed Assets and Foreign Currency Monetary Item Translation difference Accounts being higher by Rs.10.65 lakhs (Net of Deferred Tax Liability of Rs.5.47 lakhs), Rs.960.48 lakhs and Rs.461.22 lakhs respectively.

24	<p>Disclosure on Foreign currency transactions (other than Long Term Foreign Currency Monetary Items) in accordance with AS11 issued by Institute of Chartered Accountants of India (ICAI) exchange loss / (gain) {net} debited / credited to Profit and Loss account (of which Rs.446.17 lakhs (loss) - (previous year Rs.28.60 lakhs (gain) relating to derivative instruments settled during the year)</p>	1,453.51	356.82
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25. Employee Benefits:

The Company has followed the Accounting Standard 15 (AS-15 revised) "Employee Benefits".

Brief Description of the plans:

The Company has various schemes for long term benefits such as Provident Fund, Superannuation, Gratuity and Earned Leave Encashment. In case of funded schemes, the funds are recognized by the Income Tax Authorities and administered through trustees / Life Insurance Corporation of India. The Company's defined contribution plans are Provident Fund and Employees Pension Scheme (under the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952) and Superannuation Fund. The Company has no further obligation beyond making the contributions.

In respect of the Employees Provident Fund Scheme, the interest rate payable by the trust to the beneficiaries as notified by the government is met by the trust and hence the Company has no obligations towards this interest contribution. The liability in respect of leave encashment benefit to staff is determined on the basis of actuarial valuation and provided for accordingly.

Disclosures for the Defined Benefit Plans based on Actuarial Reports as on 31/03/2009 are as under:

	Rs. in Lakhs			
	Gratuity (funded)		Leave Salary (unfunded)	
	2008-09	2007-08	2008-09	2007-08
Change in defined benefit obligation				
Opening defined benefit obligation	955.20	832.90	275.41	235.90
Current service cost	58.93	59.23	45.06	79.88
Interest cost	72.57	59.36	20.68	17.69
Actuarial loss / (gain)	11.46	86.61	(91.23)	(58.06)
Benefits paid	(96.21)	(82.89)	(34.54)	-
Closing defined benefit obligation	1,001.95	955.21	215.38	275.41
Change in fair value of assets				
Opening fair value of plan assets	821.57	762.07	-	-
Expected return on plan assets	67.22	56.70	-	-
Actuarial gain / (loss)	14.11	14.85	-	-
Contribution by employer	133.64	70.84	-	-
Benefits paid	(96.21)	(82.89)	-	-
Closing fair value of plan assets	940.33	821.57	-	-
Amount recognised in the Balance Sheet				
Present value of obligations at year end	1,001.95	955.21	215.38	275.41
Fair value of plan assets at year end	940.33	821.57	-	-
Amount now recognised as liability	(61.62)	(133.64)	(215.38)	(275.41)
Net (liability) / asset recognised as on 31.3.09	(61.62)	(133.64)	(215.38)	(275.41)



Rs. in Lakhs

	Gratuity (funded)		Leave Salary (unfunded)	
	2008-09	2007-08	2008-09	2007-08
Expenses recognised in the Profit & Loss A/c				
Current Service cost	58.93	59.22	45.06	79.88
Interest on defined benefit obligation	72.57	59.36	20.68	17.69
Expected return on plan assets	(67.22)	(56.70)	-	-
Net actuarial loss / (gain) recognised in the current year	(2.65)	71.76	(91.23)	(58.06)
Expenses recognised in the Profit & Loss A/c	61.63	133.64	(25.49)	39.51
Principal actuarial assumptions used				
Discount rate (p.a)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (p.a)	8.00%	8.00%	-	-
Attrition rate	1-3%	1-3%	1-3%	1-3%
Salary escalation	4.50%	4.50%	4.50%	4.50%
26 Borrowing costs in accordance with AS 16 issued by ICAI				
			2008-09	2007-08
Borrowing costs capitalised during the year relating to new projects			475.58	1047.38

27 Segment information for the year ended 31st March, 2009 in accordance with AS 17 issued by ICAI:

- (i) Primary segments:
The Company operates in only one segment viz., automotive components.
- (ii) Revenue by Geographical Segment:

Rupees in Lakhs

	2008 - 2009			2007 - 2008		
	India	Outside India	Total	India	Outside India	Total
External	90,964.68	21,837.23	1,12,801.91	90,670.43	22,350.24	1,13,020.67
Inter-segment	-	-	-	-	-	-
Total	90,964.68	21,837.23	1,12,801.91	90,670.43	22,350.24	1,13,020.67
Carrying amount of segment assets	79,719.38	107.95	79,827.33	72,916.21	86.02	73,002.23
Additions to fixed assets	7,785.95	-	7,785.95	8,995.79	-	8,995.79

The geographical segments considered for disclosure are as follows:
 Sales within India include Sales to customers located within India
 Sales outside India include Sales to customers located outside India.

		<i>Rs. in Lakhs</i>	
		2008- 09	2007-08
28	Related Party disclosures in accordance with AS 18 issued by ICAI		
	Associates:-		
	T.V.Sundram Iyengar & Sons Ltd.		
	Axles India Ltd.		
	Titan Europe Plc.		
	Sundaram Hydraulics Ltd		
	Nature of transactions	Total amount	Total amount
	Purchase of goods	3.55	56.34
	Sale of goods	512.00	533.94
	Rendering of Services	51.26	24.18
	Receiving of Services	73.33	3.21
	Agency Arrangements	-	0.15
	Management contract including deputation of employees	3.36	0.64
	Dividend received during the year	-	24.25
	Dividend paid during the year	240.00	180.00
	Equity Contributions	735.00	-
	Total	1,618.50	822.71
	Balance outstanding	51.60	87.19
	Key Managerial Personnel:		
	Mr S Ram		
	Mr Srivats Ram		
	Nature of transactions	Volume of transactions	Balance outstanding
	Remuneration, Commission, Perquisites and Sitting fees	Details are furnished in Note No. 2 of Schedule XVI	Details are furnished in Schedule XIV
	Fixed Deposits accepted, Interest thereon	16.93	359.00
	Dividend paid during the year	0.30	-
			Volume of transactions
			Details are furnished in Note No. 2 of Schedule XVI
			Balance outstanding
			Details are furnished in Schedule XIV
			10.39
			0.22
			118.98
			-
29	Disclosures relating to leases in accordance with AS 19 issued by ICAI:		
		Total Minimum Lease	Present Value
		Total Minimum Lease	Present Value
	Operating Lease		
	As at Balance Sheet date	166.93	210.33
	Not later than 1 year	67.39	72.00
	Later than 1 year and not later than 5 years	99.53	138.33
	Later than 5 years	0.01	-
	Lease rentals paid during the year	77.20	65.26



	<i>Rs. in Lakhs</i>	
	2008-09	2007-08
30. Earnings per share in accordance with AS 20 issued by ICAI		
Net profit as per P& L account	2,115.48	2,586.27
Number of Shares	98,69,444	98,69,444
Basic earnings per share - Rupees	21.43	26.20
31 Disclosure on Accounting for intangible assets in accordance with AS 26 issued by ICAI:		
Computer software:		
Gross carrying amount at the beginning of the year	148.82	87.48
Acquired during the year	677.02	61.34
Gross carrying amount at the end of the year	825.84	148.82
Gross amortisation at the beginning of the year	72.16	28.75
Amortised during the year	140.77	43.41
Gross amortisation at the end of the year	212.93	72.16
Net carrying amount at the beginning of the year	76.66	58.73
Net carrying amount at the end of the year	612.91	76.66
32 Derivative instruments:-		
a. Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date		
	2008-09	2007-08
Option to sell USD/INR at Rs.42.50 or Rs.42.40 per USD over a period upto July 2012	USD 62.45 Millions	USD 57.50 Millions
Swap of Rupee Loan into Loan in Swiss Francs (CHF)	NIL	Rs.75 crores
The purpose for which such derivative instruments were acquired, was to hedge export receivables and interest cash flows.		
b. Foreign Currency exposures that are not hedged by a derivative instrument or otherwise Rs13952.71Lakhs (Previous year - Rs.5684.88 Lakhs)		
33 Previous Year's figures have been regrouped wherever necessary to conform to this year's classification.		
34 Significant Accounting Policies:		
(i) General:		
The financial statements have been prepared on the historical cost convention in accordance with generally accepted accounting principles.		
(ii) Fixed Assets & Depreciation		
a) Fixed assets are stated at historical cost net of cenvat credits as reduced by accumulated depreciation		

-
- b) Depreciation on fixed assets has been provided -
 - (i) at the rates specified in Schedule XIV of the Companies Act, 1956
 - on straight line method for plant and machinery and buildings and
 - on written down value method for electronic data processing machines and other fixed assets
 - (ii) on the basis of estimated life of the capital tools
 - c) Leasehold land:
Premium paid on leasehold land is amortised over the lease period.
 - d) The cost of intangible assets being computer software (other than software relating to ERP) is amortised over the estimated useful life viz. 3 years. The cost of software relating to ERP is amortised over the estimated useful life viz. 5 years
 - e)
 - (i) The expenditure during construction period relating to the new projects till the commencement of commercial production is capitalised and allocated to fixed assets
 - (ii) In accordance with AS 16 - Borrowing costs issued by the ICAI, the borrowing costs attributable to the new projects are capitalised till the commencement of commercial production and included in expenditure during construction period and allocated to fixed assets and other borrowing costs are recognised in the year in which it is incurred.

(iii) Investments:

Investments are valued at cost or market value whichever is lower.

(iv) Inventories:

The stock of raw materials, stores, loose tools and goods in transit are valued at cost (net of cenvat and vat credits on weighted average basis). The stock of finished goods and work-in-process are valued at cost (net of cenvat and vat credits including appropriate overheads) or market value whichever is lower.

(v) Staff terminal benefits:**a) Provident Fund:**

Eligible employees receive benefits from Provident Fund which is defined contribution plan. Both the employees and the Company make monthly contributions to the provident fund authorities, equal to specified percentage of eligible covered employees salary. The Company has no other obligations than the monthly contributions.

b) Gratuity:

The gratuity plan provides for a lump sum payment to vested employees at the time of retirement, death, incapacity or termination of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation as at the Balance Sheet date based upon which the Company contributes all the ascertained liabilities to LIC, who are the trustees / administrator of the plan.

**c) Superannuation:**

Eligible employees receive benefit from Superannuation at the time of retirement, death or leaving the services. The Company makes an annual contribution to LIC of India, equal to a specific percentage of the eligible employee's basic salary. Apart from this the Company has no other obligation under this head, than the annual contribution.

d) Unencashed Leave Salary:

Unencashed leave salary is accounted on actuarial valuation

e) The amount paid to employees under Voluntary Retirement Scheme is written off over 2 to 5 years as the case may be.

(vi) Research & Development expenses:

Revenue expenditure on Research & Development is charged to profit & loss account in the year in which it is incurred.

(vii) Foreign Currency Transactions:

The exchange differences arising on reporting of Long Term Foreign Currency Monetary Items at rates different from those at which they were initially recorded during the financial years ending 31st March 2008 and 31st March 2009, in so far as they relate to depreciable capital assets are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset and in other cases are accumulated in Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term asset / liability but not beyond 31st March 2011.

Foreign currency transactions other than the above items outstanding at the year end are accounted for at year end rates and the profit / loss so determined and also the realised exchange gains / losses are recognized in the Profit and Loss Account. In respect of Forward exchange contracts, the difference between the forward rate and the exchange rate at the date of inception of the contract is recognized as income or expense over the period of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognized as income or expense for the year.

(viii) Export Incentives:

Export incentives in respect of 'Duty Entitlement Pass Book under Duty Exemption Scheme' are recognised as revenue as and when exports are made.

(ix) Derivative Contracts:

The profit/loss arising on derivative contracts is accounted for as income/expenditure on the date of settlement of the contract.

The outstanding derivative contracts are revalued at the end of the year and while the net loss arising therefrom is debited to profit and loss account, the net unrealised gain is ignored, except in case where they relate to borrowing costs that are attributable to the acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such fixed assets.

		<i>Rs. in Lakhs</i>	
		2008-09	2007-08
XVII	OTHER INCOME		
	Miscellaneous Income*	321.08	282.42
	Export Incentives	998.75	1,330.55
	Interest on Deposits and Advances*	73.09	123.48
	*Tax deducted at source - Rs.12.64 lakhs (Last year Rs.11.65 lakhs)		
	Dividend (Gross)	-	24.25
	Profit on Sale of Fixed Assets (Net)	2,406.39	-
		3,799.31	1,760.70
XVIII	RAW MATERIALS, WORK - IN - PROCESS AND FINISHED GOODS		
	Opening Balances		
	Raw Materials	9,373.96	6,517.79
	Work-in-Process	4,615.00	3,295.23
	Finished Goods	410.38	223.77
		14,399.34	10,036.79
	Add: Purchase of Raw Materials	79,325.14	84,177.19
		93,724.48	94,213.98
	Less: Closing Balances		
	Raw Materials	8,009.75	9,373.96
	Work-in-Process	3,184.38	4,615.00
	Finished Goods	614.94	410.38
		11809.07	14,399.34
		81,915.41	79,814.64



	<i>Rs. in Lakhs</i>	
	2008-09	2007-08
XIX SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES		
Salaries, Wages, Bonus and Commission	7,747.33	7,970.65
Contribution to Provident Fund and Other Funds	426.09	457.60
Staff and Workmen Welfare Expenses	795.86	758.92
Cost of Stores and Tools consumed	3,116.54	3,073.89
Power and Fuel	4,087.61	4,254.11
Rent including lease rent	227.10	140.02
Insurance	171.71	223.53
Rates and taxes	60.46	125.96
Repairs*		
Buildings	317.67	320.10
Plant and Machinery	1,388.48	1,515.28
Other Assets	291.77	303.77
*(Includes stores consumed Rs.908.31 Lakhs - Last year Rs.1105.45 lakhs)		
Auditors' remuneration		
For Audit	12.50	10.00
Certification Fees	1.90	1.45
Taxation Matters	4.00	4.00
(Includes Rs.2.00 Lakhs for Tax Audit - Last year Rs.2.00 lakhs)		
Expenses	2.47	1.68
Directors' Sitting Fees	4.95	4.35
Discounts	234.57	268.85
Commission	205.28	184.78
Freight	1,579.53	1,901.88
Loss on sale of Fixed Assets (Net)	-	11.73
Other expenses	3,012.12	3,263.89
	23,687.94	24,796.44

Signatories to Schedules I to XIX

S RAM Chairman & Managing Director	S VIJI Director	T T RANGASWAMY Director	SRIVATS RAM Managing Director	As per our report attached For SUNDARAM AND SRINIVASAN Chartered Accountants
T K SESHADRI Director	T S VIJAYARAGHAVAN Director	S PRASAD Director	S SRIVATHSAN Secretary	K SRINIVASAN Partner Membership No. 5809

Chennai
25th June, 2009

CASH FLOW STATEMENT IN ACCORDANCE WITH AS 3 ISSUED BY ICAI ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2009

	(Rs.in lakhs)	
	2008-09	2007-08
A Cash Flow from Operating Activities		
Net Profit before Tax and extraordinary items	2,942.48	3,974.27
Adjustment for:		
Depreciation	3,378.94	3,127.32
(Profit) / Loss on sale of asstes (net)	(2,406.39)	11.73
Effect of Exchange Rate Change	2,078.86	875.64
Interest income	(73.09)	(123.48)
Dividend income	-	(24.25)
Lease Liabilities	94.72	80.45
Interest charges	4,676.45	3,068.70
	<u>7,749.49</u>	<u>7,016.11</u>
Operating profit before working capital changes	10,691.97	10,990.38
Adjustments for:		
Receivables and advances	(420.27)	(3,939.08)
Foreign Currency Monetary Items Translation		
Difference account	(461.22)	
Inventories	2,172.76	(4,609.75)
Payables	(4,906.39)	8,395.01
	<u>(3,615.12)</u>	<u>(153.82)</u>
Cash generated from operations	7,076.85	10,836.56
Taxes paid	(641.91)	(1,193.62)
Cash flow before extraordinary items	6,434.94	9,642.94
Net Cash from operating activities (A)	<u>6,434.94</u>	<u>9,642.94</u>
B Cash Flow from Investing Activities:		
Purchase of fixed assets	(10,517.04)	(10,848.55)
Purchase of Investments	(785.00)	-
Sale of fixed assets	2,436.40	41.02
Interest received	95.22	101.02
Dividend received	-	24.25
Net cash used in investing activities (B)	<u>(8,770.42)</u>	<u>(10682.26)</u>
C Cash Flow from Financing Activities:		
Proceeds from Long Term Borrowings	9,519.77	9632.53
Repayment of Long Term Borrowings	(3,639.35)	(4,077.43)
Repayment of Lease liabilities	(94.72)	(80.45)
Proceeds from Short Term Borrowings	2,867.95	14,375.28
Repayment of Short Term Borrowings	(1,735.47)	(14,489.35)
Increase in working capital	497.28	(936.06)
Interest paid	(4,604.51)	(3,041.52)
Dividend paid	(394.78)	(296.08)
Dividend tax paid	(67.09)	(50.32)
Net cash used in Financing activities (C)	<u>2,349.08</u>	<u>1,036.60</u>
Net increase in cash and cash equivalents (A+B+C)	13.60	(2.72)
Cash and cash equivalents at the beginning of the year	80.51	83.23
Cash and cash equivalents at the end of the year	94.11	80.51

Chennai
25th June, 2009

For and on behalf of the Board
S Ram
Chairman & Managing Director

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of Wheels India Limited derived from the audited annual accounts for the year ended March 31, 2009 and the year ended March 31, 2008, and found the same to be drawn in accordance therewith and also with the requirements of the listing agreement with Stock Exchange.

Chennai
25th June, 2009

For SUNDARAM AND SRINIVASAN
Chartered Accountants
K. SRINIVASAN
PARTNER
Membership No. 5809

Annexure to the Directors' Report

Conservation of Energy

Your Company has increased the use of energy efficient equipment (power transformers, motors, VFD controls, etc.) and zero-energy products like turbo-ventilators and transparent roof for lighting. Effort in optimizing induction heating has borne fruit and we hope to reduce 10% energy for heating after modification in tooling.

Generation from wind farms meets 20% of our energy requirement and Natural Gas power generation constitutes 22% at the Padi plant.

Technology Absorption:

During the year under review, your Company has successfully developed **227** new wheels to meet customer requirements using in-house design facilities.

Your Company has developed Air Suspension Systems for low floor buses used in city transportation. In addition, your company has developed an electronic kneeling facility for city and tarmac buses to allow easy entry and exit.

Expenditure on R & D:

	(Rs in Lakhs)
Capital	571.75
Revenue	470.39
	1,042.14

Total as a percentage of turnover 0.92%

Foreign Exchange Earnings and Outgo:

The Foreign exchange outgo to the Company during the year under review was Rs 14099 lakhs and the foreign exchange earned was Rs 21837 lakhs.

Chennai
25th June, 2009

S Ram
Chairman & Managing Director



Report on Corporate Governance

Your Company believes that Corporate Governance is a blend of law, ethics, regulation and voluntary practices that would help in maximizing the stakeholders' value

Board of Directors

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

The Board of Directors consists of 8 Directors, headed by the Chairman.

Name	Category	No. of Directorship in other public limited companies in India	No. of Memberships in Committees of Boards of other Companies
Mr S Ram	Chairman & Managing Director	8	3
Mr S Viji	Non Executive	7	2
Mr T T Rangaswamy *	Non Executive	Nil	Nil
Mr J MAAkers	Non Executive	Nil	Nil
Mr Srivats Ram	Managing Director	3	1
Mr T K Seshadri *	Non Executive	Nil	Nil
Mr T S Vijayaraghavan *	Non Executive	1	1
Mr S Prasad *	Non Executive	2	2

Mr S Ram is father of Mr Srivats Ram and brother of Mr S Viji.

* Independent Directors

Attendance at Board Meetings and last Annual General Meeting

During the year 2008-09 **five** Board Meetings of the Company were held on 17.04.2008, 27.06.2008, 30.07.2008, 31.10.2008 & 31.01.2009 and the last Annual General Meeting was held on 14th August, 2008.

Directors	Attendance at Board Meetings	Attendance at Last AGM
Mr S Ram	5	Yes
Mr S Viji	4	Yes
Mr T T Rangaswamy	5	Yes
Mr J MAAkers	1	Yes
Mr Srivats Ram	5	Yes
Mr T K Seshadri	5	Yes
Mr T S Vijayaraghavan	5	Yes
Mr S Prasad	5	Yes

Pecuniary Transactions with Non Executive Directors

(Rs. in lakhs)

Name of the Director	Nature of Transactions	No. of Shares held	Amount	Interest
Mr S Viji	Fixed Deposits	-	102.01	11.71
Mr T T Rangaswamy	Dividend	1596	0.05	-
Mr S Prasad	Dividend	450	0.01	-

Audit Committee

The terms of reference of the Audit Committee pertains to the areas referred to in Sec 292 A of the Companies Act and Clause 49 of the Listing Agreement with the Stock Exchange. The Audit Committee comprises of four Non-Executive Directors, Viz. Mr.S Prasad (Chairman), Mr S Viji, Mr T T Rangaswamy, and Mr T K Seshadri. The Committee met 5 times during the year on 03.04.2008, 26.06.2008, 30.07.2008, 30.10.2008 & 31.01.2009:

Members	No. of Committee Meetings held	No. of Committee Meetings Attended
Mr S Prasad	5	5
Mr S Viji	5	5
Mr T T Rangaswamy	5	4
Mr T K Seshadri	5	5

Remuneration Committee

The Remuneration Committee consists of three independent Directors, Mr. T.T. Rangaswamy, T.K. Seshadri and S Prasad, with Mr. T.T. Rangaswamy as the Chairman. The Committee has been constituted to review / approve remuneration payable to the Managing Directors depending upon their performance and the performance of the Company, within the overall limits approved by the Members of the Company.

The Committee met on 27.03.2009 wherein all the members were present. In view of the difficult business conditions faced by the Company, the Committee resolved that Mr S Ram, Chairman and Managing Director and Mr Srivats Ram, Managing Director be continued to be paid the same salary of Rs. 225000/- pm in the scale 225,000 – 350,000 pm to each of them for the year 2009-10. The Committee also decided that no commission is payable to them for the year 2008-09 due to inadequacy of profits.

Details of the remuneration paid to the Directors during the year 2008-09 given below: *(Rs. in lakhs)*

Name of Directors	Salary	Perquisites / Benefits	Commission	Contribution to Funds	Sitting fees
Mr S Ram	26.75	1.45	-	3.21	-
Mr S Viji	-	-	-	-	1.00
Mr T T Rangaswamy	-	-	-	-	1.10
Mr J M A Akers	-	-	-	-	0.10
Mr Srivats Ram	27.00	0.25	-	7.29	-
Mr T K Seshadri	-	-	-	-	1.10
Mr T S Vijayaraghavan	-	-	-	-	0.55
Mr S Prasad	-	-	-	-	1.10

Share Transfer and Investor Relations Committee

This Committee consists of three Directors with Mr T T Rangaswamy, a non-executive Director, as the Chairman, Mr S Ram and Mr S Viji being the other members. The Committee met on 12.02.2009 & 30.03.2009 wherein all the Directors were present. The Board has authorised Mr S Srivathsan, the Secretary of the Company to approve the share transfers.

Mr S Srivathsan, President (Finance) & Secretary is the Compliance Officer.

No of Shareholders complaints received during the year	- 05
No. not solved to the satisfaction of shareholders	- NIL
No. of pending share transfer	- NIL



Committee for Disposal of Land

In the meeting held on 31.01.2009, the Board constituted a committee of independent Directors, consisting of Mr. T T Rangaswamy, T K Seshadri, T S Vijayaraghavan and S Prasad, with Mr T T Rangaswamy as the Chairman of the Committee. The Committee was entrusted with the responsibility of sale of land held by the Company in a residential area in Chennai at market price. The Committee ascertained the market price and met on 10th March, 2009, in which all the above Directors were present and approved the sale of land at market price.

SHAREHOLDER INFORMATION ANNUAL GENERALBODY MEETINGS

YEAR	DATE	LOCATION	TIME
2007-08	14.08.2008	The Music Academy No.168, TTK Road, Chennai – 600 014	11.00 A.M
2006-07	14.08.2007	The Music Academy No.168, TTK Road, Chennai – 600 014	11.00 A.M
2005-06	14.08.2006	Mayor Sri Ramanaathan Chettiar Centre (R.Ramaswamy Hall), 75/2, Santhome High Road, MRC Nagar, RajaAnnamalaipuram, Chennai 600 028	11.00 A.M

Special Resolutions passed in the above meetings - NIL

Special Resolutions conducted through postal ballot in the above meetings - NIL

DISCLOSURES

Details of transactions entered into with related parties during the year under review have been given in the notes forming part of Accounts.

The Company has been complying with the SEBI Regulations and the Listing Agreement with the Stock Exchanges on issues related to capital market.

DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS

Given below are the brief resumes of the Directors proposed to be re-appointed in this Annual General Meeting:-

Mr S. Viji

Age : 63 years

Qualification : B.Com, A.C.A, M.B.A (USA)

Expertise in specific functional areas: Has over three decades of experience in financial services and automotive industries.

Directorship in other Companies :

Chairman : Sundaram BNP Paribas Home Finance Ltd, Sundaram Finance Limited

Managing Director: Brakes India Ltd

Director : The Dunes Oman LLC (FZC), Salalah Sultanate of Oman, Sundaram Dynacast P Ltd., Royal Sundaram Alliance Ins Co Ltd, Sundaram BNP Paribas Trustee Co Ltd, T V Sundaram Iyengar & Sons Ltd, Sundaram Industries.

Chairman / Member in other Companies Committee :

Audit Committee : Brakes India Ltd, Sundaram Finance Ltd

Mr T.T.Rangaswamy

Age : 85 years

Qualification: M.A, FCA, FCWA, FCS

Expertise in specific functional areas: Has over six decades of experience in Financial Services, Accounts and Secretarial functions in the automotive industry.

Directorship in other Companies :

Director : ABI Showatech International Pte. Ltd, Singapore, ABI Showatech Pte Ltd, Singapore, Minerva Pte Ltd. Singapore.

MEANS OF COMMUNICATIONS

Quarterly results are published in Business Line (English) and Dinamani (Tamil - vernacular). The Company published the audited results for the year 2008-09 within the stipulated time.

The unaudited quarterly results and the audited results for the full year are displayed in the Company's website www.wheelsindia.com. The above information and other communication sent to Stock Exchanges have also been filed under Corporate Filing Dissemination System (CFDS) and are available at website: www.corpfiling.com.

GENERAL SHAREHOLDER INFORMATION

Date of AGM: : 14th August, 2009
Time : 10.25 AM
Venue : The Music Academy, No 168, TTK Road, Chennai - 600 014.

Financial Calendar for the year ending 31st March, 2010:

Unaudited results for the first quarter	Last week of July, 2009
Unaudited results for the second quarter	Last week of October, 2009
Unaudited results for the third quarter	Last week of January, 2010
Audited results for the full year	Last week of June, 2010

Dividend Payment : NIL

Date of Book Closure : 7th Aug, 2009 to 14th Aug, 2009

Listing on Stock Exchanges : The equity shares of the Company are listed on the National Stock Exchange Ltd. Further, the Company has been permitted for dealings on Bombay Stock Exchange under "Permitted Securities" Category.

ISIN Code in NSDL and CDSL - INE 715A01015

STOCK Code - WHEELS

Registrar and Share Transfer Agent

Cameo Corporate Services Limited
"Subramanian Building"
1, Club House Road, Chennai - 600 002.
Phone : 044 - 28460390 ; Fax: 044 - 28460129
E-mail : cameo@cameoindia.com

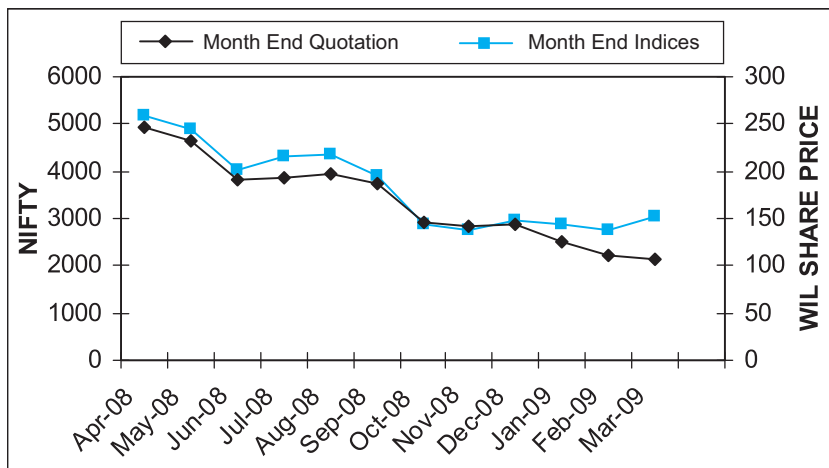


Share Transfer System :

Share Transfers which are received in physical form are processed and the share certificate returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. Cameo Corporate Services Ltd, Chennai is the Company's Registrar and Share Transfer Agent and are entrusted with the work relating to share registry in terms of both physical and electronic mode.

Market Price Data :

Month 2008-09	Quotation at NSE	
	HIGH	LOW
April	278.00	205.05
May	252.00	225.10
June	249.80	180.00
July	215.00	180.00
August	220.00	176.85
Sept	225.35	177.00
October	193.80	125.00
Nov	175.00	135.00
Dec	154.80	125.00
January	145.00	117.85
Feb	130.70	103.00
March	118.00	98.00



Distribution Pattern :

No. of Shares Held	Shareholders		No. of Shares	
	Number	%	Held	%
Up to – 500	4,518	92.62	4,88,415	4.95
501 – 1000	186	3.81	1,45,975	1.48
1001 – 2000	100	2.05	1,43,952	1.46
2001 – 3000	37	0.76	87,335	0.88
3001 – 4000	9	0.18	31,372	0.32
4001 – 5000	7	0.14	32,325	0.33
5001 – 10000	10	0.21	65,955	0.67
10001 and above	11	0.23	88,74,115	89.91
Total	4,878	100.00	98,69,444	100.00

Categories of Shareholders	No. of Shares Held	Percentage
Promoters*	84,58,248	85.70%
Directors/ Relatives	7,519	0.08%
Insurance Companies	3,36,645	3.41%
Corporate Bodies	1,37,277	1.39%
Non-Resident Indians	18,688	0.19%
Resident Individuals	9,11,067	9.23%
TOTAL	98,69,444	100.00%

* - includes person acting in concert

Dematerialisation of shares and liquidity :

According to SEBI guidelines, the shares of the Company are to be traded in the demat form with effect from 26.03.2001. Out of 14,11,196 shares held by shareholders other than the promoters, 10,80,734 shares (forming 76.58% of the non promoters shareholding) have been dematerialised upto 31st March, 2009.

Plant Locations :

- | | |
|--|---|
| <p>1 Padi
Chennai – 600 050.
Tamil Nadu</p> <p>2 22KM Rampur – Tanda Road
Rampur – 244 925
Uttar Pradesh</p> <p>3 Plot No.11-18, Sector 7,
HSIDC Growth Center,
Bawal – 123 501, Haryana</p> <p>4. Plot No. C - 1,
Ranjangaon Growth Centre
Karegaon Village, Shirur Taluka
Pune District – 412 210.
Maharashtra</p> | <p>5. Sriperumbudur
Kancheepuram District – 602 105
Tamil Nadu</p> <p>6. Plot No.56, Sector 11
Integrated Industrial Estate IIE
Pantnagar-Udham Singh Nagar
Uttarkhand-263 153</p> <p>7. Plot No D-3, Deoli Growth Centre,
Deoli MIDC, Taluka Deoli,
District Wardha -442 101
Maharashtra</p> |
|--|---|

Address for Investors' correspondence :

Cameo Corporate Services Limited
"Subramanian Building"
No. 1, Club House Road
Chennai - 600 002
Phone : 044 - 28460390
Fax : 044 – 28460129
E - MAIL : cameo@cameoindia.com

Mr S Srivathsan
President (Finance) & Secretary
Wheels India Limited
Padi, Chennai - 600 050
Phone : 044 - 26258511 Extn: 2003,
Fax : 044 - 26257121
E- Mail : srivathsan@wheelsindia.com



CERTIFICATE

To the Members of **WHEELS INDIA LIMITED**

We have examined the compliance of conditions of corporate governance by Wheels India Limited, for the year ended on 31.03.2009, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange.

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 the 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(s) is pending for a period exceeding one month against the company as per the records maintained by the Share Transfer & Investor Relations 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.

Chennai
25th June, 2009

For and on behalf of
SUNDARAM AND SRINIVASAN
Chartered Accountants
K. Srinivasan
Partner
Membership No.5809



FINANCIAL SUMMARY - LAST TEN YEARS

	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01	31.03.00
	<i>Rs. in Lakhs</i>									
Sales Turnover (Including other income)	116601	114781	101562	86708	79088	53082	37268	32087	33627	32769
Paid-up Capital	987	987	987	987	987	987	987	987	987	987
Reserves	18272	16781	15003	13132	11226	9198	7657	6798	8107	7372
Profit Before Tax	2942	3974	3869	3767	4279	3328	1756	1030	1102	1170
Profit After Tax	2115	2586	2603	2637	2865	2154	1170	829	1007	1037
Dividend - Amount	542.82	690.86	641.51	641.51	740.21	542.82	276.34	246.74	246.74	246.74
- Percentage	(55)	(70)	(65)	(65)	(75)	(55)	(28)	(25)	(25)	(25)
Book Value Per Share	195.14	180.03	162.02	143.05	123.75	103.20	87.58	78.88	92.14	84.70
Earning Per Share	21.43	26.20	26.37	26.72	29.03	21.82	11.86	8.40	10.20	10.51