

WHEELS INDIA LIMITED



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42ND ANNUAL REPORT 2000-2001



WHEELS INDIA LIMITED

Registered Office : 21, Patullos Road, Chennai - 600 002

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FACTORIES

PADI, CHENNAI 600 050

22KM RAMPUR-TANDA ROAD
RAMPUR
U.P.

SRIPERUMBUDUR
KANCHEEPURAM DISTRICT

RANJANGAON GROWTH CENTRE
KAREGAON VILLAGE
SHIRUR TALUK
PUNE DISTRICT

WEBSITE ADDRESS : www.wheelsindia.com

BANKERS

UNITED BANK OF INDIA
STATE BANK OF INDIA
STANDARD CHARTERED BANK

REGISTRARS & SHARE TRANSFER AGENTS

CAMEO CORPORATE SERVICES LTD.
"SUBRAMANIAM BUILDING"
1, CLUB HOUSE ROAD
CHENNAI - 600 002

STOCK EXCHANGE LISTING

MADRAS STOCK EXCHANGE LIMITED
NATIONAL STOCK EXCHANGE LIMITED

BOARD OF DIRECTORS

T.S. SANTHANAM
Chairman

S. RAM
Vice Chairman & Managing Director

S. VIJI
T.T. RANGASWAMY
J.M.A. AKERS
SRIVATS RAM
Executive Director

AUDIT COMMITTEE

T.T. RANGASWAMY (Chairman)
S. VIJI
SRIVATS RAM

AUDITORS

SUNDARAM AND SRINIVASAN
Chartered Accountants
Chennai

VICE PRESIDENT (FINANCE) & SECRETARY

S. SRIVATHSAN

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Notice to the Shareholders

NOTICE is hereby given that the Forty Second Annual General Meeting of the Shareholders of the Company will be held on **Monday, the 3rd September, 2001**, at 11.00 a.m., at **The Music Academy**, 306, TTK 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, 2001, and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2001.
3. To elect a Director in the place of Mr T S Santharam, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and fix their remuneration. M/s Sundaram and Srinivasan, Chartered Accountants, Chennai, retire and are eligible for re-appointment.

SPECIAL BUSINESS

5. To elect a Director in the place of Mr J M A Akers, who holds office under Section 262 of the Companies Act, 1956, only upto the date of this Annual General Meeting but who, being eligible, offers himself for election and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mr J M A Akers as a candidate for the office of a Director. It is proposed to move the following Resolution for the said purpose:

To be moved as an **ORDINARY RESOLUTION** :

RESOLVED that Mr J M A Akers, vacating office as a Director of the Company under Section 262 of the Companies Act, 1956, being eligible for appointment, be and is hereby appointed as a Director of the Company liable to retirement by rotation.

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

RESOLVED that in accordance with the provisions of Sec.269 & 309 of the Companies Act, 1956 and other applicable provisions if any, the Company hereby accords its approval and consent to the appointment of Mr. Srivats Ram as Executive Director of the Company for a period of five years from 1st October, 2000 and for the payment of remuneration to him for his services as Executive Director, as set out hereunder:

Salary : Rs.50,000/- (Rupees fifty thousand only) per month;

Commission : Not exceeding 1% of the net profits of the Company for each financial year or part thereof, computed in the manner laid down in the Companies Act, as may be decided by the Board of Directors;

Perquisites : As detailed in the annexure to the explanatory statement;



Minimum Remuneration : In the event of any loss or inadequacy of profits, the remuneration payable by way of salary and perquisites shall not exceed the limit as may be prescribed by the Government as minimum remuneration.

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION:**

RESOLVED that consent of the Company be and is hereby accorded under Section 163 of the Companies Act, 1956 to maintain the Register of Members and Index at the office of the Share Transfer Agents, M/s. Cameo Corporate Services Limited at "Subramanian Building", No.1, Club House Road, Chennai 600 002 or such other offices of the Share Transfer Agents as may be considered convenient for administrative reasons.

Regd. Office :

21, Patullos Road,
Chennai 600 002
31st July, 2001

By Order of the Board
S. Srivathsan

VICE PRESIDENT (FINANCE) & SECRETARY

- Note:** 1. A Member entitled to attend and vote at the Meeting may appoint a proxy to attend the meeting and vote on his stead. A proxy need not be a member of the Company. For appointment of a proxy to be effective, the proxy form (enclosed), duly filled, stamped and executed, should be 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 15th August, 2001 to 3rd September, 2001 (both days inclusive), for the purpose of payment of dividend.
3. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1995 and thereafter, which remain unpaid or 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, 1995, or any subsequent financial years 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 claims shall lie in respect of such amount.

Encl: Proxy Form,
Explanatory Statements.

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Annexure to the Notice

Explanatory Statements under Section 173 of the Companies Act, 1956

SPECIAL BUSINESS

Item No.5

Mr. Andrew Brian Moss resigned his Directorship in July, 1999, and in his place, Mr. J M A Akers was appointed a Director of the Company under Section 262 of the Companies Act, 1956, at the Board Meeting held on 26th July, 1999. Mr. J M A Akers vacates office as a Director at the 42nd Annual General Meeting.

A notice under Section 257 of the Companies Act, 1956, has been received from a member of the Company signifying his intention to propose Mr. J M A Akers as a candidate for the office of a Director, at the 42nd Annual General Meeting, and for that purpose, to move the resolution set out in Item No.5 of the Notice.

Mr. J M A Akers has also forwarded to the Company his consent to act as a Director of this Company under Section 264 of the Companies Act, 1956.

The Resolution set out under Item No.5, of the Notice is accordingly submitted to the Members for consideration.

Interest of Directors:

Mr. J M A Akers, Director, is interested in the resolution in as much as it relates to his appointment as a Director of the Company.

Item No.6

Mr. Srivats Ram was inducted to the Board of your Company in October, 2000. Mr. Srivats Ram joined the Company in '91. He is qualified as MBA and was initially involved in Marketing and Purchase functions. In the last three years, he has been involved in managing the overall operations of the Company. His addition to the Board is expected to contribute to Company's growth.

The resolution as set out under Item No.6 of the notice is placed before the members for their approval for the appointment of Mr. Srivats Ram as Executive Director and the remuneration payable to him.

**Interest of Directors:**

Mr. Srivats Ram is interested in this resolution to the extent of the remuneration payable to him.

Mr. T S Santhanam, Chairman of the Board of Directors and Mr. S Ram, Managing Director, are also deemed to be interested in the said resolution.

This explanation, together with the accompanying Notice, is and should be treated as an abstract of the terms of service of Mr. Srivats Ram and Memorandum of interest under Section 302 of the Companies Act, 1956.

Item No.7

The Register of Members and Index were kept at the administrative office of the Company at Padi, Chennai 600 050. On dematerialisation of shares of your Company, Cameo Corporate Services Limited were appointed as Registrar and Share Transfer Agents and the share transfer work is now being handled by them. The Register of Members and Index are being kept at the office of the Share Transfer Agents, Cameo Corporate Services Limited at "Subramanian Building" No.1, Club House Road, Chennai 600 002.

The Special Resolution set out under item No.7 of the Notice is accordingly submitted to the Members for consideration.

Chennai,
31st July, 2001

By Order of the Board
S. Srivathsan

VICE PRESIDENT (FINANCE) & SECRETARY



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Annexure

Details of perquisites referred to in the notice :

1. Housing, gas, water, Electricity, furnishings, etc.,
 - a) Provision of unfurnished residential accommodation, owned or leased by the Company, expenditure on which will be limited to 60% of the salary OR house rent allowance not exceeding 60% of the salary;
 - b) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be evaluated as per the Income-tax Rules, 1962, subject to a ceiling of 10% of the salary;
2. Reimbursement of medical expenses for himself and his family not exceeding one month's salary in a year or three months salary over a period of three years;
3. Leave Travel Assistance for himself and his family once in a year incurred in accordance with the rules of the Company;
4. Payment of subscription for any two clubs. This will not include admission fees and the membership fees;
5. Personal Accident Insurance cover for himself at a premium not exceeding Rs.4000/-p.a.;
6. Participation in the Company's Employees' Provident Fund on the same scale as applicable to the other executives of the Company;
7. Company's contribution towards Superannuation Fund, which together with the Company's contribution to the Provident Fund, shall not exceed the limit prescribed under the Income tax Rules, 1962, as applicable to other senior executives of the Company;
8. Gratuity computed in the manner provided under the Payment of Gratuity Act, 1972.
9. Leave with pay in accordance with the Rules of the Company as applicable to other senior executives of the Company from time to time;
10. Free use of Company's telephone at residence ;
11. Provision of car with a driver at the expense of the Company ;

Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.



Directors' Report to the Shareholders

Your Directors have pleasure in presenting their Forty second Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2001.

Financial Results

Sales for the year under review were Rs.332.69 crores compared to Rs.324.69 crores in the last year. The financial results of your Company for the year under review are as below:

	<u>2000-2001</u>	<u>1999-2000</u>
	(Rupees in lakhs)	
Gross profit before interest and depreciation	3827.42	3640.15
Interest	1663.46	1554.52
Depreciation	1062.29	915.58
Profit before tax	1101.67	1170.05
Profit after tax	1006.67	1037.05

Dividend

Your Directors are pleased to recommend, out of the profits of the current year, a dividend of 25% of the paid up capital of the Company as at 31st March, 2001. If the dividend is approved at the ensuing Annual General Meeting, a sum of Rs.2,46,73,610/- will become payable. A dividend tax of 10.20% will be paid on the dividend declared.

Performance and Prospects

The year 2000-2001 was a difficult year for the Indian vehicle industry. During the year under review, production of medium and heavy commercial vehicles fell approximately by 20%. Looking at the market in the current year, lack of progress on infrastructure projects and difficult operating conditions for transporters are likely to result in the demand for commercial vehicles to remain at last year's level.

There was a drop of 6% in the tractor production in the year under review due to adverse market conditions. In the current year, there is likely to be a further drop in tractor production due to high pipeline stock of unsold tractors.

There was a drop of 6% in the passenger car and utility vehicle segment in the year under review. With the introduction of new models, there is likely to be marginal growth in this segment in the current year.

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Your Company's initiatives in the export markets has resulted in increase in exports by about 28%. Your Company aims to maintain the momentum of export growth through introduction of new products and by entering new markets.

Directors

Mr. J M A Akers, who was appointed a Director in the vacancy caused by the resignation of Mr. A B Moss holds office upto the 42nd Annual General meeting, and being eligible, offers himself for appointment by the Members. The Company has received notice under Sec.257 of the Companies Act, 1956 from a member of the Company proposing Mr. J M A Akers to be appointed a Director.

Mr. Srivats Ram was inducted to the Board of your Company in October, 2000. Mr. Srivats Ram joined the Company in '91. He is a qualified MBA and was initially involved in Marketing and Purchase functions. In the last three years, he has been involved in managing the overall operations of the Company. His addition to the Board is expected to contribute to Company's growth. Approval of the Members is sought at the Annual General Meeting for his appointment and remuneration.

Under Article 94(3) of the Company, Mr. T.S. Santhanam retires by rotation and being eligible offers himself for re-election.

Corporate Governance

Pursuant to the provisions of the Companies Act, 1956 the Board of Directors have constituted an Audit Committee consisting of Mr. T.T. Rangaswamy, Mr. S. Viji and Mr. Srivats Ram. The audit committee has been entrusted with the responsibility of reviewing the internal control systems, financial reporting and compliance with various regulations affecting the working of your Company.

The listing agreement with the National Stock Exchange and the Madras Stock Exchange has been amended requiring every listed company to implement various measures for healthier corporate governance. These provisions are applicable to your company for the year ending 31st March, 2002. Your directors are taking adequate steps to comply with these provisions.

Directors responsibility statement:

Pursuant to Sec 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 along with proper explanation relating to material departure.
- 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 2001 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

Ms. Sundaram & Srinivasan, Chartered Accounts, Chennai, retire at the conclusion of the Forty Second Annual General Meeting and are eligible for re-appointment.

General

The Report of the Auditors on the annual accounts contains a qualification in respect of gratuity and leave encashment benefit to employees. Your Directors are of the opinion that accounting of gratuity and leave encashment benefits on cash basis has been consistently followed and is in the best interest of the Company.

Liability for customs duty on imported materials in bonded warehouse and excise duty on finished goods have not been provided in the books of accounts in line with the practice adopted so far. As mentioned in the notes to the accounts, there is no impact on the financial results of your Company.

To facilitate trading in equity shares of your company in dematerialised form, agreements have been entered into with the National Securities Depository Ltd and Central Depository Services (India) Ltd alongwith M/s. Cameo Corporate Services Ltd as the Registrars and Share Transfer Agents of your Company. Since dematerialisation facilitates quick share transfer and prevents forging of documents, those shareholders who have not yet opted for this facility are advised to dematerialise their shares at the earliest.

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are annexed hereto and forms part of this report.

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 record their appreciation of active participation of Titan Europe Ltd, UK.

The Directors wish to thank United Bank of India, State Bank of India, Standard Chartered Bank, Exim Bank and the financial institutions for their counsel and continued assistance.

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,
28th June, 2001

On behalf of the Board of Directors
T.S. Santhanam
CHAIRMAN