



43RD ANNUAL REPORT 2001-2002



WHEELS INDIA LIMITED

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

43RD ANNUAL REPORT

FACTORIES

PADI, CHENNAI 600 050
TAMILNADU

22KM RAMPUR-TANDA ROAD
RAMPUR - 244 925
UTTAR PRADESH

RANJANGAON GROWTH CENTRE
KAREGAON VILLAGE
SHIRUR TALUK
PUNE DISTRICT - 412 220
MAHARASHTRA

SRIPERUMBUDUR
KANCHEEPURAM DISTRICT
TAMILNADU - 602 105

WEBSITE ADDRESS : www.wheelsindia.com

BANKERS

UNITED BANK OF INDIA
STATE BANK OF INDIA
STANDARD CHARTERED BANK

STOCK EXCHANGE LISTING

MADRAS STOCK EXCHANGE LIMITED
11, SECOND LINE BEACH
CHENNAI - 600 001

NATIONAL STOCK EXCHANGE LIMITED
"EXCHANGE PLAZA"
BANDRA - KURLA COMPLEX
BANDRA (E)
MUMBAI - 400 051

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
T.K. SESHADRI

AUDIT COMMITTEE

T.T. RANGASWAMY - Chairman
S. VIJI
T.K. SESHADRI

AUDITORS

SUNDARAM AND SRINIVASAN
Chartered Accountants
Chennai

VICE PRESIDENT (FINANCE) & SECRETARY
S. SRIVATHSAN

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43RD ANNUAL REPORT**Notice to the Shareholders**

NOTICE is hereby given that the Forty Third Annual General Meeting of the Shareholders of the Company will be held on **21st August, 2002** 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, 2002, and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2002.
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.

SPECIAL BUSINESS

6. To elect a Director in the place of Mr.T.K.Seshadri, who was appointed as an additional Director of the Company at the Board Meeting held on 30.01.2002. Mr.T.K.Seshadri holds office 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.T.K.Seshadri as a candidate for the office of a Director. It is proposed to move the following Resolution as an **ORDINARY RESOLUTION**.

RESOLVED that Mr.T.K.Seshadri, who vacates office as an additional Director of the Company u/s 260 of the Companies Act, 1956 being eligible for appointment, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

RESOLVED that, the Salary and Commission payable to Mr.Srivats Ram revised as under by the Resolution of the Board of Directors be and are hereby approved.

Salary : Rs.60,000 p.m with effect from 01.04.2002

Commission : Not exceeding 2% of the net profits of the Company for each financial year or part thereof computed in the manner laid down in the Companies Act, 1956 as may be decided by the Board of Directors.



FURTHER RESOLVED that the other terms of remuneration as approved by the Members of the Company in the 42nd Annual General Meeting held on 03.09.2001 shall remain unchanged.

Regd. Office :

21, Patullos Road,
Chennai 600 002
26th June, 2002

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 herewith shall be 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 15.08.2002 to 21.08.2002 (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 the 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.



43RD ANNUAL REPORT**Annexure to the Notice****Explanatory Statements under Section 173 of the Companies Act, 1956****SPECIAL BUSINESS****Item No.6**

Mr.T.K.Seshadri was co-opted as an independent non executive Director of the Company at the Board Meeting held on 30th January, 2002. Mr.T.K.Seshadri vacates his office as an Additional Director at the 43rd 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.T.K.Seshadri as a candidate for the office of a Director, at the 43rd Annual General Meeting, and for that purpose, to move the resolution set out in Item No. 6 of the notice.

Mr.T.K.Seshadri has also forwarded to the Company his consent to act as a Director of this Company, if appointed.

The Resolution set out under Item No. 6 of the Notice is accordingly submitted to the Members for consideration.

Interest of Directors:

Mr.T.K.Seshadri, Director is interested in the resolution in as much as it relates to his appointment as a Director of the Company.

Item No. 7

Mr. Srivats Ram was inducted to the Board of your Company in October, 2000. His appointment as an Executive Director and remuneration payable to him were approved at the last Annual General Meeting. The Board of Directors of the Company at their meeting held on 22.04.2002 revised the remuneration payable to Mr. Srivats Ram to Rs. 60000 p.m with effect from 01.04.2002 and commission payable not exceeding 2% of the net profits of the Company for each financial year or part thereof computed in the manner laid down in the Companies Act, 1956 as may be decided by them. The other terms of remuneration as approved by the members in the 42nd Annual General Meeting shall remain unchanged.

The resolution as set out under Item No.7 of the notice is placed before the members for their approval for increase in payment of remuneration and Commission.



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.

By order of the Board
S. Srivathsan

VICE PRESIDENT (FINANCE) & SECRETARY

Regd. Office:
21, Patullos Road
Chennai - 600 002.
26th June, 2002

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43RD ANNUAL REPORT**Directors' Report to the Shareholders**

Your Directors have pleasure in presenting their Fortythird Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2002.

Financial Results

Sales for the year under review were Rs.319 crores compared to Rs.332.69 crores in the last year. The financial results of your Company for the year under review are as below:

	<u>2001-2002</u>	<u>2000-2001</u>
	(Rupees in Lakhs)	
Gross profit before interest and depreciation	3467.28	3827.42
Interest	1238.42	1663.46
Depreciation	1198.45	1062.29
Profit before tax for the year	1030.41	1101.67
Profit after tax for the year	829.41	1006.67

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, 2002. If the dividend is approved at the ensuing Annual General Meeting a sum of Rs.2,46,73,610/- will become payable.

Directors

Mr.T.K.Seshadri was co-opted as an independent, non executive Director of the Company at the Board meeting held on 30th January 2002. As an additional Director he holds office upto the 43rd Annual General Meeting and being eligible offers himself to be a Director if appointed by the members of the Company. The Company has also received notice under Section 257 of the Companies Act, 1956 from a member proposing Mr.T.K.Seshadri to be appointed as a Director.

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

Corporate Governance

In pursuance to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Management Discussion and Analysis Report are given elsewhere and form 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 judgments 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, 2002 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 Forty third Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment.

General

Your Directors decided to provide for accrued liability towards gratuity and leave encashment benefits to employees for past service on actuarial valuation basis. Accordingly a sum of Rs.415.20 lakhs has been charged to the Profit and Loss Account for the year under review.

A sum of Rs.14.76 crores has been withdrawn from the General Reserve to provide for deferred income tax liability upto 31.03.2001, in order to comply with the Accounting Standard issued by the Institute of Chartered Accountants of India which has become mandatory.

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.

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 form 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 Limited UK.

The Directors wish to thank United Bank of India, State Bank of India, Standard Chartered Bank and the financial Institutions 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,
26th June, 2002*

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

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Report of the Auditors to the Shareholders

We have audited the attached Balance Sheet of Wheels India Limited as at 31st March, 2002 and also the Profit and Loss Account 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 Manufacturing and other Companies (Auditor's Report) Order, 1988 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 informations furnished to us, no Director of the Company is disqualified as on 31st March, 2002 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 2002 and
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

Chennai,
26th June, 2002

For SUNDARAM AND SRINIVASAN
Chartered Accountants
K. Srinivasan
Partner



Annexure to the Report of Auditors

- (i) The Company is maintaining proper records showing full particulars including quantitative details and the situation of fixed assets. These fixed assets were physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (ii) The fixed assets of the Company have not been revalued during the year.
- (iii) The stock of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals.
- (iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) The discrepancies noticed on physical verification of stocks, as compared to book records, were not material.
- (vi) The valuation of the stock subject to non provision of excise duty and customs duty on closing stock of inventories referred to in Note No. 23 of Schedule XVI, which has no impact on the net profit for the year is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (vii) In respect of unsecured loans taken from parties which are listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. The Company has not taken any loan from a company under the same management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956.
- (viii) The Company has not granted any loans to any companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or to any company under the same management as defined under Sub section (1B) of Section 370 of the Companies Act, 1956.
- (ix) The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in the payment of interest where applicable.
- (x) There is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
- (xi) The transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register(s) maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices, which in our opinion, are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.