

WHEELS INDIA LIMITED



44th ANNUAL REPORT 2002-2003



WHEELS INDIA LIMITED

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

44TH ANNUAL REPORT

FACTORIES

PADI, CHENNAI - 600 050
TAMIL NADU

22KM RAMPUR - TANDA ROAD
RAMPUR - 244 925, U.P.

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

SRIPERUMBUDUR,
KANCHIPURAM DISTRICT - 602 105
TAMILNADU

WEBSITE ADDRESS : www.wheelsindia.com

BANKERS

UNITED BANK OF INDIA
STATE BANK OF INDIA
STANDARD CHARTERED BANK

AUDITORS

SUNDARAM & SRINIVASAN
Chartered Accountants
Chennai

STOCK EXCHANGE LISTING

NATIONAL STOCK EXCHANGE
"EXCHANGE PLAZA"
BANDRA - KURLA COMPLEX
BANDRA (E), MUMBAI - 400 051
MADRAS STOCK EXCHANGE
11, SECOND LINE BEACH
CHENNAI - 600 001

Chairman Emeritus : Mr. T. S. SANTHANAM

BOARD OF DIRECTORS

S. RAM - 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

SHAREHOLDERS / INVESTORS

GRIEVANCES COMMITTEE

T.T. RANGASWAMY - Chairman
S. RAM
S. VIJI

REMUNERATION COMMITTEE

T.T. RANGASWAMY-Chairman
T.K. SESHADRI

VICE PRESIDENT (FINANCE) & SECRETARY

S. SRIVATHSAN

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Notice to the Shareholders

NOTICE is hereby given that the Forty Fourth Annual General Meeting of the Shareholders of the Company will be held on Wednesday, **20th August, 2003** at 11.00 a.m. at **The Music Academy**, Old No.306, New No.168, 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, 2003, and the reports of the Directors and Auditors thereon.
2. To record the payment of interim dividend as final dividend.
3. To elect a Director in the place of Mr. J.M.A. Akers, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Mr. T.K. Seshadri, 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 reappointment.

SPECIAL BUSINESS

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

“RESOLVED that the salary payable to Mr. Srivats Ram, Executive Director of the Company, revised as under by the Resolution of the Board of Directors be and are hereby approved.

Salary : Rs.75,000 p.m. with effect from 1.4.2003 in the scale of Rs.75,000 – Rs.1,50,000. Annual increase will be effective from 1st April of every year and the quantum of increase will be decided by the Remuneration Committee constituted for this purpose.”

“FURTHER RESOLVED that the other terms of remuneration as approved by the Members of the Company in the 42nd and 43rd Annual General Meetings held on 3rd Sept., 2001 and 21st August, 2002 respectively, shall remain unchanged.”

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

“RESOLVED that the salary payable to Mr. S. Ram, Managing Director of the Company revised to Rs. 1,00,000 p.m. effective from 1.4.2002 by a Resolution of the Board of Directors, be and is hereby approved.”

“FURTHER RESOLVED that the other terms of remuneration as approved by the Members of the Company in the 39th Annual General Meeting held on 15th Sept., 1998 shall remain unchanged.”



8. 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 Section 198, 269 and 309 read with schedule XIII and all other applicable provisions of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof, for the time being in force, the consent of the Company be and is hereby accorded to the reappointment of Mr. S. Ram, as Chairman and Managing Director of the Company, for a period of 5 (five) years with effect from 01.05.2003, on the terms and conditions including remuneration as set out hereunder:

SALARY : Rs.1,00,000 per month effective 1st May, 2003, in the scale of Rs.1,00,000 – Rs. 2,00,000. Annual increase will be effective 1st May of every year and the quantum of increase will be decided by the Remuneration Committee constituted for this purpose.

COMMISSION : Not exceeding 2% of 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 Remuneration Committee constituted for this purpose.

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".

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

"RESOLVED that in accordance with the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other applicable laws, if any, the Company hereby accords its approval to delist the equity share capital of the Company, comprising of 98,69,444 equity shares of Rs.10/- each, from the Madras Stock Exchange Limited".

Regd. Office:
21, Patullos Road
Chennai - 600 002.
25th June, 2003

By Order of the Board
S. Srivathsan
VICE PRESIDENT (FINANCE) & SECRETARY

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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, 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 14.08.2003 to 20.08.2003 (both days inclusive), for the purpose of Annual General Meeting.
3. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1996 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, 1996, 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 claim shall lie in respect of such amount.

Encl : Proxy Form,
Explanatory Statements.





Annexure to the Notice

Explanatory Statements under Section 173 of the Companies Act, 1956.

SPECIAL BUSINESS

Item No.6

The Board of Directors revised the salary payable to Mr. Srivats Ram, Executive Director of the Company, to Rs 75,000/- p.m. with effect from 1.4.2003 in the scale of Rs. 75,000 – Rs. 1,50,000. All other terms of remuneration as approved by the Members of the Company in the 42nd and 43rd Annual General Meetings of the Company held on 3rd September, 2001 and 21st August, 2002 respectively, remain unchanged.

The above revision in salary payable to Mr. Srivats Ram, Executive Director of the Company as detailed in the Resolution set out under item No. 6 of the notice requires the consent of the Members.

Interest of Directors:

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

Mr. S. Ram, Chairman and Managing Director, is 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 Board of Directors approved a revision in salary payable to Mr. S. Ram, Chairman and Managing Director of the Company, to Rs. 1,00,000/- p.m. with effect from 1.4.2002. All other terms of remuneration as approved by the Members of the Company in the 39th Annual General Meeting of the Company held on 15th September, 1998 remain unchanged.

The above revision in salary payable to Mr. S. Ram, Chairman and Managing Director of the Company as detailed in the Resolution set out under item No. 7 of the notice requires the consent of the Members.

Interest of Directors:

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

Mr. S. Viji, Director and Mr. Srivats Ram, Executive 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. S. Ram and Memorandum of interest under Section 302 of the Companies Act, 1956.

44TH ANNUAL REPORT**Item No. 8**

The term of office of Mr. S. Ram, as Chairman and Managing Director expired on 30.04.2003. The Board of Directors, at their meeting held on 30.10.2002 have thought fit to reappoint Mr. S. Ram, as Chairman and Managing Director for a further period of five years with effect from 01.05.2003.

The reappointment of Mr. S. Ram, as Chairman and Managing Director of the Company and the payment of remuneration to him as detailed in the resolution as set out under Item No. 8 of the notice require the consent of the members.

Interest of Directors:

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

Mr. S. Viji, Director and Mr. Srivats Ram, Executive 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. S. Ram and Memorandum of interest under Section 302 of the Companies Act, 1956.

Item No. 9

The equity shares of your Company are listed on the Madras Stock Exchange Limited (MSE), being the regional stock exchange, and the National Stock Exchange of India Limited (NSE), a stock exchange having nation wide terminals. While the shares of your Company have been frequently traded on the NSE, there is hardly any trading in the MSE.

The Securities and Exchange Board of India has issued Guidelines for delisting of securities which interalia provides for voluntary delisting of shares by a Company from the stock exchanges.

It is therefore proposed to delist the equity shares of your Company from the MSE after obtaining your approval. However, the equity shares of your Company will continue to be listed on the NSE.

Accordingly, a Special Resolution is submitted for your consent. Necessary application will be made to the MSE, as required.

Interest of Directors:

None of the directors are interested in the above resolution.

Regd. Office:
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Chennai - 600 002.
25th June, 2003

By Order of the Board
S. Srivathsan
VICE PRESIDENT (FINANCE) & SECRETARY



ANNEXURE

Details of perquisites referred to in the explanatory statement:

Company's contribution to Provident Fund, Superannuation Fund (or special allowance in lieu of contribution to Superannuation Fund), Gratuity Fund and Pension Fund as applicable to other senior executives of the Company.

Perquisites and allowances like free furnished accommodation or house rent allowance including furniture, furnishings, and other utilities, payment / reimbursement of medical expenses (for self and family), telephones, gas, electricity, water, payment of medical and personal accident premium, leave travel assistance, club fees (excluding admission and life membership fee) provision of chauffeur driven cars and such other allowances / perquisites / benefits and amenities as may be provided by the Company to other senior executives from time to time; the annual value of these will be limited to a ceiling of 150% of annual salary.

Provision of chauffeur driven Company car for official purposes shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost.

Payment of Company's contributions to Provident Fund / Pension Fund / Superannuation Fund / Gratuity Fund, and encashment of leave (at the end of the tenure) shall not be included in the computation of remuneration or ceiling on the perquisites. Where payment of special allowance in lieu of contribution to superannuation fund is made, as per the rules applicable to other senior executives of the Company, the same will be treated as perquisite, for the purpose of ceiling on perquisites and allowances as aforesaid.

44TH ANNUAL REPORT**Directors' Report to the Shareholders**

Your Directors have great pleasure in presenting their Fortyfourth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2003.

Financial Results

Sales for the year under review were Rs. 367 crores compared to Rs. 319 crores in the last year. The financial results of your Company for the year under review are as below:

	<u>2002-2003</u>	<u>2001-2002</u>
	(Rupees in Lakhs)	
Gross profit before interest and depreciation	4150	3467
Interest	970	1238
Depreciation	1424	1199
Profit before tax for the year	1756	1030
Profit after tax for the year	1170	829

Dividend

The Board approved and paid an interim dividend of Rs. 2.80 per equity share in May 2003. Your Directors are not recommending any further dividend for the year ended 31st March, 2003.

Directors

Mr. T.S. Santhanam, Founder, Director and Chairman of the Company since it was formed in 1960, stepped down from the Board on 30th October, 2002. The Board places on records its deep appreciation for his valuable guidance and meritorious service to the Company. The Board also honoured Mr. T.S. Santhanam by appointing him as Chairman Emeritus.

Under Article 94(3) of the Company, Mr. J.M.A. Akers and Mr. T.K. Seshadri, retire from office by rotation, and being eligible, offer themselves for reappointment.

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, 2003 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 Fortyfourth Annual General Meeting and are eligible for reappointment. The Directors recommend their reappointment.

General

Liability for excise duty on finished goods has 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.

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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 support of Titan Europe Limited UK.

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

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

Chennai
25th June, 2003

On behalf of the Board of Directors
S. Ram
CHAIRMAN & MANAGING DIRECTOR