

WHEELS INDIA LIMITED



45th ANNUAL REPORT 2003-2004



WHEELS INDIA LIMITED

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

45TH ANNUAL REPORT

FACTORIES

PADI,

CHENNAI – 600 050.

TAMILNADU

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

HDFC BANK LIMITED

AUDITORS

SUNDARAM & SRINIVASAN

CHARTERED ACCOUNTANTS

CHENNAI

STOCK EXCHANGE LISTING

NATIONAL STOCK EXCHANGE

“EXCHANGE PLAZA” 5TH FLOOR,

PLOT NO.C/1, G BLOCK,

BANDRA KURLA COMPLEX,

BANDRA (EAST),

MUMBAI – 400 051

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

T S VIJAYARAGHAVAN

S PRASAD

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 Fifth Annual General Meeting of the Shareholders of the Company will be held on Wednesday, **18th August, 2004** 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, 2004 and the reports of the Directors and Auditors thereon.
2. To record and confirm the interim dividends for the year ended 31st March, 2004 as final dividend.
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 consider and, if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED that Mr. T S Vijayaraghavan be and is hereby appointed as a Director of the Company, liable for retirement by rotation."
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED that Mr. S Prasad be and is hereby appointed as a Director of the Company, liable for retirement by rotation."
8. To consider and if thought fit to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED that pursuant to section 293 (1) (d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby accorded to the Board of Directors of the Company, for borrowing monies for



the purpose of business of the Company, from time to time, notwithstanding that the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up Capital of the Company and its Free Reserves that is to say, reserves not set apart for any specific purpose, provided however that the aggregate of amounts so borrowed and outstanding at any time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs. 200 crores (Rupees two hundred crores only).

9. 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 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby accorded to the Board of Directors of the Company to create / modify any mortgage, hypothecation or other charge or encumbrance from time to time on such terms as it may think fit, over the whole or substantially the whole of the Company's undertaking, including all present and future immovable and movable properties and assets of the Company wherever situate, in favour of the banks, financial institutions and other persons for securing loans, credit, guarantees or other facilities provided or to be provided by them to the Company and or to secure debentures issued / to be issued by the company, which borrowings and facilities together with the existing ones shall not exceed an aggregate limit of Rs. 200 crores (Rupees two hundred crores only).

Regd. Office:
21, Patullos Road
Chennai - 600 002.
23rd June 2004

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

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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 11.08.2004 to 18.08.2004 (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, 1997 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, 1997, 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 against the Fund or the Company 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

Mr. T S Vijayaraghavan was co-opted as a Director of your Company with effect from 22nd March, 2004. Under Section 260 of the Companies Act, 1956, he holds office as Additional Director up to the date of the Annual General Meeting.

Notice has been received from a member in compliance with Section 257 of the Companies Act, 1956, intimating his intention to propose the appointment of Mr. T S Vijayaraghavan as a Director at the ensuing Annual General Meeting. The Board of Directors considers that his appointment as a Director will be in the interests of the Company and recommends the acceptance of the resolution.

Interest of Directors:

Mr. T S Vijayaraghavan is interested in the above resolution relating to his appointment as a Director of the Company.

Item No.7

Mr. S Prasad was co-opted as a Director of your Company with effect from 22nd March, 2004. Under Section 260 of the Companies Act, 1956, he holds office as Additional Director up to the date of the Annual General Meeting.

Notice has been received from a member in compliance with Section 257 of the Companies Act, 1956, intimating his intention to propose the appointment of Mr S Prasad as a Director at the ensuing Annual General Meeting. The Board of Directors considers that his appointment as a Director will be in the interests of the Company and recommends the acceptance of the resolution.

Interest of Directors:

Mr. S Prasad is interested in the above resolution relating to his appointment as a Director of the Company.

Item Nos 8 & 9

At present the Board of Directors are empowered to borrow (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) upto Rs.150 crores vide resolution passed by the members u/s 293 (1)(d) and 293 (1)(a) of the Companies Act, 1956 in the Annual General Meeting held on 20th September, 2000. Your company is embarking upon projects for enhancing the wheel manufacturing capacity to meet the requirements of its customers and is planning to avail loans for this purpose.

The resolutions as set out under item No.8 & 9 of the notice require the consent of the Members.

Regd. Office:
21, Patullos Road
Chennai - 600 002.
23rd June 2004

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

Directors' Report to the Shareholders

Your Directors have great pleasure in presenting their Forty fifth Annual Report and the Audited Accounts of the Company for the year ended 31st March 2004.

Financial Results

Sales for the year under review were Rs. 520 crores compared to Rs. 367 crores in the last year. The financial results of your Company for the year under review are as below:

	<u>2003-2004</u>	<u>2002-2003</u>
	(Rupees in Lakhs)	
Gross profit before interest and depreciation	5,711	4,150
Interest	643	970
Depreciation	1,740	1,424
Profit before tax for the year	3,328	1,756
Profit after tax for the year	2,154	1,170

Dividend

The Board approved and paid an interim dividend of Rs.3.00 per equity share in February 2004. Your Directors have proposed to pay a second interim dividend of 25% out of the profits of the year under review. The two interim dividends aggregating to 55%, absorbing Rs.542.82 lakhs by way of dividend and Rs. 69.55 lakhs by way of dividend distribution tax, will be the total dividend for the year ended 31st March, 2004 and no further dividend is recommended.

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.

Mr T S Vijayaraghavan and Mr S Prasad were inducted as Non-Executive, Independent Directors of the Company at the Board Meeting held on 22nd March, 2004. As additional directors they hold office upto the Forty fifth Annual General Meeting and being eligible offer themselves for appointment by the Members as directors. The Company has also received notices under Section 257 of the Companies Act, 1956 from members proposing Mr. T S Vijayaraghavan and Mr. S Prasad for being appointed as Directors of the Company.

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, 2004 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 fifth Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment.

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.

Madras Stock Exchange delisted the equity shares of your company with effect from 25th May, 2004.

Particulars of the employees of the Company who are 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 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 support of Titan Europe Plc, UK.

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
23rd June, 2004

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, 2004, 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, 2004 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 2004;
 - 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
23rd June 2004



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), (c) and (d) of the order are not applicable.
- IV. There are adequate internal control procedures 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. There are no major weaknesses in internal controls.
- V.
 - (a) The transactions that are needed to be entered into the register maintained under Section 301 of the Act, have been so entered.
 - (b) Each of these transactions 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 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.