

WHEELS INDIA LIMITED



47th ANNUAL REPORT 2005-2006



WHEELS INDIA LIMITED

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

47TH 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

PLOT NO. 11-18, SECTOR 7,
HSIDC GROWTH CENTER,
BAWAL,
REWARI DISTRICT - 123501
HARYANA

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 OF INDIA LIMITED
“EXCHANGE PLAZA” 5TH FLOOR,
PLOT NO.C/1, G BLOCK,
BANDRA KURLA COMPLEX,
BANDRA (EAST),
MUMBAI – 400 051

BOARD OF DIRECTORS

S RAM – Chairman & Managing Director
S VIJI
T T RANGASWAMY
J M A AKERS
SRIVATS RAM – Joint Managing Director
T K SESHADRI
T S VIJAYARAGHAVAN
S PRASAD

AUDIT COMMITTEE

S PRASAD – Chairman
T T RANGASWAMY
S VIJI
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

VICE PRESIDENT (FINANCE) & SECRETARY

S SRIVATHSAN

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Notice to the Shareholders

NOTICE is hereby given that the Forty-Seventh Annual General Meeting of the Shareholders of the Company will be held on Monday, **14th day of August, 2006** at **11 a.m.** at **Mayor Sri Ramanaathan Chettiar Centre (R.Ramaswamy Hall)**, 75 / 2 , Santhome High Road, MRC Nagar, Raja Annamalaipuram, Chennai 600 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statements of accounts for the year ended 31st March, 2006, and the reports of the Directors and Auditors thereon.
2. To record and confirm the interim dividends for the year ended 31st March, 2006 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.

Regd. Office:
21, Patullos Road
Chennai - 600 002.
28th June 2006

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

**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 07.08.2006 to 14.08.2006 (both days inclusive).
3. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1999 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, 1999, 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 Forty Seventh Annual Report and the Audited Accounts for the year ended 31st March, 2006.

Financial Results

Sales for the year under review were Rs.843 crores compared to Rs.779 crores in the last year. The financial results of your Company for the year under review are as below:

	<u>2005-2006</u>	<u>2004-2005</u>
	(Rupees in Lakhs)	
Gross profit before interest and depreciation	7,826	7,378
Interest	1,743	1,014
Depreciation	2,316	2,085
Profit before tax for the year	3,767	4,279
Profit after tax for the year	2,637	2,865

Dividend

Two interim dividends totalling to 65% amounting to Rs.6,41,51,386/- were paid for the year ended 31st March, 2006. The Directors are not recommending any further dividend for the year ended 31st March, 2006.

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 Exchange, 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 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, 2006 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 Seventh Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment.

Particulars of Employees

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 Companies (Particulars of Employees) Rules, 1975.

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 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
28th June 2006

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, 2006, 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, 2006 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 2006;
 - 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
28th June 2006



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. (a) 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, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.

- (b) The disputed Sales Tax aggregating to Rs.43.85 Lakhs has not been deposited on account of disputes which are contested in appeals and are pending before the Sales Tax Appellate Tribunal and the High Court.

- 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

Chennai
 28th June 2006

K. Srinivasan
 Partner
 Membership No.5809

ACCOUNTS 2005 - 2006