

WHEELS INDIA LIMITED



56th ANNUAL REPORT 2014-2015



WHEELS INDIA LIMITED

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

Website Address : www.wheelsindia.com

CORPORATE IDENTITY NUMBER : L35921TN1960PLC004175

56TH ANNUAL REPORT

FACTORIES

- PADI, CHENNAI - 600 050
TAMIL NADU
- 22KM RAMPUR, TANDA ROAD
RAMPUR - 244 925, UTTAR PRADESH
- PLOT NO. C-1, RANJANGAON GROWTH CENTRE
KAREGAON VILLAGE, SHIRUR TALUK
PUNE DISTRICT - 412 220, MAHARASHTRA
- PLOT NO. 11-18, SECTOR 7,
HSIDC GROWTH CENTRE,
BAWAL REWARI DISTRICT - 123 501, HARYANA
- SRIPERUMBUDUR
KANCHIPURAM DISTRICT - 602 105
TAMIL NADU
- PLOT NO. 56, SECTOR 11
INTEGRATED INDUSTRIAL ESTATE,
PANTNAGAR, UDHAM SINGH NAGAR - 263 153
UTTARAKHAND
- PLOT NO. D 3, DEOLI GROWTH CENTRE
DEOLI MIDC, TALUKA DEOLI,
WARDHA DISTRICT - 442 101, MAHARASHTRA
- DP NO 70 (P), SURVEY NO 214 (P),
SIDCO INDUSTRIAL ESTATE, THIRUMUDIVAKKAM
CHENNAI - 600 044. TAMIL NADU.

BANKERS

- UNITED BANK OF INDIA
- STATE BANK OF INDIA
- STANDARD CHARTERED BANK
- HDFC BANK LIMITED

AUDITORS

- M/S SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS
CHENNAI

STOCK EXCHANGE LISTING

- NATIONAL STOCK EXCHANGE OF INDIA LIMITED
MUMBAI

BOARD OF DIRECTORS

| | |
|--------------------------------------------|-------------------|
| S RAM | Chairman |
| S VIJI | |
| SRIVATS RAM | Managing Director |
| S PRASAD | |
| T S VIJAYARAGHAVAN | |
| AROON RAMAN | |
| T K SESHADRI (UPTO 8-9-2014) | |
| B SANTHANAM (FROM 8-9-2014) | |
| J M AAKERS (UPTO 30.10.2014) | |
| CHRISTOPHER M B AKERS (FROM 30.10.2014) | |
| BHARATI RAO (FROM 1.4.2015) | |
| PAUL G REITZ (FROM 23.4.2015) | |

AUDIT COMMITTEE

| | |
|--------------------|----------|
| S PRASAD | Chairman |
| S VIJI | |
| T S VIJAYARAGHAVAN | |
| AROON RAMAN | |

STAKEHOLDERS RELATIONSHIP COMMITTEE

| | |
|----------|----------|
| S VIJI | Chairman |
| S RAM | |
| S PRASAD | |

NOMINATION & REMUNERATION COMMITTEE

| | |
|--------------------|----------|
| S PRASAD | Chairman |
| AROON RAMAN | |
| T S VIJAYARAGHAVAN | |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

| | |
|-------------|----------|
| SRIVATS RAM | Chairman |
| S VIJI | |
| S PRASAD | |
| AROON RAMAN | |

CHIEF FINANCIAL OFFICER & SECRETARY

S SRIVATHSAN

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Financial Summary - Last Ten Years

Rs. in Crores

| | 31.03.15 | 31.03.14 | 31.03.13 | 31.03.12 | 31.03.11 | 31.03.10 | 31.03.09 | 31.03.08 | 31.03.07 | 31.03.06 |
|------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Operating Results | | | | | | | | | | |
| Operating revenue (including other income) | 1,982.54 | 1,825.15 | 1,927.34 | 2,079.83 | 1,703.36 | 1,253.00 | 1,166.01 | 1,147.81 | 1,015.62 | 867.08 |
| Earnings Profit before Interest Depreciation and Tax | 152.75 | 149.55 | 153.64 | 165.98 | 132.28 | 91.16 | 109.97 | 101.70 | 85.93 | 78.26 |
| Depreciation | 54.14 | 55.34 | 53.59 | 50.47 | 46.08 | 33.16 | 33.79 | 31.27 | 26.72 | 23.16 |
| Earnings before Finance costs and Tax | 98.61 | 94.21 | 100.05 | 115.51 | 86.20 | 58.00 | 76.18 | 70.43 | 59.21 | 55.10 |
| Finance costs* | 59.07 | 55.35 | 55.50 | 61.35 | 53.62 | 37.77 | 46.76 | 30.69 | 20.52 | 17.43 |
| Profit before tax | 39.54 | 38.86 | 44.55 | 54.16 | 32.58 | 20.23 | 29.42 | 39.74 | 38.69 | 37.67 |
| Financial Position | | | | | | | | | | |
| Equity Share capital | 12.03 | 12.03 | 9.87 | 9.87 | 9.87 | 9.87 | 9.87 | 9.87 | 9.87 | 9.87 |
| Reserves and Surplus | 369.03 | 351.55 | 248.98 | 230.56 | 207.68 | 190.50 | 182.72 | 167.81 | 150.03 | 131.32 |
| Shareholders' equity | 381.06 | 363.58 | 258.85 | 240.43 | 217.55 | 200.37 | 192.59 | 177.68 | 159.90 | 141.19 |
| Borrowings | 389.23 | 331.66 | 419.57 | 387.68 | 329.75 | 374.02 | 381.95 | 287.36 | 239.93 | 209.71 |
| Gross block** | 1,054.67 | 989.07 | 922.93 | 816.68 | 759.47 | 710.64 | 655.40 | 551.85 | 446.44 | 388.78 |
| Net block** | 522.04 | 512.89 | 493.30 | 440.01 | 429.51 | 426.23 | 402.37 | 331.13 | 254.44 | 222.60 |
| Dividend - Amount | 9.03 | 9.01 | 7.99 | 9.87 | 6.41 | 4.44 | 5.43 | 6.91 | 6.41 | 6.41 |
| Per Equity Share (Rs.) | | | | | | | | | | |
| Dividend | 7.50 | 8.20 | 8.10 | 10.00 | 6.50 | 4.50 | 5.50 | 7.00 | 6.50 | 6.50 |
| Book Value Per Share | 316.70 | 302.17 | 262.27 | 243.61 | 220.43 | 203.02 | 195.14 | 180.03 | 162.02 | 143.06 |
| Earning Per Share | 24.72 | 27.06 | 30.61 | 34.80 | 24.96 | 13.12 | 21.43 | 26.20 | 26.37 | 26.72 |

* As per revised Schedule VI of the Companies Act, 1956 from 31.03.11 and Schedule III of Companies Act, 2013 from 31.03.15

** Includes Capital Work-in-Progress

Notice to the Shareholders

NOTICE is hereby given that the Fifty Sixth Annual General Meeting of the Shareholders of the Company will be held on Thursday, August 13, 2015, at 11.00 a.m. at "The Music Academy", 168 (Old No.306), T T K Road, Chennai 600014, to transact the following business:

ORDINARY BUSINESS

1. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT the Audited Balance Sheet as at 31st March, 2015 and the Profit & Loss Statement, Cash Flow Statement for the year ended 31st March, 2015 together with the Reports of the Directors and Auditors thereon, be approved and adopted.

2. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT an Interim Dividend of Rs. 3/- per share already paid on the paid-up capital of the Company consisting of 1,20,32,279 equity shares of Rs. 10/- each amounting to Rs.3,60,96,837 be and is hereby confirmed and recorded.

RESOLVED FURTHER THAT, as recommended by the Directors, a Final dividend of Rs. 4.50 per share (45%) on the paid-up capital consisting of 1,20,32,279 equity shares, absorbing Rs. 5,41,45,255.50 (Rupees five crores forty one lakhs forty five thousand two hundred and fifty five and fifty paise only), be approved and the same is hereby declared payable for the year ended 31st March, 2015 as Final Dividend.

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr S Viji (DIN 00139043), a Director retiring by rotation, being eligible for re-election, be and is hereby re-elected as a Director of the Company liable for retirement by rotation.

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT M/s Sundaram & Srinivasan, Chartered Accountants, Chennai (ICAI Registration Number 004207S), the retiring auditors, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that the Statutory Auditors be paid an audit fee of Rs. 26.00 Lakhs (excluding service tax and reimbursement of out of pocket expenses).

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the rules made thereunder, the approval of the members be and is hereby accorded to the change in designation of Mr S Ram (DIN 00018309) as a non-whole-time Director liable to retire by rotation and his re-appointment as a non-executive Chairman on and from 1.9.2015 and be paid remuneration with effect from 1.9.2015 on the terms and conditions including remuneration as set out hereunder:-

Commission not exceeding 1% of the net profits of the Company as may be decided by the Nomination and Remuneration Committee. Sitting fees for attending Meetings of Board / Committees. Perquisites – Company car with driver and telephone facility

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things that may in their absolute discretion consider necessary, proper, expedient, desirable or appropriate and take all necessary and desirable steps for the aforesaid purpose and matters incidental thereto.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr Christopher M B Akers (DIN 06979883) who was appointed as a Director of the

Company in the casual vacancy caused by the resignation of Mr JMA Akers, and who, in terms of Section 161 of the Companies Act, 2013 holds office upto the date of this Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice, in writing from a member, under Section 160 of the Companies Act, 2013 be and is hereby appointed as a Director of the Company, liable to retirement by rotation.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr Paul G Reitz (DIN 07159137), who was appointed as an Additional Director of the Company with effect from April 23, 2015 by the Board of Directors pursuant to Section 161 of the Companies Act, 2013 and who holds office upto the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retirement by rotation.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors, M/s. Geeyes and Co, Cost and Management Accountants, firm Registration Number 00044 appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016, be paid a remuneration of Rs. 7.00 lakhs (Rupees Seven Lakhs) per annum excluding service tax and travel and reimbursement of out-of-pocket expenses.

Regd. Office:
21, Patullos Road
Chennai 600 002
May 18, 2015

By Order of the Board
S Srivathsan
Chief Financial Officer
& Secretary

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the Proxy need not be a member of the Company. 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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 1.8.2015 to 13.8.2015 (both days inclusive) for payment of dividend on equity shares.
5. Final Dividend, as recommended by the Board of Directors, if declared at the meeting, shall be paid to those members whose name(s) appear in the Register of Members of the Company as on 13.8.2015. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.

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6. Members holding shares in demat form are hereby informed that bank particulars registered against their accounts will be used by the Company for payment of Dividend. Changes in bank details are only to be advised to the Depository Participants by the Members. Members who are holding shares in physical form and desirous of registering bank particulars or changing banking bank particulars already registered against their respective folios are requested to write to the Company.
7. Pursuant to the provisions of Section 205 A of the Companies Act, 1956, as amended, dividend declared for the financial year ended 2008-09 from the date of declaration of dividend 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 above financial year or any subsequent financial year are requested to make their claim to the Share Department of the Company at Padi, Chennai - 600050. 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.
8. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, postal ballot / remote e-voting facility have been provided to the members. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
9. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. The details indicating the process and manner for voting by electronic means, the time schedule including the time period during which the votes may be cast by remote e-voting, the details of the login ID, the process and manner for generating or receiving the password and for casting of vote in a secure manner are provided to the shareholders. The route map for the venue of the AGM is also provided to the Shareholders.
10. The Board of Directors has appointed Mr S Dhanapal, Partner, M/s S Dhanapal & Associates, Practising Company Secretaries, Chennai, as the Scrutinizer, for conducting the postal ballot and e-voting process in a fair and transparent manner. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities enabling the members to cast their vote in a secure manner. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link www.evotingindia.com during the following voting period: The e-voting period would commence on 10.8.2015 (9:00 am) and end on 12.8.2015 (5:00 pm).
11. During the above period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 6.8.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder cannot change it subsequently.
12. The procedure and instructions for e-voting is furnished in this notice as a separate annexure. Pursuant to Clause 35B (ii) of the Listing Agreement, to enable those shareholders who do not have access to e-voting facility, the Company has enabled a Postal ballot facility. A member desiring to exercise vote by postal ballot is requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the attached self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours (5.00 PM) on 12.8.2015.
- The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the ballot / e-voting will be announced by the Company on its website – www.wheelsindia.com within two days of the Annual General Meeting.



Annexure to the Notice

Explanatory Statement under Section 102 of the Companies Act, 2013

SPECIAL BUSINESS

Item No 5

At the 55th Annual General Meeting held on 8.9.2014 the shareholders approved the appointment of Mr S Ram, Whole-time Executive Chairman liable to retire by rotation.

It is proposed that on and from 1.9.2015 Mr S Ram will relinquish his position as an Executive Chairman and function as a Non-Whole time Director liable to retire by rotation in his designation as Non-Executive Chairman. This change in terms of the designation and remuneration of Mr S Ram will require prior approval of the shareholders by way of special resolution. The revised remuneration payable to him as Non-Executive Chairman as detailed in the resolution will be effective from 1st September 2015. A brief profile of Mr S Ram, as required to be given pursuant the Listing Agreement, has been given in the Corporate Governance report forming part of the Directors Report. Company has received a notice in writing proposing his candidature for the office of the Director.

Accordingly the resolution contained require the consent of the Members. Mr S Ram is interested in this resolution to the extent of the remuneration payable to him. Mr S Viji (DIN 00139043), Director, Mr Srivats Ram (DIN 00063415), Managing Director and relatives of Mr S Ram are deemed to be interested in the said resolution. None of the other directors or Key Managerial Personnel of the Company either directly or through their relatives are in any way concerned or interested, whether financially or otherwise in this resolution.

Item No 6

Mr Christopher M B Akers was appointed as a Director of the Company with effect from 30.10.2014 in the casual vacancy caused by the resignation of Mr J M A Akers. He holds office upto the date of this Annual General Meeting and is eligible for election.

A notice, in writing, under Section 160 of the Companies Act, 2013 has been received from a Member of the Company signifying his intention to propose Mr Christopher M B Akers as a candidate for the office of the Director. Accordingly the resolution contained require the consent of the members. A brief profile of Mr Christopher M B Akers has been given in the Corporate Governance report forming part of the Directors Report.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr Christopher M B Akers, is in any way, interested or concerned in this resolution.

Item No 7

Mr Paul G Reitz who was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 effective April 23, 2015, holds office up to the date of this Annual General Meeting, and is eligible for appointment as Director. The Company has received notice under Section 160 of the Companies Act, 2013 signifying intention to propose the candidature of Mr Paul G Reitz for the office of the Director. Accordingly the resolution contained require the consent of the Members.

A brief profile of Mr Paul G Reitz has been given in the Corporate Governance report forming part of the Directors Report. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr Paul G Reitz, is in any way, interested or concerned in this resolution.

Item No 8

The Board, on the recommendations of the Audit Committee, has approved the appointment of the Cost Auditors, M/s. Geeyes & Co, Cost & Management Accountants, at a remuneration of Rs 7.00 lakhs (Rupees Seven Lakhs only) per annum plus travel and reimbursement of out of pocket expenses, at actuals, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016.

In accordance with the provisions of the Section 148 of the Companies Act 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing the resolution as set out in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016. The Board recommends the resolution set forth in the Notice for the approval of the Members. None of the Directors/Key Managerial Personnel/their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Regd. Office:
21, Patullos Road
Chennai 600 002
May 18, 2015

By Order of the Board
S Srivatsan
Chief Financial Officer
& Secretary

Directors' Report to the Shareholders

Your Directors present their Fifty Sixth Annual report and the Audited Accounts of your Company for the year ended March 31, 2015.

Performance

Sales for the year under review were Rs. 1,944 crores compared to Rs. 1,798 crores in the last year showing an increase of 8% when compared with the previous year.

Financial Results

The financial results of your Company for the year under review are as below:

(Rs in Crores)

| | 2014-15 | 2013-14 |
|---------------------------------------------------|---------|---------|
| Gross profit before finance cost and depreciation | 152.75 | 149.55 |
| Finance Costs | 59.07 | 55.35 |
| Depreciation | 54.14 | 55.34 |
| Profit before tax for the year | 39.54 | 38.86 |
| Profit after tax for the year | 29.74 | 28.41 |
| Transfer to General Reserve | 18.00 | 18.00 |

Dividend and transfer to General Reserve

The Board approved and paid an Interim Dividend of Rs. 3.00 per equity shares (30%) in February 2015.

Your Directors are pleased to recommend a final dividend of Rs. 4.50 per equity share (45%) for the year ended 31st March, 2015. The final dividend recommended, if approved at the 56th Annual General Meeting, will be paid to all the shareholders whose name appears in the Register of Members as on the Book closure date. The total dividend for the financial year including the proposed final dividend will absorb

Rs. 9.03 crores and Dividend Distribution Tax of Rs.1.82 crores.

The Company proposes to transfer an amount of Rs. 18 crores to the General Reserves. An amount of Rs. 9.63 crores is proposed to be retained in the Statement of Profit and Loss.

Management Discussion and Analysis

In 2014, global GDP growth was 2.6% as against 2.5% in the preceding year, with growth in the US being offset by sputtering growth in Europe and Japan and a planned slowdown in China. The year saw low commodity prices, low interest rates and weak world trade in the global economy. The Indian GDP is estimated to have grown at 7.4% in the new series as against 6.9% last year. The year saw a majority government voted in for the first time in more than a decade. Aided by a steep fall in international oil prices, the government was able to bring down inflation to the lowest levels in 5 years, keeping the rupee stable vis-a-vis most other currencies which depreciated against the dollar. However, lack of capital investment and an erratic monsoon affected the growth of the economy.

The Indian vehicle industry saw a growth of 26% in the commercial vehicle segment, which came off the trough of the cycle, as replacement demand started kicking in with the low fuel cost marginally improving viability of transporters. The relatively low level of economic activity in the country reflected in low growth in goods movement. The sector saw the growth of the heavy segment and the intermediate segment at the expense of the medium duty segment. There was a 10% growth in the light commercial vehicle segment (4T-9T GVW) with more growth in the passenger segment of this sector.

The agricultural tractor market coming off a year of record growth, saw a steep decline in the second



half of the year, as unseasonal weather, low level of government procurement and no increase in minimum support prices affected the market which declined by 15%. While the domestic market slowed down, tractor manufacturers were able to focus on and grow exports.

The same factors affecting the tractor market affected rural demand and saw a decline in the market for pick-ups and small trucks. There was a growth of 4% in the market for cars and utility vehicles overall. However, there is a concern for the Company as the fitment of cast aluminium wheels increased from 15% to 19%, over the year. This trend is likely to continue affecting future prospects for steel passenger car wheels.

The growth of the US economy and a pre-buy in Japan triggered by new engine regulation norms saw a growth in the construction equipment demand in these two markets amidst steep declines elsewhere. The mining industry was affected by low commodity prices and lack of demand worldwide affecting capital purchases including that of mining trucks. The demand for mining trucks for coal mining was further affected by the mining ban in India, and shale gas discovery in the US.

The market for air suspension systems for buses was affected as till the new government came to power, procurement of new buses by STU was stalled. There was some activity in the latter part of the year with some portion being carried forward to the coming year.

The non-availability of coal, accentuated by the mining ban, along with lack of funding affected the commissioning and implementation of many thermal power projects. While the thermal power projects had their demand affected by these factors, there was a 30% growth in the Indian wind power equipment installation in the last year with the government encouraging renewable energy sources.

In the commercial vehicle, agricultural tractor, construction and mining truck wheel markets we performed in line with the industry. In the passenger car wheel market, we were affected by both higher aluminium fitment, an increase in competition, and our high exposure to the small truck segment that saw a big decline. In spite of the adverse global environment, our exports grew by 16% driven by the forged aluminium wheel business and the growth in earthmover wheels off-setting the decline in tractor wheel exports.

In the financial year gone by, we saw a 8.5% growth driven mainly by the commercial vehicle domestic market, export market and growth in non-wheel business. The drop in light vehicle wheel volumes over the year and agricultural tractor wheel volumes in the second half, resulted in low capacity utilization and affected profitability. We were able to manage energy costs in spite of power tariff increases, due to fuel cost reductions in the second half. The price pressures from export customers due to currency movements especially in the second half affected our profitability. There was an increase in freight costs, as customers have insisted on palletized supply across segments, thereby reducing the number of wheels in a truck.

Your Company focused on cost management and continuous improvement throughout the year with structured review mechanisms in place. In addition to cost, operations and business reviews, we also focus specifically on safety and quality at each of our manufacturing plants, and strive to show improvements in these areas. Your Company encourages development of employees and encourages quality circles and suggestions from operators on the shop floor. In the last year, a team of operators won the Silver award at the International Convention on Quality Circles held in Colombo. In the last financial year, your Company has won performance and quality related awards from