

**WHEELS INDIA LIMITED**

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**53<sup>rd</sup> ANNUAL REPORT 2011-2012**

***Car Wheel Manufacturing Line - Padi***



***Car Wheel Disc Line - Bawal***



***Top Coat Line for Tractor Wheels - Pune***



***Commercial Vehicle Wheel  
Line - Rampur***



***Earth Mover Manufacturing  
Line - Sriperumbudur***



# WHEELS INDIA LIMITED

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

Website Address : [www.wheelsindia.com](http://www.wheelsindia.com)

## 53<sup>RD</sup> 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 CENTER, BAWAL  
REWARI DISTRICT - 123501, 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
- B-54, SIPCOT INDUSTRIAL PARK  
IRUNGATTUKOTTAI, SRIPERUMBUDUR  
KANCHIPURAM DISTRICT - 602 105, TAMILNADU

### 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	
J M AAKERS	
SRIVATS RAM	Managing Director
T K SESHADRI	
T S VIJAYARAGHAVAN	
S PRASAD	
AROON RAMAN	

### AUDIT COMMITTEE

S PRASAD	Chairman
S VIJI	
T K SESHADRI	
AROON RAMAN	

### SHARE TRANSFER & INVESTOR RELATIONS COMMITTEE

S VIJI	Chairman
S RAM	
S PRASAD	

### REMUNERATION COMMITTEE

S PRASAD	Chairman
T K SESHADRI	
T S VIJAYARAGHAVAN	

### PRESIDENT (FINANCE) & SECRETARY

S SRIVATHSAN

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## Notice to the Shareholders

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NOTICE is hereby given that the Fifty Third Annual General Meeting of the Shareholders of the Company will be held on Tuesday, 14th day of August, 2012, at 11.00 a.m. at "The Music Academy", 168 (Old No.306), 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, 2012, and the reports of the Directors and Auditors thereon.
2. To record and confirm the interim dividend paid and declare final dividend for the year ended 31st March, 2012.
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 S Vijayaraghavan, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, who are retiring and are eligible for re-appointment and fix their remuneration.

### SPECIAL BUSINESS

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

To elect a Director in the place of Mr Aroon Raman, who holds office under Section 262 of the Companies Act, 1956, 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 Aroon Raman as a candidate for the office of a Director. It is proposed to move the following resolution for the said purpose.

"RESOLVED that Mr Aroon Raman, vacating office as a Director of the Company under Section 262 of the Companies Act, 1956, being eligible for appointment, 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 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 400 crores (Rupees four hundred crores only)".

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 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 400 crores (Rupees four hundred crores only)".

Regd. Office:  
21, Patullos Road  
Chennai 600 002  
30th May, 2012

By Order of the Board  
**S Srivathsan**  
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 1.8.2012 to 14.8.2012 (both days inclusive) for payment of final dividend on equity shares.
3. 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 14.8.2012. 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.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, interim dividend declared on 31.1.2006 for the financial year ended March 31, 2006 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 March 31, 2006 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.

## Annexure to the Notice

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

## SPECIAL BUSINESS

### Item No. 6

Mr Aroon Raman was appointed as a Director under Section 262 of the Companies Act, 1956, with effect from 15.4.2011 in the casual vacancy caused due to the resignation of Mr T T Rangaswamy. Mr Aroon Raman vacates office as a Director at the 53<sup>rd</sup> 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 Aroon Raman as a candidate for the office of the Director at the 53<sup>rd</sup> Annual General Meeting, and for that purpose, to move the resolution set out in Item No. 6 of the Notice.

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Mr Aroon Raman has also forwarded to the Company his consent to act as a Director of this Company under Section 264 of the Companies Act, 1956.

The resolution as set out under Item No 6 of the Notice is accordingly submitted to the members for consideration.

Mr Aroon Raman, Director is interested in the resolution in as much as it relates to his appointment as a Director of the Company.

#### **Item Nos. 7 & 8**

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.300 crores vide resolution passed by the members u/s 293(1)(d) and 293(1)(a) of the Companies Act, 1956 by way of postal ballot on March 20, 2009.

To meet the increasing needs of working capital arising out of growth in business in the coming years and term loans to fund capacity additions, the Company proposes to obtain the consent of members to increase the borrowing limits to Rs 400 crores from Rs. 300 crores previously approved and for creating charge on the assets of the Company.

The resolution as set out under Item Nos. 7 & 8 of the Notice are accordingly submitted to the members for consideration.

None of the Directors is interested or concerned in the above said resolutions.

Regd. Office:  
21, Patullos Road  
Chennai 600 002  
30th May, 2012

By Order of the Board  
**S Srivathsan**  
President (Finance)  
& Secretary





## Directors' Report to the Shareholders

Your Directors present their Fifty Third Annual report and the Audited Accounts of your Company for the year ended March 31, 2012.

### Financial Results

Sales for the year under review were Rs. 2,051 crores compared to Rs. 1,676 crores in the last year. The financial results of your Company for the year under review are as below:

(Rs. in Lakhs)

	2011-2012	2010-2011
Gross profit before finance cost and depreciation	17,493	13,228
Finance Costs	7,030	5,362
Depreciation	5,047	4,608
Profit before tax for the year	5,416	3,258
Profit after tax for the year	3,435	2,464
Transfer to General Reserve	2,300	1,600

### Dividend

The Board approved and paid an interim dividend of Rs. 4/- per equity share of Rs. 10/- each, in March 2012.

Your Directors are pleased to recommend a final dividend of Rs. 6/- per equity share of the face value of Rs.10/- each, for the year ended 31st March, 2012. The final dividend, recommended, if approved at the Fifty Third Annual General Meeting, will be paid to all the shareholders whose names appear in the Register of members as on the Book closure date.

The total dividend for the financial year including the proposed final dividend amounts to Rs. 10/- per equity share and will absorb Rs. 11.47 Crores including Dividend Distribution Tax of Rs. 1.60 Crores

### Management Discussion and Analysis

The last financial year saw tumultuous events on the world stage from the Arab Spring to the Japanese earthquake-tsunami to the Euro crisis. The Indian economy saw the GDP growth come down to 6.8% as the nation's fiscal and trade deficit widened and inflation remained at high levels. Coming on the back of a year of strong growth, the headwinds of the slowing economy affected all domestic market segments serviced by your Company.

The passenger car market was additionally burdened by two factors. There was a major industrial dispute affecting production at the largest car manufacturer for over a month. The year also saw a widening gap between petrol and diesel prices leading to consumers increasingly preferring diesel vehicles. The supply chain capacities in diesel engines was not able to ramp up adequately to meet this demand. As a result, the passenger car market had only a marginal growth during the year.

The traditional commercial vehicle market saw growth in the heavy and light segments with no growth in the medium commercial vehicles. This resulted in the commercial vehicle segment growing at only single digit rates. Outside of the traditional CV market there continued to be strong growth in the small commercial

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vehicle market. Even the agricultural tractor market saw moderated growth as the slowdown in the economy started affecting all market segments. The construction and mining equipment wheel segment of your Company is truly international in nature and a resurgence in global demand augurs well for your Company in the coming years.

Your Company faced increased competition in all domestic industry segments, as demand slowed down. While Company grew at around industry rates in all segments, it benefited from its relatively stronger position in the growing small commercial vehicle segment. The air suspension system division of your Company, that had seen a decline in the previous year, saw strong growth off the low base, with demand from both state transport undertakings and private operators. In the energy equipment structural parts division, your Company was able to scale up above break-even levels. It was really the growth in the earth moving and construction equipment wheel global business together with new segments of businesses that were taken up that helped your Company to grow at a faster rate above the domestic vehicle industry levels.

While the year under review saw a slower rate of growth, it had its share of inflationary forces to deal with, with higher material costs at the start of the year and high energy costs at the year-end. Added to this, a double digit depreciation of the Indian Rupee vis-a-vis the US Dollar added to the cost pressures. In this environment, your Company dedicated its efforts for the year on operational cost control across

its plants. This has built strength and teamwork within the organization that can be harnessed in the years to come. During the year, your Company signed a technical agreement with Topy Industries, a leading Japanese wheel manufacturer, that will strengthen the passenger car wheel business.

The coming year is likely to see the Indian economy grow at around 7%, and the domestic industry segments are likely to grow at single digit levels. There is particularly some concern on the growth prospects of the tractor and truck markets in the country. Your Company is a supplier in some of the high volume newer models in the passenger car segment and is likely to benefit from this in the coming year. We continue to see reasonable growth in the construction and mining equipment business worldwide, as also the non-wheel business. The major concerns in the year ahead is inflation in the cost of most inputs. Your Company has a reasonably large foreign exchange exposure to the extent of approximately 23% of sales by way of exports and imports. To add to this, in the year under review, there was a steep depreciation of the Indian Rupee vis-a-vis the US Dollar particularly in the second half of the year. This element of foreign exchange risk is likely to continue in the current year.

## Directors

Mr Aroon Raman, who was appointed as a Director in the vacancy caused by the resignation of Mr T T Rangaswamy holds upto the conclusion of the 53<sup>rd</sup> Annual General Meeting and being eligible, offers himself for appointment by the members.



The Company has received notice under Section 257 of the Companies Act, 1956 from a member of the Company proposing Mr Aroon Raman to be appointed a Director.

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

### Corporate Governance

In pursuance to Clause 49 of the Listing Agreement with the Stock Exchange, Corporate Governance Report is given elsewhere and forms part of this Report.

### Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 and Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, your Directors confirm that:-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. 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, 2012 and of the profit of the Company for the year ended on that date;
3. 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;

4. the annual accounts have been prepared on a going concern basis and
5. proper systems are in place to ensure compliance with all laws applicable to the Company

### Auditors

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai retire at the conclusion of the Fifty Third Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment.

### Internal Control and Audit

The Company has a well established internal control system which helps in ensuring that the assets of the Company are properly protected. The effectiveness of the internal control system is constantly monitored by the internal audit department along with the external audit firms appointed to carry out the internal audit of the various units of the Company. The Audit Committee periodically reviews the reports on the internal audit findings and takes appropriate decisions to implement corrective action wherever required.

### Awards

During the year under review, your Company's Padi plant won the All India Organisation of Employers (AIOE) Industrial Relations Award for the year 2010-11.

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Your Company received awards from TAFE, Toyota, Caterpillar and Maruti Suzuki for its performance, quality and supply of products.

### Safety

Your Company gives high priority to the Safety and the objective is to achieve a zero incident. To ensure Safety and create a safe work environment, Safety Audit is being conducted regularly and reviewed by the Company. Further, safety performance is being reviewed by the top-level management every month. Your Company also gives safety training to create awareness on safety to all the employees periodically.

### Corporate Social Responsibility

Your Company believes that Corporate Social Responsibility is an integral part of the business. As a part of its CSR activity:-

- your Company established educational facilities in Thiruvannamalai District to cater to the needs of the children. Your Company along with reputed Non Governmental Organization, has set up SuperKidz Centers in 13 villages in Vembakkam, Thiruvannamalai District, wherein most of the children in Vembakkam, Thiruvannamalai District have benefited.

- Special Health check up camp was conducted in association with ESI Hospital Chennai and Sriperumbudur during the year under review .

### 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 thank United Bank of India, State Bank of India, Standard Chartered Bank and HDFC Bank Limited for their continued support.

Your Company continues to have the full cooperation of all its employees. The Directors would like to place on record the appreciation of the efforts of the employees in controlling costs and improving the profitability of the Company.

On behalf of the Board of Directors

Chennai  
30th May 2012

**S Ram**  
Chairman



## Report of the Auditors to the Shareholders

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We have audited the attached Balance Sheet of Wheels India Limited as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement 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, 2012 from being appointed as Director under Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

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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 2012;

b) In the case of the Statement of Profit and Loss, 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 & SRINIVASAN**

Chartered Accountants  
(Registration No: 004207S)

**K. Srinivasan**

Chennai  
30<sup>th</sup> May, 2012

Partner  
Membership No.5809



## 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) 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 in excess of Rs 5,00,000/- in respect of each party, have been made at prices, which are prima facie, reasonable having regard to the prevailing market price at the relevant time, as per information available with the Company.
- 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 there under 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. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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, Value Added Tax, Wealth

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

- (b) There were no disputed tax dues which have not been deposited with the respective authorities in respect of Income Tax, Wealth Tax, Excise Duty, Customs Duty, Value Added Tax and Cess. However disputed income tax, service tax and property tax aggregating to Rs. 188.82 lakhs has not been deposited on account of disputes which are contested in appeals and are pending before Commissioner of Income Tax (Appeals), Commissioner of Central Excise (Appeals), Central Excise and Service Tax Appellate Tribunal and Madras 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 & SRINIVASAN**

Chartered Accountants  
(Registration No: 004207S)

**K. Srinivasan**

Chennai  
30<sup>th</sup> May, 2012

Partner  
Membership No.5809





# **ACCOUNTS 2011-2012**

# Balance Sheet as at 31st March 2012

Particulars	Note No.	Rs. in Lakhs		As at 31.03.2011
<b>I EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' Funds</b>				
a) Share Capital	1	986.94	986.94	
b) Reserves and Surplus	2	23,055.66	20,767.73	
		<b>24,042.60</b>		21,754.67
<b>2. Non-current liabilities</b>				
a) Long-term Borrowings	3	17,651.89	18,404.01	
b) Deferred tax liabilities (Net)	4	5,047.91	4,646.47	
c) Long-term provisions	5	207.47	223.26	
		<b>22,907.27</b>		23,273.74
<b>3. Current liabilities</b>				
a) Short-term borrowings	6	13,865.01	7,819.05	
b) Trade payables	7	34,726.33	30,323.31	
c) Other current liabilities	8	10,294.38	9,621.16	
d) Short-term provisions	9	2,464.19	2,655.21	
		<b>61,349.91</b>		50,418.73
<b>TOTAL</b>		<b>1,08,299.78</b>		<b>95,447.14</b>
<b>II ASSETS</b>				
<b>1. Non-current assets</b>				
a) Fixed assets				
i) Tangible assets	10	40,428.08	40,892.72	
ii) Intangible assets	11	445.04	363.09	
iii) Capital Work-in-progress	12	3,117.46	1,694.73	
iv) Machinery in Transit		10.60	-	
b) Non-current investments	13	1,817.26	1,477.26	
c) Long-term loans and advances	14	2,344.14	2,143.49	
d) Other non-current assets	15	136.05	165.84	
		<b>48,298.63</b>		46,737.13
<b>2. Current assets</b>				
a) Current Investments	16	50.00	50.00	
b) Inventories	17	26,161.30	22,272.86	
c) Trade receivables	18	29,318.16	22,240.70	
d) Cash and cash equivalents	19	121.35	120.08	
e) Short-term loans and advances	20	4,342.23	4,020.09	
f) Other current assets	21	8.11	6.28	
		<b>60,001.15</b>		48,710.01
<b>TOTAL</b>		<b>1,08,299.78</b>		<b>95,447.14</b>
Significant Accounting Policies	A			

**S RAM**  
Chairman

**S VIJI**  
Director

**SRIVATS RAM**  
Managing Director

**T K SESHADRI**  
Director

As per our report attached  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No.:004207S)  
**K SRINIVASAN**  
Partner  
Membership No.5809

**T S VIJAYARAGHAVAN**  
Director

**S PRASAD**  
Director

**S SRIVATHSAN**  
Secretary

Chennai  
30th May, 2012

# Profit and Loss Statement for the Year Ended 31st March 2012



	Note No.	Rs. in Lakhs		2010-11
<b>REVENUE FROM OPERATIONS</b>				
Sale of Products		2,02,027.32		1,66,010.06
Sale of Services		953.53		688.22
Other operating revenues		20,528.51		16,587.08
Revenue from Operations - Gross		2,23,509.36		1,83,285.36
Less: Excise Duty {On sale of products Rs.14,080 lakhs (previous year Rs.11,900.67 lakhs); Others Rs.1,674.97 lakhs (previous year Rs.1,324.13 lakhs)}		15,754.97		13,224.80
Revenue from Operations - Net		2,07,754.39		1,70,060.56
Other income	24	228.92		275.80
<b>TOTAL REVENUE</b>		2,07,983.31		1,70,336.36
<b>EXPENSES</b>				
Cost of materials consumed	25	1,48,174.79		1,22,581.46
Changes in inventories of finished goods, Work-in-progress	26	(1,931.90)		40.82
Employee benefit expense	27	16,826.33		14,004.80
Other Expenses	28	27,421.50		20,481.69
<b>TOTAL EXPENSES</b>		1,90,490.72		1,57,108.77
Earnings before Finance Costs, Tax, Depreciation and Amortisation expenses		17,492.59		13,227.59
Finance Costs	29	7,029.62		5,362.30
Depreciation and Amortisation expenses	10 & 11	5,046.55		4,607.58
Profit before exceptional and extraordinary items and tax		5,416.42		3,257.71
Exceptional items		-		-
Profit before extraordinary items and tax		5,416.42		3,257.71
Extraordinary items		-		-
<b>Profit before tax</b>		5,416.42		3,257.71
Tax expense:				
1. Current tax		1,580.00		-
Minimum Alternate Tax		-		649.00
Minimum Alternate Tax Credit entitlement		-		(629.00)
Net Current tax		1,580.00		20.00
2. Deferred tax		401.44	1,981.44	774.00
<b>Profit (Loss) for the year</b>		3,434.98		2,463.71
Earnings per equity share:	36			
1. Basic		34.80		24.96
2. Diluted		34.80		24.96
Significant Accounting Policies	A			

**S RAM**  
Chairman

**S VIJI**  
Director

**SRIVATS RAM**  
Managing Director

**T K SESHADRI**  
Director

As per our report attached  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No.:004207S)

**T S VIJAYARAGHAVAN**  
Director

**S PRASAD**  
Director

**S SRIVATHSAN**  
Secretary

**K SRINIVASAN**  
Partner

Membership No.5809

Chennai  
30th May, 2012

## Notes on Accounts

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### A Significant Accounting Policies:

#### i) General:

The financial statements have been prepared on the historical cost convention in accordance with generally accepted accounting principles.

#### ii) Presentation and disclosure of financial statements:

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### iii) Fixed Assets and Depreciation:

- a) Fixed assets are stated at historical cost net of CENVAT and VAT credits as reduced by accumulated depreciation.
- b) Depreciation on fixed assets has been provided -
  - (i) at the rates specified in Schedule XIV of the Companies Act, 1956
    - on straight line method for plant and machinery and buildings and
    - on written down value method for electronic data processing machines and other fixed assets.
  - (ii) on the basis of estimated life of the capital tools.
- c) Leasehold land:

Premium paid on leasehold land is amortised over the lease period.
- d) The cost of software relating to ERP is amortised over the estimated useful life viz. 5 years. The cost of other intangible assets are amortised over the estimated useful life viz. 3 years.
- e)
  - (i) The expenditure during construction period relating to the new projects till the commencement of commercial production is capitalised and allocated to fixed assets.
  - (ii) In accordance with AS 16 - Borrowing costs issued by the ICAI, the borrowing costs attributable to the new projects are capitalised till the commencement of commercial production and included in expenditure during construction period and allocated to fixed assets and other borrowing costs are recognised in the year in which it is incurred.

#### iv) Investments:

Investments are stated at cost less provision for diminution other than temporary if any, in value of such investments.

#### v) Inventories:

The stock of raw materials, stores, loose tools and goods in transit are valued at cost (net of CENVAT and VAT credits on weighted average basis). The stock of finished goods and work-in-process are

valued at cost (net of CENVAT and VAT credits including appropriate overheads) or market value whichever is lower.

**vi) Revenue recognition:**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred. Service revenues are recognised when services are rendered. Interest income is recognised on time proportion basis.

**vii) Staff terminal benefits:**

a) Provident Fund:

Eligible employees receive benefits from Provident Fund which is defined contribution plan. Both, the employees and the Company make monthly contributions to the regional provident fund authorities/ Company's Employees Provident Fund Trust, equal to specified percentage of eligible covered employees salary. The Company has no other obligations than the monthly contributions.

b) Gratuity:

The gratuity plan provides for a lump sum payment to vested employees eligible for gratuity at the time of retirement, death, incapacity or termination of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation as at the Balance Sheet date based upon which the Company contributes all the ascertained liabilities to LIC, who is the administrator of the plan.

c) Superannuation:

Eligible employees receive benefit from Superannuation at the time of retirement, death or leaving the services. The Company makes an annual contribution to LIC of India, equal to a specific percentage of the eligible employee's basic salary. Apart from this, the Company has no other obligation under this head.

d) Unencashed Leave Salary:

Unencashed leave salary is accounted on actuarial valuation and the Company contributes part of the ascertained liabilities to SBI Life Insurance, who is the administrator of the plan.

**viii) Research & Development expenses:**

Revenue expenditure on Research & Development is charged to profit & loss statement in the year in which it is incurred.

**ix) Foreign Currency Transactions:**

The exchange differences arising on reporting of Long Term Foreign Currency Monetary Items at rates different from those at which the transactions were initially recorded during the financial year, in so far as they relate to depreciable capital assets are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset and in other cases are accumulated in Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term asset / liability but not beyond 31st March, 2020.

Foreign currency transactions other than the above items outstanding at the year end are accounted for at year end rates and the profit / loss so determined and also the realised exchange gains / losses are recognized in the Profit and Loss Statement. In respect of Forward Exchange contracts, the difference between the forward rate and the exchange rate at the date of inception of the contract is recognized as income or expense over the period of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contracts is recognized as income or expense for the year.

**x) Export Incentives:**

Export incentives are recognised as revenue as and when exports are made.

**xi) Derivative Contracts:**

The profit / loss arising on derivative contracts is accounted for as income/expenditure on the date of settlement of the contract.

The outstanding derivative contracts are revalued at the end of the year and while the net loss arising therefrom is debited to profit and loss statement, the net unrealised gain is ignored, except in case where they relate to borrowing costs that are attributable to the acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such fixed assets.

**xii) Operating Leases:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

**xiii) Taxes on Income:**

Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences; being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

**xiv) Provisions and Contingencies:**

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligations. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.





## Notes on Accounts (Contd.)

Rs. in Lakhs

### 1 SHARE CAPITAL

#### a) Authorised

2,00,00,000 Equity Shares of Rs.10/- each

2,000.00

2,000.00

#### b) Issued, Subscribed and Fully Paid-up

98,69,444 Equity Shares of Rs.10/- each

986.94

986.94

#### c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no change in the holding pattern of the Share Capital during the year 2011-12.

#### d) Rights, Preferences and restrictions

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each member is entitled to one vote by show of hands and while on poll, every shareholder is entitled to vote in proportion to their holdings.

#### e) Shareholding of shareholders holding more than 5% of shares as at

T V Sundram Iyengar & Sons Limited

24.56

24.56

Southern Roadways Limited

11.16

11.16

Sundaram Finance Limited

13.34

13.34

Titan Europe Plc, UK

35.44

35.44

### 2 RESERVES AND SURPLUS

#### a) Capital Reserves

As per last Balance Sheet

0.02

0.02

#### b) General Reserves

As per last Balance Sheet

20,121.09

18,521.09

Additions during the year

2,300.00 22,421.09

1,600.00 20,121.09

#### c) Surplus

As per last Balance Sheet

646.62

528.49

Add: Profit for the year

3,434.98

2,463.71

4,081.60

2,992.20

Less:

Interim Dividend (@ Rs.4.00 per share)

394.78

-

Dividend Tax on interim dividend

64.04

-

Proposed final equity dividend Rs.6.00 per share (previous year @ Rs.6.50 per share)

592.17

641.51

Dividend Tax on proposed equity dividend

96.06

104.07

Transfer to General Reserves

2,300.00

1,600.00

3,447.05

634.55

2,345.58

646.62

23,055.66

20,767.73

		Rs. in Lakhs	
		As at 31.03.2012	As at 31.03.2011
<b>NON CURRENT LIABILITIES</b>			
<b>3 LONG TERM BORROWINGS</b>			
<b>A. SECURED BORROWINGS</b>			
a. Term Loans from Banks			
Secured by equitable mortgage of land and buildings at Padi	1,700.00		4,300.00
By first Charge by way of hypothecation of specific machinery	10,353.45	12,053.45	9,441.75
			13,741.75
<b>B. UNSECURED BORROWINGS</b>			
a. Deferred payment liabilities			
From State Government under Interest Free Salestax Deferral Scheme		444.52	475.14
b. Fixed Deposits		5,153.92	4,187.12
		17,651.89	18,404.01
Terms of Repayment	Refer to Note no.23		
<b>4 DEFERRED TAX LIABILITIES (NET)</b>			
<b>a) Deferred Tax Liability</b>			
i) Depreciation	5,168.88		5,017.11
ii) Exchange difference on Long Term Foreign Currency Monetary Item	43.25	5,212.13	-
			5,017.11
<b>b) Deferred Tax Asset</b>			
i) Unabsorbed depreciation	-		152.72
ii) Exchange difference on Long Term Foreign Currency Monetary Item	-		25.48
iii) Expenses allowable for tax purpose on payment basis	164.22	164.22	192.44
		5,047.91	4,646.47



Rs. in Lakhs

	As at 31.03.2012	As at 31.03.2011
<b>5 LONG TERM PROVISIONS</b>		
Provision for employee benefits	207.47	223.26
	<u>207.47</u>	<u>223.26</u>
<b>CURRENT LIABILITIES</b>		
<b>6 SHORT TERM BORROWINGS</b>		
<b>A. SECURED BORROWINGS</b>		
a) Loans repayable on demand from Banks	13,605.26	3,790.58
Secured by hypothecation by way of first charge on all movable assets present and future, consisting of stock of raw materials, work-in-process, finished goods, consumable stores and spares, goods-in-transit and book debts.		
<b>B. UNSECURED BORROWINGS</b>		
a) Loans repayable on demand from Banks	-	3,283.41
b) Fixed Deposits	259.75	745.06
	<u>13,865.01</u>	<u>7,819.05</u>
<b>7 TRADE PAYABLES</b>		
Dues to Micro, Small and Medium Enterprises	647.22	410.92
Dues to others	34,079.11	29,912.39
	<u>34,726.33</u>	<u>30,323.31</u>

## Notes on Accounts (Contd.)

		Rs. in Lakhs	
		As at 31.03.2012	As at 31.03.2011
<b>CURRENT LIABILITIES</b>			
<b>8 OTHER CURRENT LIABILITIES</b>			
a) Current maturities of long-term debt (Refer note 23)		<b>7,225.75</b>	6,735.66
b) Interest accrued but not due on borrowings		<b>639.77</b>	715.36
c) Interest accrued and due on borrowings		<b>25.71</b>	15.79
d) Unclaimed dividends		<b>26.58</b>	16.34
e) Unclaimed matured deposits and interest accrued thereon		<b>54.39</b>	83.40
f) Other payables			
Statutory dues		<b>606.70</b>	433.99
Foreign Currency Monetary Item Translation Difference account		-	78.54
Trade Deposits		<b>423.09</b>	445.18
Recovery from Employees		<b>60.29</b>	51.39
Creditors for capital goods [includes due to MSME Rs.103.05 Lakhs (previous year Rs.9.36 lakhs)]		<b>669.76</b>	775.47
Provision for expenses		<b>478.93</b>	270.04
Provision for Excise duty on Finished Goods Stock		<b>83.41</b>	-
		<b>2,322.18</b>	2,054.61
		<b>10,294.38</b>	9,621.16
<b>9 SHORT TERM PROVISIONS</b>			
a) Provision for employee benefits		<b>1,410.79</b>	1,446.46
b) Due to Directors		<b>82.95</b>	53.13
c) Others			
Provision for Taxation less Advance Tax and Tax deducted at Source		<b>778.22</b>	410.04
Less:			
Minimum Alternate Tax Credit entitlement set off		<b>496.00</b>	-
Provision for Dividend		<b>592.17</b>	641.51
Provision for Dividend Tax		<b>96.06</b>	104.07
		<b>2,464.19</b>	2,655.21

# NON CURRENT ASSETS - FIXED ASSETS

Rs. in Lakhs

Description	Gross Block At Cost				Depreciation/Amortisation			Net Block			
	As At 31.3.2011	Additions	Adjustments Relating to Foreign Exchange Fluctuations and Borrowing Costs	Deletions	As At 31.3.2012	As At 31.3.2011	Additions	Deletions	As At 31.3.2012	As At 31.3.2011	
10. TANGIBLE ASSETS											
Land (Free hold)	267.48	-	-	0.05	267.43	-	-	-	-	267.43	267.48
Land (Lease hold)	522.08	-	-	-	522.08	37.80	5.49	-	43.29	478.79	484.28
Buildings	8,324.14	434.25	0.16	-	8,758.55	1,766.25	264.69	-	2,030.94	6,727.61	6557.89
Plant & Equipment	62,301.10	3,744.61	120.99	383.10	65,783.60	29,217.10	4,428.60	346.89	33,298.81	32,484.79	33,084.00
Furniture and Fixtures	412.93	18.70	-	0.12	431.51	274.59	32.67	0.11	307.15	124.36	138.34
Vehicles	34.55	1.52	-	20.54	15.53	32.84	0.39	19.94	13.29	2.24	1.71
Office Equipment	1,450.81	100.74	-	11.07	1,540.48	1,091.79	115.17	9.34	1,197.62	342.86	359.02
	73,313.09	4,299.82	121.15	414.88	77,319.18	32,420.37	4,847.01	376.28	36,891.10	40,428.08	40,892.72
11. INTANGIBLE ASSETS											
Computer Software	938.82	130.43	-	-	1,069.25	575.73	171.70	-	747.43	321.82	363.09
Technical Know how	-	151.06	-	-	151.06	-	27.84	-	27.84	123.22	-
	938.82	281.49	-	-	1,220.31	575.73	199.54	-	775.27	445.04	363.09
Total	74,251.91	4,581.31	121.15	414.88	78,539.49	32,996.10	5,046.55	376.28	37,666.37	40,873.12	
Previous year	68,873.57	5,407.98	60.18	89.82	74,251.91	28,440.53	4,607.58	52.01	32,996.10		41,255.81

# 12. CAPITAL WORK-IN-PROGRESS

a) Buildings	580.92	95.36
b) Plant and Machinery	2,536.54	1,599.37
	<u>3,117.46</u>	<u>1,694.73</u>

		Rs. in Lakhs	
		As at 31.03.2012	As at 31.03.2011
<b>13 NON CURRENT INVESTMENTS</b>			
<b>A Trade Investments - At cost</b>			
Unquoted			
Investment in Equity instruments			
i) In Associates			
<b>Axles India Limited</b>			
24,24,661 Equity Shares of Rs.10/- each fully paid-up		272.36	272.36
<b>Sundaram Hydraulics Limited</b>			
1,12,50,000 Equity Shares of Rs.10/- each fully paid-up (previous year 73,50,000 equity shares of Rs.10/- each)		1,125.00	735.00
		<b>1,397.36</b>	1,007.36
ii) Others			
<b>MEFCO Engineers Private Limited</b>			
20,000 Equity Shares of Rs.100/- each fully paid-up		20.00	20.00
<b>Siva Electric Generation Private Limited</b>			
2,17,672 Equity shares of Rs.10/- each fully paid-up		21.77	21.77
<b>Gamma Green Power Private Limited</b>			
32,81,250 Equity shares of Rs.10/- each fully paid-up		328.13	328.13
		<b>369.90</b>	369.90
<b>B Non-Trade Investments - At cost</b>			
Unquoted			
Investments in debentures or bonds			
<b>Rural Electrification Corporation Ltd</b>			
Capital Gains Tax Exemption Bonds			
500 Numbers of Non Convertible Redeemable Taxable Bonds in the nature of debentures of Rs.10,000/- each (previous year 1,000 Numbers of Non Convertible Redeemable Taxable Bonds of Rs.10,000/- each).		50.00	100.00
		<b>1,817.26</b>	1,477.26





	Rs. in Lakhs	
	As at 31.03.2012	As at 31.03.2011
<b>14 LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured - Considered good</b>		
a) Advances for Capital goods	1,159.99	485.41
b) Security Deposits	526.46	465.20
c) Loans and advances due by an officer of the Company	1.00	1.00
d) Minimum Alternate Tax credit entitlement	-	477.00
e) Other loans and advances		
Advances to employees	82.04	60.18
Export incentives receivable	505.65	471.16
Entry tax refund receivable	-	89.60
Prepaid expenses	16.07	81.27
Investment pending allotment	50.00	-
Others	2.93	12.67
	<b>656.69</b>	<b>714.88</b>
	<b>2,344.14</b>	<b>2,143.49</b>
<b>15 OTHER NON CURRENT ASSETS</b>		
<b>Unsecured - Considered good</b>		
Trade Receivables	136.05	165.84

## Notes on Accounts (Contd.)

	Rs. in Lakhs	
	As at 31.03.2012	As at 31.03.2011
<b>CURRENT ASSETS</b>		
<b>16 CURRENT INVESTMENTS</b>		
<b>Unquoted</b>		
Investments in debentures or bonds (At cost)		
<b>Rural Electrification Corporation Ltd</b>		
Capital Gains Tax Exemption Bonds		
500 Numbers of Non Convertible Redeemable Taxable		
Bonds in the nature of debentures of Rs.10,000/- each	<b>50.00</b>	50.00
<b>17 INVENTORIES - As certified by Managing Director</b>		
a) Raw Materials	<b>14,757.36</b>	13,328.22
(includes Goods in Transit Rs.887.48 lakhs		
(previous year Rs.7.05 lakhs))		
b) Work-in-Progress	<b>5,746.36</b>	4,389.94
c) Finished goods	<b>1,890.48</b>	1,315.00
d) Stores and Spares	<b>2,512.66</b>	2,242.40
(includes Goods in Transit Rs.1.14 lakhs		
(previous year Rs.0.66 lakhs))		
e) Loose tools	<b>1,254.44</b>	997.30
Refer to note no.31	<b>26,161.30</b>	22,272.86
<b>18 TRADE RECEIVABLES</b>		
Unsecured - Considered good		
a) Outstanding for a period exceeding six months		
from the date from which they are due for payment	<b>37.80</b>	47.24
b) Others	<b>29,280.36</b>	22,193.46
	<b>29,318.16</b>	22,240.70



Rs. in Lakhs

## 19 CASH AND CASH EQUIVALENTS

	As at 31.03.2012	As at 31.03.2011
a) Balances with Banks		
i) Current Accounts	43.05	45.07
ii) Fixed Deposits	39.00	14.05
iii) Unclaimed Dividend Accounts	26.58	16.34
	<b>108.63</b>	<b>75.46</b>
b) Cheques, drafts on hand	-	34.05
c) Cash on hand	12.72	10.52
d) Others	-	0.05
	<b>121.35</b>	<b>120.08</b>

## 20 SHORT TERM LOANS AND ADVANCES

### Unsecured - Considered good

a) Loans and advances to a related party	-	90.00
b) Balance with Central Excise authorities	1,357.56	1,526.98
c) Minimum Alternate Tax credit entitlement	477.00	496.00
d) Others		
VAT receivable	56.24	49.22
Advances to employees	216.68	191.39
Export incentives receivable	1,059.05	763.35
Advances to Vendors	427.87	585.40
Prepaid expenses	419.84	294.79
Entry tax refund receivable	89.60	-
Sales tax refund receivable	81.47	-
Foreign Currency Monetary item Translation difference account	133.30	-
Other Advances	23.62	22.96
	<b>2,507.67</b>	<b>1,907.11</b>
	<b>4,342.23</b>	<b>4,020.09</b>

	Rs. in Lakhs	
	As at 31.03.2012	As at 31.03.2011
<b>21 OTHER CURRENT ASSETS</b>		
Interest accrued on deposits and investments	8.11	6.28
<b>22 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>i) Contingent Liabilities</b>		
a) Bills discounted with Banks	10,213.14	13,014.98
b) Disputed amounts in respect of sales tax, service tax, customs duty and Property tax which are contested in appeal and not provided for (of which a sum of Rs. 9.57 lakhs - previous year Rs. 7.17 lakhs paid under protest appears under Long term Loans and Advances in the Balance Sheet)	112.58	114.17
c) Contingent Liability towards demand for enhanced compensation for Land at Bawal, Haryana along with interest is not provided for, since the quantum has not yet been determined. Further, the eligible rebate on land cost as per conditions of allotment amounting to Rs.32.40 lakhs from the HSIDC has not been taken into consideration and the same will be accounted on cash basis.		
<b>ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	5,134.27	720.06

## 23 TERMS OF REPAYMENT OF TERM LOANS AND OTHER LOANS

The term loans and other loans are repayable over a period of 1 to 4 years as per the terms of agreement entered into with the Banks / others and over a period of 5 years in respect of Deferred Payable Liabilities.



	Rs. in Lakhs	
	2011-12	2010-11
<b>24 OTHER INCOME</b>		
a) Interest income	118.04	76.67
b) Net Gain on foreign currency transactions and translation (other than exchange loss considered as finance cost)	-	52.23
c) Other non-operating income	110.88	146.90
	<u>228.92</u>	<u>275.80</u>
<b>25 RAW MATERIAL CONSUMPTION</b>		
Raw Material	1,23,916.81	1,06,301.06
Components	24,257.98	16,280.40
	<u>1,48,174.79</u>	<u>1,22,581.46</u>
<b>26 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
a) Opening inventory of Finished Goods	1,315.00	1,337.23
Less: Closing inventory of Finished Goods	1,890.48	1,315.00
Net change in stock of Finished Goods	<u>(575.48)</u>	<u>22.23</u>
b) Opening inventory of Work-in-Progress	4,389.94	4,408.53
Less: Closing inventory of Work-in-Progress	5,746.36	4,389.94
Net change in stock of Work-in-Progress	<u>(1,356.42)</u>	<u>18.59</u>
Net change in Finished Goods and Work-in-Progress	<u>(1,931.90)</u>	<u>40.82</u>
<b>27 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salaries, Wages, Bonus and Commission	14,360.05	12,287.25
b) Contribution to Provident and Other Funds	781.34	545.03
c) Staff Welfare expenses	1,684.94	1,172.52
	<u>16,826.33</u>	<u>14,004.80</u>

	Rs. in Lakhs	
	2011-12	2010-11
<b>28 OTHER EXPENSES</b>		
Consumption of Stores, tools and spare parts	6,687.50	6,205.73
Power and fuel	8,367.36	7,041.69
Rent including Lease Rent	269.51	229.84
Repairs to :		
Buildings	499.80	580.91
Machinery	750.17	786.48
Insurance	334.31	279.33
Rates and taxes, excluding taxes on income	160.80	134.05
Auditors' remuneration		
Statutory Audit	16.00	16.00
Taxation matters	6.00	6.00
(includes Rs.3.00 lakhs for Tax Audit - Last year Rs.3.00 lakhs)		
Certification fees	4.00	3.00
Reimbursement of expenses	3.24	2.34
	29.24	27.34
Freight	2,561.63	2,132.88
Net Loss on foreign currency transactions and translation (other than exchange loss considered as finance cost)	2,322.43	-
Miscellaneous expenses	5,438.75	3,063.44
	<u>27,421.50</u>	<u>20,481.69</u>
<b>29 FINANCE COSTS</b>		
a) Interest expense	5,238.28	4,933.25
b) Interest on shortfall and other interests under Income Tax Act	(32.47)	45.21
c) Other borrowing costs	128.17	164.53
d) Net (gain)/Loss on foreign currency transactions and translation	1,695.64	219.31
	<u>7,029.62</u>	<u>5,362.30</u>





### 30 Imported and Indigenous Materials consumed

	2011-12		2010-11	
	% to total Consumption	Value	% to total Consumption	Value
<b>a) Raw Materials</b>				
i) Imported	14.43	17,881.46	13.45	14,300.64
ii) Indigenous	85.57	1,06,035.35	86.55	92,000.42
	100.00	1,23,916.81	100.00	1,06,301.06
Refer to note no. 25				
<b>b) Components</b>				
i) Imported	3.41	827.12	4.48	729.43
ii) Indigenous	96.59	23,430.86	95.52	15,550.97
	100.00	24,257.98	100.00	16,280.40
Refer to note no.25				
<b>c) Stores and spares</b>				
i) Imported	2.39	159.57	2.36	146.34
ii) Indigenous	97.61	6,527.93	97.64	6,059.39
	100.00	6,687.50	100.00	6,205.73
Refer to note no.28				

### 31 Details of Inventories

	2011-12			2010-11		
	Consumption	Closing Stock	Opening Stock	Consumption	Closing Stock	Opening Stock
<b>Raw Material &amp; Components</b>						
Steel	1,21,224.07	11,791.73	10,798.57	1,04,495.37	10,798.57	6,462.76
Aluminium	2,254.44	417.79	545.75	1,805.69	545.75	214.34
Bought-out components	23,484.21	2,407.81	1,915.07	15,785.34	1,915.07	1,829.06
Others	1,212.07	140.03	68.83	495.06	68.83	134.74
	1,48,174.79	14,757.36	13,328.22	1,22,581.46	13,328.22	8,640.90

Refer to note no.17 and 25

Rs. in Lakhs

## 31 Details of Inventories (Contd.)

CLASS OF GOODS	2011-12						2010-11			
	Sales	Closing Stock Finished Goods	Opening Stock Finished Goods	Closing Stock Work in Progress	Opening Stock Work in Progress		Sales	Closing Stock Finished Goods	Opening Stock Finished Goods	Closing Stock Work in Progress
Wheels for Commercial Vehicles, Passenger Cars, Utility vehicles, Tractors, Earthmoving and construction Equipments	1,72,591.12	1,772.54	1,302.72	5,605.09	4,245.76		1,45,343.81	1,302.72	1,329.51	4,245.76
Air Suspension	9,914.52	65.52	2.02	68.41	94.04		6,610.80	2.02	2.50	94.04
Others	5,441.68	52.42	10.26	72.86	50.14		2,154.78	10.26	5.22	50.14
	1,87,947.32	1,890.48	1,315.00	5,746.36	4,389.94		1,54,109.39	1,315.00	1,337.23	4,389.94
										3,707.28
										210.22
										491.03
										4,408.53



	Rs. in Lakhs	
	2011-12	2010-11
<b>32 Imports (CIF Value)</b>		
i) Raw Materials	15,177.04	13,769.66
ii) Spare Parts	179.20	125.43
iii) Capital Goods	255.29	217.51
<b>33 Expenditure in Foreign Currency</b>		
i) Royalty and Know-how fees (Net of Tax)	168.47	18.72
ii) Commission	289.96	164.50
iii) Interest	594.68	477.81
iv) Others	311.75	249.61
<b>34 Amount remitted in Foreign Currency towards Dividend</b>		
i) Number of Non - Resident Shareholders	1	1
ii) Number of Shares held	35,44,470	35,44,470
iii) Dividend and years to which it relates		
– Interim dividend 2011-12	141.78	
– 2010 - 11	230.39	
– 2009 - 10		159.50
<b>35 Earnings in Foreign Exchange</b>		
Exports (on FOB basis)	32,029.04	23,918.52
<b>36 Earnings Per Share</b>		
Net profit as per P & L Statement	3,434.98	2,463.71
Number of Shares	98,69,444	98,69,444
Nominal value per share - Rupees	10.00	10.00
Basic earnings per share - Rupees	34.80	24.96
<b>37</b>	During the year the Company has changed its accounting policy to provide excise duty on closing stock of finished goods at the factory amounting to Rs. 83.41 lakhs (previous year Rs. 55.25 lakhs) as against not providing for the same in the previous year. The change has no impact on Profit/Loss for the current year, however inventory and current liabilities are higher by that amount.	
<b>38</b>	The Company opted for accounting the exchange differences arising on reporting Foreign Currency Monetary Items in line with the Companies (Accounting Standards) Amendment Rules, 2009 on AS11 notification dated 31st March, 2009 read with Notification dated 11th May, 2011 issued by the Ministry of Corporate Affairs. Consequently,	
i.	Exchange differences relating to Long Term Foreign Currency Monetary Items, in so far related to acquisition of depreciable capital assets arising during the year amounting to Rs. 87.53 lakhs (loss) {net of depreciation Rs. 9.54 lakhs} (Previous year Rs. 15.41 lakhs (loss) {net of depreciation Rs. 3.15 lakhs} are (deducted) / added respectively to the cost of assets and depreciated over the balance life of the assets.	
ii.	Exchange differences relating to Other Long Term Foreign Currency Monetary Items amounting to Rs.133.30 lakhs loss {net of amortization Rs. 537.30 lakhs} (Previous year Rs. 78.54 lakhs (gain) [net of amortization Rs. (113.86 lakhs)]) are adjusted to Foreign Currency Monetary Item Translation Difference Account.	

		Rs. in Lakhs	
		2011-12	2010-11
<b>39 Disclosures required under the “Micro, Small and Medium Enterprises Act, 2006”</b>			
<b>Particulars</b>			
a. Principal amount due to Suppliers under the Act		<b>13.00</b>	20.78
b. Interest accrued and due to Suppliers under the Act, on the above amount		<b>2.30</b>	0.49
c. Payment made to Suppliers (Other than interest) beyond the appointed day during the year		<b>257.06</b>	1,173.21
d. Interest paid to Suppliers under the Act (Other than Section 16)		-	-
e. Interest paid to Suppliers under the Act (Section 16)		-	-
f. Interest due and payable to suppliers under the Act, for payments already made		<b>2.68</b>	10.45
g. Interest accrued and remaining unpaid at the end of the year to Suppliers under the Act		<b>16.80</b>	10.94

This information has been given in respect of such vendors to the extent they could be identified as 'Micro, Small and Medium Enterprises' on the basis of information available with the Company on which the Auditors have relied upon.

<b>40 Expenditure incurred on Scientific Research and Development</b>		Rs. in Lakhs	
	2011-12	2010-11	2009-10
a) Revenue Expenditure	<b>702.66</b>	548.65	499.81
b) Capital Expenditure	<b>86.47</b>	209.98	92.08

#### 41 Employee Benefits

The Company has followed the Accounting Standard 15 (AS-15 revised) “Employee Benefits”.

##### Brief Description of the plans:

The Company has various schemes for long term benefits such as Provident Fund, Superannuation, Gratuity and Earned Leave Encashment. In case of funded schemes, the funds are recognized by the Income Tax Authorities and administered through trustees / Life Insurance Corporation of India. The Company's defined contribution plans are Provident Fund and Employees Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) and Superannuation Fund. The Company has no further obligation beyond making the contributions.

In respect of the Employees Provident Fund Scheme, the interest payable by the trust to the beneficiaries as per the rate notified by the government is met by the trust with Contribution from the Company towards shortfall in interest Nil (previous year - Rs.12.83 lakhs). The liability in respect of leave encashment benefit to staff is determined on the basis of actuarial valuation and provided for accordingly.



## Notes on Accounts (Contd.)

Disclosures for the Defined Benefit Plans based on Actuarial Reports as on 31.03.2012 are as under:

Rs. in Lakhs

	Gratuity (funded)		Leave Salary (Partly funded)	
	2011-12	2010-11	2011-12	2010-11
<b>Change in defined benefit obligation</b>				
Opening defined benefit obligation	1,232.93	1,157.03	352.75	257.33
Current service cost	84.45	77.94	189.21	16.65
Interest cost	98.72	92.69	28.22	54.28
Actuarial loss / (gain)	169.73	4.42	(70.87)	123.02
Benefits paid	(144.63)	(99.15)	(140.13)	(98.53)
Closing defined benefit obligation	1,441.20	1,232.93	359.18	352.75
<b>Change in fair value of assets</b>				
Opening fair value of plan assets	1,159.82	990.26	-	-
Expected return on plan assets	108.91	98.75	1.57	-
Actuarial gain / (Loss)	-	-	0.14	-
Contribution by employer	77.71	169.96	50.00	-
Benefits paid	(144.63)	(99.15)	-	-
Closing fair value of plan assets	1,201.81	1,159.82	51.71	-
<b>Amount recognised in the Balance Sheet</b>				
Present value of obligations at year end	1,441.20	1,232.93	359.18	352.75
Fair value of plan assets at year end	1,201.81	1,159.82	51.71	-
Amount now recognised as liability	(239.39)	(73.11)	(307.47)	(352.75)
Net (liability) / asset recognised as on 31st March	(239.39)	(73.11)	(307.47)	(352.75)
<b>Expenses recognised in the Profit &amp; Loss Statement</b>				
Current Service cost	84.45	77.94	189.21	16.65
Interest on defined benefit obligation	98.72	92.69	28.22	54.28
Expected return on plan assets	(108.91)	(98.75)	(1.57)	-
Net actuarial loss / (gain) recognised in the current year	169.73	4.42	(71.01)	123.02
Expenses recognised in the Profit & Loss Statement	243.99	76.30	144.85	193.95
<b>Principal actuarial assumptions used</b>				
Discount rate (p.a)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (p.a)	8.00%	8.00%	8.00%	-
Attrition rate	1-3%	1-3%	1-3%	1-3%
Salary escalation	4.50%	4.50%	4.50%	4.50%

		Rs. in Lakhs	
		2011-12	2010-11
<b>42 Borrowing costs in accordance with AS16 issued by ICAI</b>			
Borrowing costs capitalised during the year relating to new projects		<b>24.08</b>	41.62

**43 Segment information for the year ended 31st March, 2012 in accordance with AS 17 issued by ICAI**

(i) Primary segments:

Automotive components is the only reportable segment of the company.

(ii) Revenue by Geographical Segment:

Rs. in Lakhs

	2011-12			2010-11		
	India	Outside India	Total	India	Outside India	Total
External	<b>1,75,725.35</b>	<b>32,029.04</b>	<b>2,07,754.39</b>	1,46,142.04	23,918.52	1,70,060.56
Inter-Segment	-	-	-	-	-	-
<b>Total</b>	<b>1,75,725.35</b>	<b>32,029.04</b>	<b>2,07,754.39</b>	1,46,142.04	23,918.52	1,70,060.56
Carrying amount of segment assets	<b>1,07,861.03</b>	<b>438.75</b>	<b>1,08,299.78</b>	95,171.74	275.40	95,447.14
Additions to fixed assets	<b>4,702.46</b>	-	<b>4,702.46</b>	5,468.16	-	5,468.16

The geographical segments considered for disclosure are as follows:

Sales within India include Sales to customers located within India.

Sales outside India include Sales to customers located outside India.



44 Related Party disclosures in accordance with AS18 issued by ICAI

	Rs. in Lakhs			
	2011-12		2010-11	
<b>Associates:</b>				
T.V.Sundram Iyengar & Sons Ltd.				
Axles India Ltd.				
Titan Europe Plc., UK				
Sundaram Hydraulics Ltd.				
<b>Key Managerial Personnel:</b>				
Mr S Ram				
Mr Srivats Ram				
<b>Nature of transactions</b>				
Purchase of goods				
T.V.Sundram Iyengar & Sons Ltd.	-		0.92	
Axles India Limited	4.85		3.55	
Sundaram Hydraulics Limited	61.09	65.94	20.70	25.17
Sale of goods				
T.V.Sundram Iyengar & Sons Ltd.	2,015.47		1,759.63	
Axles India Limited	0.11		30.00	
Sundaram Hydraulics Limited	986.42	3,002.00	17.77	1,807.40
Rendering of Services				
T.V.Sundram Iyengar & Sons Ltd.	-		6.59	
Axles India Limited	4.39		-	
Sundaram Hydraulics Limited	74.43	78.82	37.94	44.53
Receiving of Services				
T.V.Sundram Iyengar & Sons Ltd.	16.13		16.08	
Axles India Limited	39.22		-	
Sundaram Hydraulics Limited	83.25	138.60	-	16.08
Trade advance paid				
Sundaram Hydraulics Limited		-		90.00
Trade advance settled				
Sundaram Hydraulics Limited		90.00		-
Equity contributions				
Sundaram Hydraulics Limited		390.00		-
Dividend paid during the year				
T.V.Sundram Iyengar & Sons Ltd.	257.83		110.50	
Titan Europe Plc., UK	372.17	630.00	159.50	270.00
		4,395.36		2,253.18

## Notes on Accounts (Contd.)

Rs. in Lakhs

	2011-12	2010-11
Balance due to us		
T.V.Sundram Iyengar & Sons Ltd.	324.05	254.38
Sundaram Hydraulics Limited	876.45	119.48
	<u>1,200.50</u>	<u>373.86</u>
Balance due from us		
T.V.Sundram Iyengar & Sons Ltd.	1.95	
Sundaram Hydraulics Limited	44.57	
	<u>46.52</u>	

### Key Managerial Personnel

	Mr S Ram	Mr Srivats Ram	Mr S Ram	Mr Srivats Ram
Remuneration, Perquisites and Commission	41.14	151.23	41.05	111.60
Interest on fixed deposits	10.11	36.49	9.58	33.72
Dividend paid during the year	-	0.78	-	0.34
Deposits balance outstanding	109.69	367.31	100.60	334.50
Commission outstanding	-	82.95	4.09	49.04

## 45 Disclosures relating to leases in accordance with AS19 issued by ICAI

	2011-12 Total Minimum Lease	2010-11 Total Minimum Lease
<b>Operating Lease</b>		
As at Balance Sheet date	276.81	236.64
Not later than 1 year	87.24	75.02
Later than 1 year and not later than 5 years	189.57	161.62
Later than 5 years	-	-
Lease rentals paid during the year	88.20	79.48



**46 Disclosure on Accounting for intangible assets in accordance with AS26 issued by ICAI**

	Rs. in Lakhs	
	2011-12	2010-11
<b>Computer software &amp; Technical know how</b>		
Refer to note no.11		
Gross carrying amount at the beginning of the year	<b>938.82</b>	919.94
Acquired during the year	<b>281.49</b>	18.88
Gross carrying amount at the end of the year	<b>1,220.31</b>	938.82
Gross amortisation at the beginning of the year	<b>575.73</b>	397.59
Amortised during the year	<b>199.54</b>	178.14
Gross amortisation at the end of the year	<b>775.27</b>	575.73
Net carrying amount at the beginning of the year	<b>363.09</b>	522.35
Net carrying amount at the end of the year	<b>445.04</b>	363.09

**47 Derivative instruments**

- a. Category-wise quantitative data about derivative instruments that are outstanding at the Balance Sheet date

	2011-12	2010-11
Option to sell USD/INR at Rs.42.50 or Rs.42.40 per USD over a period upto July 2012	<b>USD 9.65</b> <b>MILLIONS</b>	USD 35.25 MILLIONS

The purpose for which such derivative instruments were acquired, was to hedge export receivables and interest cash flows.

- b. Foreign Currency exposures that are not hedged by a derivative instrument or otherwise Rs.560.01 lakhs (Previous year - Rs.7,869.18 lakhs)

**S RAM**  
Chairman

**S VIJI**  
Director

**SRIVATS RAM**  
Managing Director

**T K SESHADRI**  
Director

As per our report attached  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No.:004207S)  
**K SRINIVASAN**  
Partner  
Membership No.5809

**T S VIJAYARAGHAVAN**  
Director

**S PRASAD**  
Director

**S SRIVATHSAN**  
Secretary

Chennai  
30th May, 2012

# Cash Flow Statement in accordance with AS3 issued by ICAI

## Annexed to the Balance Sheet for the year ended 31st March, 2012

		Rs. in Lakhs	
	2011-12	2010-11	
<b>A Cash Flow from Operating Activities:</b>			
Net Profit before Tax and extraordinary items	5,416.42	3,257.71	
Adjustment for:			
Depreciation	5,046.55	4,607.58	
(Profit) / Loss on sale of assets (net)	(88.72)	(134.31)	
Effect of Exchange Rate Change	542.81	43.80	
Interest income	(118.04)	(76.67)	
Dividend income	-	-	
Lease Liabilities	102.46	87.72	
Finance costs	7,029.62	5,362.30	
	<u>12,514.68</u>	<u>9,890.42</u>	
Operating profit before working capital changes	17,931.10	13,148.13	
Adjustments for:			
Receivables and advances	(4,713.25)	(4,423.46)	
Foreign Currency Monetary Items Translation Difference account	(211.84)	42.35	
Inventories	(3,888.44)	(5,131.13)	
Payables	3,892.57	10,598.42	
	<u>(4,920.96)</u>	<u>1,086.18</u>	
Cash generated from operations	13,010.14	14,234.31	
Taxes paid	(1,211.82)	(121.52)	
Cash flow before extraordinary items	11,798.32	14,112.79	
Net Cash from operating activities (A)	11,798.32	14,112.79	
<b>B Cash Flow from Investing Activities:</b>			
Purchase of fixed assets	(6,135.79)	(4,972.64)	
Purchase of Investments	(340.00)	(419.90)	
Sale of Investments	-	-	
Sale of fixed assets	127.32	172.12	
Interest received	116.21	75.00	
Dividend received	-	-	
Net cash used in investing activities (B)	(6,232.26)	(5,145.42)	
<b>C Cash Flow from Financing Activities:</b>			
Proceeds from Long Term Borrowings	4,416.45	7,377.05	
Repayment of Long Term Borrowings	(4,335.77)	(7,593.70)	
Repayment of Lease liabilities	(102.46)	(87.72)	
Proceeds from Short Term Borrowings	-	1,531.95	
Repayment of Short Term Borrowings	(1,985.32)	(2,898.60)	
Increase in working capital	4,824.84	(1,614.79)	
Finance costs	(7,178.13)	(5,307.79)	
Dividend paid	(1,036.29)	(444.12)	
Dividend tax paid	(168.11)	(73.76)	
Net cash used in Financing activities ( C )	(5,564.79)	(9,111.48)	
Net increase in cash and cash equivalents (A+B+C)	1.27	(144.11)	
Cash and cash equivalents at the beginning of the year	120.08	264.19	
Cash and cash equivalents at the end of the year	121.35	120.08	

**S SRIVATHSAN**  
Secretary

**SRIVATS RAM**  
Managing Director

**S RAM**  
Chairman

As per our report attached  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No.:004207S)  
**K SRINIVASAN**  
Partner  
Membership No.5809

Chennai  
30th May, 2012



## Annexure to the Directors' Report

### Conservation of Energy

Energy conservation is being given priority in all plant locations of the Company. To reduce energy use your Company is replacing old pumps, optimizing the size and improving efficiency of cooling water pumps and hydraulics pumps for production equipments.

Use of solar energy for thermal oil heating in paint plant is under consideration and will be implemented in the coming year. Your Company's plants in Tamilnadu (Padi & Sriperumbudur) have increased the share of use of renewable energy (wind & bio-mass) to 65% of energy requirement in Padi and 50% in Sriperumbudur.

### Technology Absorption

There was a sharper focus on introduction of innovative technologies and business processes for operational excellence aimed at achieving cost efficiency. During the year under review, your Company has successfully developed 269 new wheels to meet customer's requirements using in-house design facilities.

During the year under review, your Company had entered into a Technical Agreement with Topy industries, Japan towards process, design and development of steel passenger car wheels. Your Company believes that it will help in enhancing its technological capability in the future.

Your Company is developing truck and trailer suspension systems with technology support from Reyco Granning, U.S.A., a leading suspension system developer and manufacturer. In the area of bus suspension, your Company has developed a (i) air suspension system for a front engine bus working along with one of our leading customers; (ii) electronic kneeling system for city bus applications.

### Expenditure on R & D:

	(Rs in Lakhs)
Capital	86.00
Revenue	703.00
Total as a percentage of turnover	0.38 %

### Foreign Exchange Earnings and Outgo:

The Foreign exchange outgo to the Company during the year under review was Rs 17,349 lakhs and the foreign exchange earned was Rs 32,029 lakhs.

On behalf of the Board of Directors

Chennai  
30th May 2012

**S Ram**  
Chairman

# Report on Corporate Governance

## 1. Report on Corporate Governance

Your Company believes that Corporate Governance is a blend of law, ethics, regulation and voluntary practices that would help in maximizing the stakeholders' value.

## 2. Board of Directors

All Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors.

The Board of Directors consists of 8 Directors, headed by the Chairman.

Name	Category	No. of Directorship in other public limited companies in India	No. of Memberships / Chairmanship in Committees of Boards of other Companies
Mr S Ram	Executive Chairman	8	3
Mr S Viji	Non Executive	8	2
Mr J M A Akers	Non Executive	Nil	Nil
Mr Srivats Ram	Managing Director	3	1
Mr T K Seshadri *	Non Executive	Nil	Nil
Mr T S Vijayaraghavan *	Non Executive	1	3
Mr S Prasad *	Non Executive	5	5
Mr Aroon Raman *	Non Executive	2	1

Mr S Ram is father of Mr Srivats Ram, Managing Director and brother of Mr S Viji.

\* Independent Directors

None of the Directors is a member of more than ten Board-level Committees or Chairman of more than five such Committees, as required under Clause 49 of the listing agreement, across all public limited companies in which they are directors.

## Attendance at Board Meetings and last Annual General Meeting

During the Financial Year 2011-12, six Board Meetings of the Company were held on 15.4.2011, 30.5.2011, 4.8.2011, 27.10.2011, 9.2.2012 & 15.3.2012 and the last Annual General Meeting was held on 10<sup>th</sup> August, 2011.

Directors	Attendance at Board Meetings	Attendance at Last AGM
Mr S Ram	6	Yes
Mr S Viji	6	Yes
Mr J M A Akers	1	No
Mr Srivats Ram	6	Yes
Mr T K Seshadri	6	Yes
Mr T S Vijayaraghavan	6	Yes
Mr S Prasad	6	Yes
Mr Aroon Raman <sup>§</sup>	5	Yes
Mr T T Rangaswamy <sup>§</sup>	1	NA

<sup>§</sup> Mr TT Rangaswamy resigned from the board of Directors on 15.4.2011 and Mr Aroon Raman was appointed with effect from 15.4.2011 in the casual vacancy caused by the resignation of Mr T T Rangaswamy.



### Pecuniary Transactions with Non Executive Directors

(Rs. in lakhs)

Name of the Director	Nature of Transactions	No of Shares held	Amount	Interest
Mr S Viji	Fixed Deposits	-	84.53*	11.43
Mr S Prasad	Dividend	450	0.04	-

\*Balance outstanding as on 31.03.2012.

### 3. Audit Committee

The Company constituted an Audit Committee comprising of Non Executive Directors. The terms of reference of the Audit Committee pertains to the areas referred to in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. The Committee met 6 times during the year on 21.4.2011, 30.5.2011, 4.8.2011, 17.10.2011, 27.10.2011 & 8.2.2012. The Audit Committee comprises of Mr S Prasad as the Chairman, Mr S Viji, Mr T K Seshadri and Mr Aroon Raman as the other Members. The attendance of each member of the Committee during the year 2011 - 2012 is given below:

Name	Category	No. Meetings	
		Held	Attended
Mr S Prasad, Chairman	Non Executive and Independent	6	6
Mr S Viji	Non Executive	6	4
Mr T K Seshadri	Non Executive and Independent	6	6
Mr Aroon Raman	Non Executive and Independent	6	5

### 4. Remuneration Committee

The Remuneration Committee consists of Non Executive and Independent Directors. The committee reviews/approves the remuneration payable to the whole-time Directors depending upon their performance and the performance of the Company, within the overall limits approved by the Members of the Company.

The Committee has the responsibility of determining the remuneration for the Executive Chairman and Managing Director. The Non Executive Directors are not paid any remuneration except for the sitting fees for attending the Board meetings / Committee meetings.

The Committee has Mr S. Prasad, as Chairman, Mr T.K.Seshadri and Mr T.S.Vijayaraghavan as the other Members.

The Committee met on 27.3.2012 wherein all the members were present. The Committee approved a salary of Rs 3,25,000/- per month to Mr Srivats Ram, Managing Director with effect from 1.4.2012. The Committee took on record the increase in salary of Mr S.Ram, Chairman to Rs. 2,00,000 with effect from 1.4.2012. The Committee also approved payment of commission of 1.50% of the Net Profit to Mr Srivats Ram, Managing Director for the year 2011-12.

Details of the remuneration paid to the Directors during the year 2011-12 are given below:

(Rs in lakhs)

Name of Directors	Salary and allowances	Perquisites / Benefits	Commission	Contribution to Provident and Superannuation Funds	Sitting fees
Mr S Ram	33.60	5.02	-	2.52	-
Mr S Viji	-	-	-	-	1.20
Mr J M A Akers	-	-	-	-	0.10
Mr Srivats Ram	57.60	0.96	82.95	9.72	-
Mr T K Seshadri	-	-	-	-	1.25
Mr T S Vijayaraghavan	-	-	-	-	0.65
Mr S Prasad	-	-	-	-	1.40
Mr Aroon Raman	-	-	-	-	1.00
Mr T T Rangaswamy*	-	-	-	-	0.15

\*resigned from the Board on 15.4.2011.

## 5. Share Transfer and Investor Relations Committee

The committee consists of three Directors with Mr S. Viji as the Chairman, Mr S Ram and Mr S Prasad being the other members. The Committee met on 4.4.2011, 19.7.2011, 30.9.2011 and 17.2.2012. The attendance of each member of the Committee during the year 2011 - 2012 are given below:

Name	Category	No. Meetings	
		Held	Attended
Mr S Viji, Chairman	Non Executive	4	4
Mr S Ram	Executive	4	4
Mr S Prasad	Non Executive and Independent	3	3
Mr T T Rangaswamy*	Non Executive and Independent	1	1

\* resigned from the Board on 15.4.2011.

The Board has authorized Mr S Srivathsan, the Secretary of the Company to approve share transfers and request for dematerialization of shares.

Mr S Srivathsan, President (Finance) & Secretary is the Compliance Officer.

No. of Shareholders complaints received during the year	2
No. not solved to the satisfaction of shareholders	Nil
No. of pending complaints	Nil



## 6. Shareholder Information - Details of Annual/Extraordinary General meetings

Year	Date	Location	Time	Special Resolution Passed
2010-11	10.8.2011	The Music Academy No.168, (old no. 306) TTK Road, Chennai – 600 014	11.00 AM	–
2009-10	13.8.2010	The Music Academy No.168, (old no. 306), TTK Road, Chennai – 600 014	11.00 A.M	Reappointment of Mr S Ram as whole time Director and designated as Executive Chairman.
2008-09	14.8.2009	The Music Academy No.168, (old no. 306) TTK Road, Chennai – 600 014	10.25 A.M	–

The shareholders passed all the resolutions including the Special Resolution set out in the respective notices. None of the resolutions passed at the above meetings were required to be passed through postal ballot.

## 7. Disclosures

Details of transactions entered into with related parties during the year under review have been given in the notes forming part of Accounts and no differential treatment from the accounting standards was followed in preparation of the financial statements of the Company.

There were no instances of non-compliance by the Company on any matter related to capital markets during the preceding three years. Hence, there were no penalties, strictures imposed by SEBI / Stock Exchanges or any other statutory authorities against the Company.

The Company complies with all mandatory requirements.

## 8. Disclosure regarding re-appointment of Directors

Given below are the brief resumes of the Directors proposed to be re-appointed in this Annual General Meeting:

Name of the Director	<b>Mr S Viji</b>
Age	66 years
Qualification	B.Com, A.C.A, M.B.A (University of Michigan, Ann Arbor)
Expertise in specific functional areas	Has over four decades of experience in financial services and automotive industries
Directorship in other Companies	<p><b>Chairman:</b> Sundaram Finance Limited, Sundaram BNP Paribas Home Finance Limited.</p> <p><b>Managing Director :</b> Brakes India Limited</p> <p><b>Director:</b> BIH Braking Company Limited, Royal Sundaram Alliance Insurance Company Limited, Sundaram Dynacast Private Limited, Sundaram Industries Limited, Sundaram Trustee Company Limited, T V Sundram Iyengar &amp; Sons Limited.</p> <p><b>Chairman / Member in Committees of other companies:</b></p> <p><b>Audit Committee:</b> Brakes India Limited and Sundaram Finance Limited</p>

Name of the Director	<b>Mr T S Vijayaraghavan</b>
Age	71 years
Qualification	BE (Electrical and Mechanical), Graduate in Metallurgy, Doctor of Science (Honoris Causa)
Expertise in specific functional areas	After working at a private sector steel company for a short period, he joined the Indian Administrative Service and worked in State and Central Governments. In Central Government, he worked at different levels in the heavy Industry Ministry and retired as Secretary to Government of India in the Industries Department. He was closely associated with the development of automotive industry in India and has good knowledge of the Industry.
Directorship in other Companies	SPEL Semi Conductors Limited
Chairman/Member in Committees of other companies	Remuneration & Compensation Committee, Share transfer and investor Grievance Committee and Audit committee in SPEL Semi Conductors Limited.
Name of the Director	<b>Mr Aroon Raman</b>
Age	52 years
Qualification	Mr Aroon Raman has a post-graduate degree in Economics from Jawaharlal Nehru University, New Delhi and an MBA from The Wharton School, University of Pennsylvania, USA, majoring in both Finance and Marketing.
Expertise in specific functional areas	<p>Mr Raman is an entrepreneur who ran his own transformer insulation materials company for a number of years and built it into one of the global leaders in its field before divesting it to ABB to pursue other business interests.</p> <p>Mr Raman is associated with a research &amp; innovation based company - Raman Fibre Science - specialising in the design and development of various types of wet-laid nonwoven composites and specialty papers tailored to client requirements.</p> <p>Mr Raman specializes in conducting due diligence to assess companies for their competencies in term of technology, process, people capabilities and also on strategic interventions. He has held several senior positions with the Confederation of Indian Industry (CII), and was the Chairman of CII, Karnataka State Council for 2010-11. He was recipient of the State's highest civilian honour - the Karnataka Rajyotsava Award for 2010 for his contribution to the industrial development of the State. He is a regular columnist in leading newspapers and magazines.</p>
Directorship in other Companies	<p><b>Managing Director:</b> Raman Fibre Science Private Limited.</p> <p><b>Director:</b> Sundaram Finance Limited, Edutech NTTF Private Limited, Anahita Investments Private Limited, TVS Automobile Solutions Limited</p>
Chairman/Member in Committees of other companies	Compensation Committee: Sundaram Finance Limited





## 9. Means of Communication

Quarterly Unaudited and Annual Audited financial results are published in Business Line (English) and Dinamani (Tamil – vernacular) within the stipulated time.

The Unaudited quarterly results and the Annual audited results are also displayed on the Company's website [www.wheelsindia.com](http://www.wheelsindia.com).

The above information and other communication are sent to Stock Exchanges.

## 10. Details of Unclaimed Share Certificates

In terms of Clause 5A of the Listing Agreement, the Company had sent the reminder letters vide dated 5.3.2011, 28.4.2011 and 8.7.2011 to all the Shareholders whose Share Certificates have returned undelivered. The Company will transfer the Shares comprised in the Share Certificates, which are remaining undelivered into one Folio in the name of Unclaimed Suspense Account (Demat Account). The Company is in the process of opening an Unclaimed Suspense Account and further disclosure under Clause 5A(II)(h) will be made in due course.

## 11. General Shareholder Information

Date of Annual General Meeting	14 <sup>th</sup> August, 2012
Time	11.00 AM
Venue	The Music Academy, New No. 168 (Old No. 306), T T K Road, Chennai – 600 014
Date of Book Closure	1 <sup>st</sup> August 2012 to 14 <sup>th</sup> August 2012 (both days inclusive)
Dividend Payment Date	Interim – paid on March 29, 2012 – Rs 4/- per share (40%) Final – will be paid on or before September 10, 2012 Rs 6/- per share (60%)
Approval of financial results for the:	
Quarter ending June 30, 2012	2 <sup>nd</sup> week of August 2012
Quarter ending September 30, 2012	2 <sup>nd</sup> week of November, 2012
Quarter ending December 31, 2012	2 <sup>nd</sup> week of February 2013
Year ending March 31, 2013	Last week of May, 2013
Listing on Stock Exchanges	The equity shares of the Company are listed on the National Stock Exchange of India Ltd. Further, the Company has been permitted for dealings on Bombay Stock Exchange under “Permitted Securities” Category.
Listing Fees	Payment towards Listing Fee to National Stock Exchange is made as and when it falls due.
ISIN Code in NSDL and CDSL	INE 715A01015
STOCK Code	WHEELS

Registrar and Share Transfer Agent	Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai - 600 002. Phone: 044 - 28460390; Fax: 044 – 28460129 E - Mail: investor@cameoindia.com
Share Transfer System	Share Transfers which are received in physical form are processed and the share certificate returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company's Registrar and Share Transfer Agent are entrusted with the work relating to share registry in terms of both physical and electronic mode.
Dematerialisation of shares and liquidity	According to SEBI guidelines, the shares of the Company are to be traded in the demat form with effect from 26.03.2001. M/s Cameo Corporate Services Ltd., are the Registrars of the Company for establishing connectivity with NSDL and CDSL to facilitate dematerialization of the shares held by the Members.  As on 31.03.2012, 97.36% of the equity shares are held in dematerialized form.
Pattern of Shareholding as on March 31, 2012	Data in statement form – forming part of this Report.
Distribution of shareholding as on March 31, 2012	Data in statement form – forming part of this Report.
Share Performance	NSE Vs Index Graph form - forming part of this Report.
Share Price Data – High/Low	NSE – Data in statement form – forming part of this Report.
Address for Investors' correspondence	<b>Registrar and Share Transfer Agents:</b> Cameo Corporate Services Limited, "Subramanian Building", No. 1, Club House Road, Chennai - 600 002, Phone : 044 - 28460390 Fax : 044 – 28460129 E - Mail : investor@cameoindia.com  <b>Investor Correspondence / Compliance Officer</b> Mr S Srivathsan, President (Finance) & Secretary Wheels India Limited, Padi, Chennai - 600 050 Phone: 044 - 26258511 Extn: 2003, Fax : 044 – 26257121 E- Mail: investorservices@wheelsindia.com



## 12. Plant locations

1. Padi  
Chennai – 600 050,  
Tamil Nadu.
2. 22KM Rampur – Tanda Road,  
Rampur–244 925,  
Uttar Pradesh.
3. Plot No. C - 1,  
Ranjangaon Growth Centre,  
Karegaon Village, Shirur Taluk  
Pune District – 412 220, Maharashtra.
4. Plot No.11-18, Sector 7,  
HSIDC Growth Center,  
Bawal, Rewari District – 123501,  
Haryana.
5. Sriperumbudur,  
Kanchipuram District – 602 105,  
Tamil Nadu.
6. Plot No.56, Sector 11,  
Integrated Industrial Estate,  
Pantnagar - Udham Singh Nagar - 263 153,  
Uttarakhand.
7. Plot No D-3, Deoli Growth Centre,  
Deoli MIDC, Taluka Deoli,  
Wardha District - 442 101,  
Maharashtra.
8. B-54, SIPCOT Industrial Park,  
Irungattukottai, Sriperumbudur,  
Kanchipuram District - 602 105, Tamilnadu.

## 13. Auditors' Certificate on Corporate Governance

As required by Clause 49 of the listing agreement, the Auditor's Certificate is forming part of this report

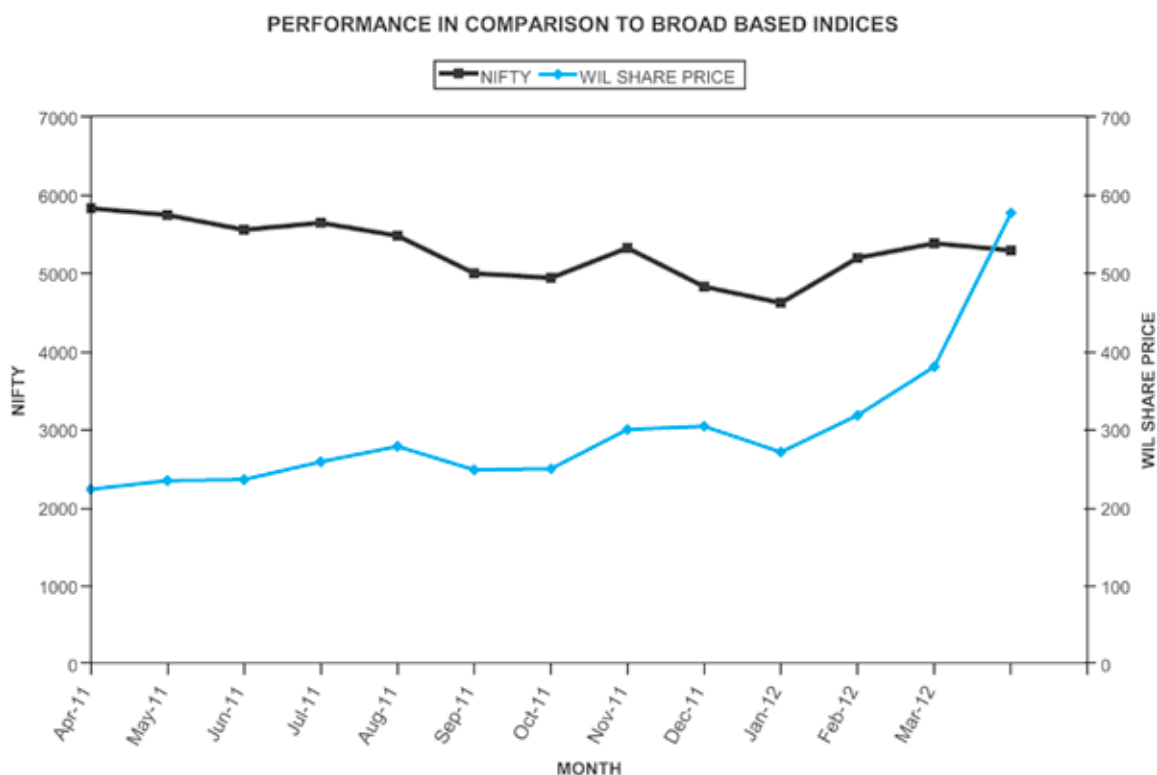
## 14. Shareholding Pattern

Categories of Shareholders	No. of shares Held	Percentage
Promoters	84,50,039	85.62
Directors/ Relatives	9,909	0.10
Insurance Companies	55,039	0.56
Corporate Bodies	1,16,098	1.18
Resident Individuals	8,68,346	8.80
Non-Resident Indians	30,506	0.31
Hindu Undivided Families	28,740	0.29
Clearing Member	4,429	0.04
Mutual Funds	3,06,338	3.10
<b>TOTAL</b>	<b>98,69,444</b>	<b>100.00</b>

## 15. Distribution pattern

No. of Shares Held	Shareholders		No. of shares	
	Number	%	Held	%
Up to 500	4,761	93.49	4,51,260	4.57
501 – 1000	172	3.38	1,36,382	1.38
1001 – 2000	87	1.71	1,25,770	1.28
2001 – 3000	37	0.73	89,535	0.91
3001 – 4000	7	0.14	23,815	0.24
4001 – 5000	6	0.12	26,933	0.27
5001 – 10000	8	0.16	53,902	0.55
10001 and above	14	0.27	89,61,847	90.80
<b>Total</b>	<b>5,092</b>	<b>100.00</b>	<b>98,69,444</b>	<b>100.00</b>

## 16. Performance in Comparison to broad based indices





## 16. Market price data

FY 2011-12 Month	Quotation at NSE	
	HIGH	LOW
Apr-11	251.50	220.00
May-11	248.00	214.05
Jun-11	293.95	237.00
Jul-11	300.00	255.70
Aug-11	299.00	233.15
Sep-11	282.00	246.15
Oct-11	317.60	229.95
Nov-11	372.00	282.05
Dec-11	321.00	233.40
Jan-12	322.00	266.05
Feb-12	405.00	309.95
Mar-12	642.00	371.20

On behalf of the Board of Directors

Chennai

Date : 30<sup>th</sup> May 2012

**S Ram**

Chairman

## Code of Conduct Certification

The Board of Wheels India Limited laid down a code of conduct for all Board members and Senior Management. The Code of Conduct has been posted in the Company's website [www.wheelsindia.com](http://www.wheelsindia.com). All the Board members and the Senior Management affirmed compliance to the code for the year 2011-12.

Place: Chennai

Date: May 18, 2012

**Srivats Ram**

Managing Director

## Auditors' Certificate on Corporate Governance

### To the Members of WHEELS INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Wheels India Limited, for the year ended on 31.03.2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock exchange. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer & Investor Relations Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **SUNDARAM & SRINIVASAN**

Chartered Accountants  
(Registration No: 004207S)

**K. Srinivasan**

May 30, 2012

Chennai

Partner

Membership No.5809

## Financial Summary - Last Ten Years

Rs. in Lakhs

	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>Operating Results</b>										
Operating revenue (including other income)	2,07,983	1,70,336	1,25,300	1,16,601	1,14,781	1,01,562	86,708	79,088	53,082	37,268
Earnings Profit before Interest Depreciation and Tax	17,493	13,228	9,116	10,997	10,170	8,593	7,826	7,378	5,711	4,150
Depreciation	5,047	4,608	3,316	3,379	3,127	2,672	2,316	2,085	1,740	1,424
Earnings before Finance costs and Tax	12,446	8,620	5,800	7,618	7,043	5,921	5,510	5,293	3,971	2,726
Finance costs*	7,030	5,362	3,777	4,676	3,069	2,052	1,743	1,014	643	970
Profit before tax	5,416	3,258	2,023	2,942	3,974	3,869	3,767	4,279	3,328	1,756
<b>Financial Position</b>										
Equity Share capital	987	987	987	987	987	987	987	987	987	987
Reserves and Surplus	23,056	20,768	19,050	18,272	16,781	15,003	13,132	11,226	9,198	7,657
Shareholders' equity	24,043	21,755	20,037	19,259	17,768	15,990	14,119	12,213	10,185	8,644
Borrowings	38,768	32,975	37,402	38,195	28,736	23,993	20,971	24,076	14,146	12,443
Gross block**	81,668	75,947	71,064	65,540	55,185	44,644	38,878	32,575	26,702	23,522
Net block**	44,001	42,951	42,623	40,237	33,113	25,444	22,260	18,102	14,227	12,727
Dividend - Amount	986.95	641.51	444.12	542.82	690.86	641.51	641.51	740.21	542.82	276.34
<b>Per equity Share (Rs.)</b>										
Dividend	10.00	6.50	4.50	5.50	7.00	6.50	6.50	7.50	5.50	2.80
Book Value Per Share	243.61	220.43	203.02	195.14	180.03	162.02	143.05	123.75	103.20	87.58
Earning Per Share	34.80	24.96	13.12	21.43	26.20	26.37	26.72	29.03	21.82	11.86

\* As per revised Schedule VI for the year ended 31.3.12 and 31.3.11

\*\* Includes Capital Work-in-Progress





***Front view of Pant Nagar Plant***



***Safety day celebration  
at Padi Plant***



***Safety Pledge by  
Staff at Bawal Plant***



***View of Bawal Plant***



**Front view of Padi Plant**



**Front view of Sriperumbudur Plant**



**WHEELS INDIA LIMITED**

வீல்ஸ் இந்தியா லிமிடெட்

சிவக. பெருமாள் கோவில் காலன

சூப்பெருப்பதர் - 602 105

காஞ்சிபுரம் மாவட்டம்

பதிவு எண்: 21, பட்டிமலை, எண்: சென்னை 600 005

**WHEELS INDIA LIMITED**

Singaperumal Koil Road

Sriperumbudur - 602 105

Kancheepuram District

Regd. Office: 21, Palullos Road, Chennai 600 005