

**WHEELS INDIA LIMITED**





# WHEELS INDIA LIMITED

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

Website Address : www.wheelsindia.com

CIN : L35921TN1960PLC004175

## 58<sup>TH</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 CENTRE,  
BAWAL 123 501, REWARI DISTRICT, HARYANA
- SRIPERUMBUDUR 602 105  
KANCHIPURAM DISTRICT, TAMIL NADU
- PLOT NO. 56, SECTOR 11  
INTEGRATED INDUSTRIAL ESTATE,  
PANTNAGAR 263 153, UDHAM SINGH NAGAR  
UTTARAKHAND
- PLOT NO. D 3, DEOLI GROWTH CENTRE  
DEOLI MIDC, TALUKA DEOLI 442 101,  
WARDHA DISTRICT, MAHARASHTRA
- DP NO 70 (P), SURVEY NO 214 (P), SIDCO  
INDUSTRIAL ESTATE, THIRUMUDIVAKKAM,  
SRIPERUMBUDUR TALUK, KANCHEEPURAM,  
CHENNAI 600044, TAMIL NADU
- F8 & F9 SIPCOT INDUSTRIAL PARK,  
IRUNGATTUKOTTAI, SRIPERUMBUDUR  
KANCHEEPURAM DIST, TAMIL NADU 602105,
- SURVEY NO 152/3, SRIPERUMBUDUR  
THIRUVALLUR ROAD, THODUKADU VILLAGE & POST  
THIRUVALLUR TALUK & DISTRICT - 602 105

### BANKERS

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

### AUDITORS

- M/S SUNDARAM & SRINIVASAN  
CHARTERED ACCOUNTANTS  
CHENNAI

### STOCK EXCHANGE LISTING

- NATIONAL STOCK EXCHANGE OF INDIA LIMITED  
MUMBAI

### BOARD OF DIRECTORS

S RAM	Chairman
S VIJI	
SRIVATS RAM	Managing Director
S PRASAD	
T S VIJAYARAGHAVAN	
AROON RAMAN	
B SANTHANAM	
PAUL G REITZ	
C M B AKERS	
BHARATI RAO	

### AUDIT COMMITTEE

S PRASAD	Chairman
S VIJI	
T S VIJAYARAGHAVAN	
AROON RAMAN	

### STAKEHOLDERS RELATIONSHIP COMMITTEE

S VIJI	Chairman
S RAM	
S PRASAD	

### NOMINATION & REMUNERATION COMMITTEE

S PRASAD	Chairman
AROON RAMAN	
T S VIJAYARAGHAVAN	

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

SRIVATS RAM	Chairman
S VIJI	
S PRASAD	
AROON RAMAN	

### CHIEF FINANCIAL OFFICER & SECRETARY

S SRIVATHSAN (UPTO 10-4-2017)

### CHIEF FINANCIAL OFFICER

R RAGHUNATHAN (FROM 11-4-2017)

### COMPANY SECRETARY

S BALASUNDHARAM (FROM 11-4-2017)

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## Financial Summary - Last Ten Years

Rs. in Crores

	31.03.17	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<b>Operating Results</b>										
Operating revenue (including other income)	2,176.06	1,989.10	1,982.54	1,825.16	1,927.34	2,079.83	1,703.36	1,253.00	1,166.01	1,147.81
Earnings Profit before Interest Depreciation and Tax	189.98	174.36	152.75	149.55	153.64	165.98	132.28	91.16	109.97	101.70
Depreciation	63.92	60.45	54.14	55.34	53.59	50.47	46.08	33.16	33.79	31.27
Earnings before Finance costs and Tax	126.06	113.91	98.61	94.21	100.05	115.51	86.20	58.00	76.18	70.43
Finance costs*	47.79	57.58	59.07	55.35	55.50	61.35	53.62	37.77	46.76	30.69
Profit before tax	78.27	56.33	39.54	38.86	44.55	54.16	32.58	20.23	29.42	39.74
<b>Financial Position</b>										
Equity Share capital	12.03	12.03	12.03	12.03	9.87	9.87	9.87	9.87	9.87	9.87
Reserves and Surplus	448.32	396.13	369.03	351.55	248.98	230.56	207.68	190.50	182.72	167.81
Shareholders' equity	460.35	408.16	381.06	363.58	258.85	240.43	217.55	200.37	192.59	177.68
Borrowings	369.72	386.13	389.23	331.66	419.57	387.68	329.75	374.02	381.95	287.36
Gross block**	1,186.12	1,123.22	1,054.67	989.07	922.93	816.68	759.47	710.64	655.40	551.85
Net block**	548.27	535.15	522.04	512.89	493.30	440.01	429.51	426.23	402.37	331.13
Dividend - Amount	6.02***	10.83	9.03	9.01	7.99	9.87	6.41	4.44	5.43	6.91
<b>Per Equity Share (Rs.)</b>										
Dividend	13.00	9.00	7.50	8.20	8.10	10.00	6.50	4.50	5.50	7.00
Book Value Per Share	382.60	339.22	316.70	302.17	262.27	243.61	220.43	203.02	195.14	180.03
Earning Per Share	49.29	33.24	24.72	27.06	30.61	34.80	24.96	13.12	21.43	26.20

\* As per revised Schedule VI of Companies Act 1956 from 31.3.11 and Schedules III of Companies Act 2013 from 31.03.15

\*\* Includes Capital Work-in-Progress

\*\*\* Refer Notes on Accounts Sl. No. 40

## Notice to the Shareholders

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of the Shareholders of the Company will be held on Thursday, August 10, 2017, at 11 A.M. at "The Music Academy", 168 (Old No.306), T T K Road, Chennai 600014, to transact the following business:

### ORDINARY BUSINESS

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

RESOLVED THAT the Audited Financial Statements, including the Consolidated Financial Statements, of the Company for the year ended 31<sup>st</sup> March, 2017 and the Board's and Auditors' Reports thereon, be and are hereby approved and adopted.

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

RESOLVED THAT an Interim Dividend of Rs 5.00 (50%) per equity share of Rs 10/- each, already paid on the paid-up capital of the Company amounting to Rs.6,01,61,395 be and is hereby confirmed and recorded.

RESOLVED FURTHER THAT, as recommended by the Directors, a Final dividend of Rs 8/- per share (80%) on the paid-up capital consisting of 1,20,32,279 equity shares, absorbing Rs 9,62,58,232 (Rupees Nine crores sixty two lakhs fifty eight thousand two hundred and thirty two only), be approved and the same is hereby declared payable for the year ended 31<sup>st</sup> March, 2017 as Final Dividend.

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

RESOLVED THAT Mr Christopher M B Akers (DIN 06979883), a Director retiring by rotation, being eligible for re-election, be and is hereby re-elected as a Director of the Company liable for retirement by rotation.

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

RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013,

and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Brahmayya & Co. Chartered Accountants (ICAI Registration No.: 000511S), be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai (ICAI Registration Number 004207S), the retiring Statutory Auditors, to hold office for a term of five years from the conclusion of this Annual General Meeting till the conclusion of sixty third Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every Annual General Meeting till the sixty third Annual General Meeting.

RESOLVED FURTHER THAT the said Statutory Auditors be paid an audit fee of Rs 32.00 lakhs (excluding service tax and reimbursement of out of pocket expenses) for the first year of audit and thereafter at such remuneration as may be approved by the Board or the Audit Committee in this behalf.

### SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors, M/s. Geeyes and Co, Cost and Management Accountants, firm Registration Number 00044 appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2018, be paid a remuneration of Rs 7.00 lakhs (Rupees Seven Lakhs only) per annum excluding service tax and travel and reimbursement of out-of-pocket expenses.

Regd. Office:  
21, Patullos Road  
Chennai 600 002  
Date: 29.5.2017

By Order of the Board  
  
**S Balasundharam**  
Company Secretary



## NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the Proxy need not be a member of the Company. For appointment of a proxy to be effective, the proxy form (enclosed) shall be duly filled, stamped, executed and lodged with the Registered Office of the Company at least 48 hours before the time fixed for the commencement of the Meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send to the Company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 1.8.2017 to 10.8.2017 (both days inclusive) for payment of dividend on equity shares.
5. Final Dividend, as recommended by the Board of Directors, if declared at the meeting shall be paid, to those members whose name(s) appear in the Register of Members of the Company as on 10.8.2017. 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.
6. Members holding shares in demat form are hereby informed that bank particulars registered against their accounts will be used by the Company for payment of Dividend. Changes in bank details are only to be advised to the Depository Participants by the Members. Members who are holding shares in physical form and desirous of registering bank particulars or changing banking bank particulars already registered against their respective folios are requested to write to the Company.
7. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, as amended, dividend declared for the financial year ended 2009-10 from the date of declaration of dividend and thereafter, which remain unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the dividend warrant(s) so far for the above financial year or any subsequent financial year are requested to make their claim to the Share Department of the Company at Padi, Chennai 600 050. Hence Shareholders are requested to claim the dividend.
8. The Ministry of Corporate Affairs ('MCA') had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective from 7th September, 2016 ('IEPF Rules 2016'). Amongst other things, the Rules provides for the manner of transfer of the unpaid and unclaimed dividends to the IEPF and the manner of transfer of shares in case any dividend has not been encashed by the shareholders on such shares during the last seven years to the designated Suspense Account as prescribed by the IEPF Authority.  
As per the requirement of Rule 6 of the IEPF Rules 2016, the Company had sent information to all the shareholders who had not claimed / encashed dividends in the last seven years intimating, amongst other things, the requirements of the IEPF Rules, 2016 with regard to transfer of shares and that in the event those shareholders do not claim any unclaimed/unpaid dividends for the past seven years, the Company will be required to transfer the respective shares to the IEPF Suspense Account by the due date prescribed as per the IEPF Rules, 2016 or such other extended date as may be notified. Hence shareholders are requested to claim the dividend
9. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014

and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, remote e-voting facility have been provided to the members. The facility for voting either through electronic voting system or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. Members intending to vote at the venue are requested to bring their photo identity card.

10. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. The details indicating the process and manner for voting by electronic means, the time, schedule including the time period during which the votes may be cast by remote e-voting, the details of the login ID, the process and manner for generating or receiving the password and for casting of vote in a secure manner are provided to the shareholders.
11. The Board of Directors has appointed M/s S Dhanapal & Associates, Practising Company Secretaries, Chennai, as the Scrutinizer, for conducting the e-voting process in a fair and

transparent manner. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities enabling the members to cast their vote in a secured manner. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link [www.evotingindia.com](http://www.evotingindia.com) during the following voting period: The e-voting period would commence on Monday 7.8.2017 (9:00 A.M.) and end on Wednesday 9.8.2017 (5:00 P.M.).

12. During the above period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 3, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder cannot change it subsequently
13. The route map for the venue of the AGM, procedure and instructions for e-voting is furnished in this notice as a separate annexure. The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the e-voting will be announced by the Company on its website – [www.wheelsindia.com](http://www.wheelsindia.com) within two days of the Annual General Meeting.

## Annexure to the Notice

### Explanatory Statement under Section 102 of the Companies Act, 2013

#### SPECIAL BUSINESS

##### Item No 5

The Board, on the recommendations of the Audit Committee, has approved the appointment of the Cost Auditors, M/s. Geeyes & Co, Cost and Management Accountants, at a remuneration of Rs.7.00 lakhs (Rupees Seven Lakhs only) per annum plus travel and reimbursement of out of pocket expenses, at actuals, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2018.

In accordance with the provisions of the Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders

of the Company. Accordingly, consent of the members is sought for passing the resolution as set out in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2018. The Board recommends the resolution set forth in the Notice for the approval of the Members.

None of the Directors / Key Managerial Personnel / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Regd. Office:  
21, Patullos Road  
Chennai 600 002  
Date: 29.5.2017

By Order of the Board  
  
**S Balasundharam**  
Company Secretary



# Directors' Report to the Shareholders

Your Directors present their Fifty Eighth Annual report and the Audited Accounts of your Company for the year ended March 31, 2017.

## Performance

Sales for the year were Rs. 2,141 crores compared to Rs. 1,981 crores in the last year showing an increase of 8.08 % when compared with the previous year.

## Financial Results

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

(Rs in Crores)

	2016-17	2015-16
Gross profit before finance cost and depreciation	<b>189.98</b>	174.36
Finance Cost	<b>47.79</b>	57.58
Depreciation	<b>63.92</b>	60.45
Profit before tax for the year	<b>78.27</b>	56.33
Profit after tax for the year	<b>59.31</b>	39.99
Transfer to General Reserve	<b>25.00</b>	25.00

## Dividend and transfer to General Reserve

The Board approved and paid an interim Dividend of Rs 5/- per equity share (50%) in February 2017.

Your Directors are pleased to recommend a final dividend of Rs. 8.00 per equity share (80%) for the year ended 31<sup>st</sup> March, 2017. This final dividend, subject to approval at the 58th 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 payout for the financial year is Rs. 15.64 crores on which the dividend distribution tax amounts to Rs. 3.31 crores.

The Company intends to transfer Rs.25.00 crores to the General Reserve. A sum of Rs.38.65 crores is proposed to be retained in the Statement of Profit and Loss.

## Management Discussion and Analysis

It is estimated that the global economy grew by 3.1% in 2016, and it is expected to grow at close to 3.5% in 2017, with growth in both emerging and developed economies. The year saw the strengthening of fuel and metal commodity prices over the year. The period was eventful with Brexit, the election of Donald Trump as President of the United States, demonetization in India and the anti-trade rhetoric of international leadership. The good monsoon in the last year, after two lean years saw Indian GDP grew at 7.1%. The current account deficit was contained under 1% and there were strong FDI inflows into the country. Notwithstanding, the global uncertainties, major economies expect higher growth in the year ahead.

After a year of strong growth in the previous year, the market for medium and heavy commercial vehicles was stagnant, with the “pre-buy” ahead of the BS IV deadline in the fourth quarter, offsetting a dip in the market in the preceding two quarters. The tipper segment grew along with the rapid infrastructure activities in the country, and the passenger vehicle market showed a positive trend. The goods carriage segment of the medium and heavy commercial vehicle market was sluggish. In the light commercial vehicle market, the business cycle typically lags that of the medium and heavy commercial vehicle market, though there was reasonable growth.

The passenger car market grew by 11%, driven by new model introduction and effective market segmentation by major vehicle manufacturers. The penetration of alloy wheels in the passenger car segment has reached 27%, limiting the growth of steel wheels.

The rural and agricultural economy were affected by demonetization. However, a good monsoon and a 5.4% rise in the wholesale price index of food articles saw the agricultural tractor market grow by 14%.

The global construction and mining industry struggled through most of the year, with manufacturers shutting down capacities across plants. The lower activity levels across the globe slowed the construction equipment



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industry in the year under review. In India, however, the construction equipment market showed good growth driven by active road building in the country. While the global mining equipment saw an increase in commodity prices, it was only towards the end of the year that it started to reflect in increased requirements notably in Asia.

The demand for buses with air suspension systems saw a strong growth in the year under review, with large purchases by state transport corporations and export of buses by OEMs. The buying of buses with air suspension by corporations is a cyclical market with peaks and troughs. The year also saw the full year operation of the Company's lift axle suspension business.

We continued to see growth in the wind energy segment with India adding 5,400MW of windmills in the year under review. Your Company is a major supplier of fabricated and machined parts for this sector and grew along with the industry. The thermal power equipment industry, however, continues to struggle, as there is a shift towards renewable energy in the country.

The Government of India imposed safeguard duties and a minimum import price for steel coming into the country to protect the Indian steel industry, in the year under review. This resulted in an increase in the steel price in India. In the second half following, commodity price increases, the international steel prices have also increased. There were also challenges in managing the foreign currency exposure in the period just after Brexit and at the end of the year when the Rupee appreciated against the Dollar.

Your Company saw sales increase by over 9% in the year under review, partly the effect of higher steel prices. There was also a strong growth in the air suspension business, and good growth in the windmill parts business and tractor wheel business, that helped your Company to show sales growth.

The concerns of low capacity utilization in passenger car steel wheels continued and quarterly variations in

volume affected effective utilization in the truck and tractor wheel lines. Your Company persists with its rigorous cost control review mechanism, strengthened its safety practices across plants, and started a robust quality improvement program across plants. In recognition of its performance, your Company received customer awards from Caterpillar, Ford, Hyundai, Maruti Suzuki, TAFE and Volvo Eicher.

In the coming year, with the expectations of a good monsoon, the economy having remonetized and with the government planning to spend on the rural economy and infrastructure, we expect a higher GDP growth. However, the medium and heavy commercial vehicle segment is likely to marginally decline, post the implementation of BS IV, as the effect of the "pre-buy". The passenger car market is likely to remain decent and the utility vehicle market and tractor markets are likely to improve as the government's focus on rural economy increases. We expect the air suspension business to grow marginally largely due to growth in the lift axle suspension business of your Company. We expect to grow the wheel business to the Indian Defense equipment. The forged aluminum wheel business of your Company should grow as capacities are being put in place in the coming year. We also expect the growth in the windmill parts business to continue. Overall, the coming year is one in which we expect to have similar growth in sales, as in the year under review.

The challenges in the coming year will remain those of cost control at a time of industrial inflation. The other challenge will be of managing foreign exchange risk at a time of relative volatility in the currency markets. Your Company will also need to ensure that it launches new products on time, as a lot of the business growth comes from new products. There are many changes that are likely to come in the coming year including GST, amongst other government initiatives that your Company will have to adapt. In these times of change, much as there are likely to be changes in the way we do business, there are equally opportunities for us to learn and grow.



## Consolidated Financial Statements

In accordance with the provisions of Section 129(3), of the Companies Act, 2013 ("2013 Act"), the consolidated financial statements drawn up in accordance with the applicable Accounting Standards, forms part of the annual report.

In accordance with the provisions of Section 136 of the 2013 Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements will be available on our website [www.wheelsindia.com](http://www.wheelsindia.com). These documents will also be available for inspection during business hours at the registered office of the Company.

Axles India Limited, an Associate Company has achieved a turnover of Rs 417.36 crores and profit before tax of Rs 21.53 crores for the financial year 2016-17 (unaudited) as against the turnover of Rs 494.75 crores and profit before tax of Rs 19.23 crores for the financial year 2015-16. The share of profit is Rs 1.34 crores for the financial year 2016-17 (unaudited) and Rs 1.19 crores for the financial year 2015-16.

A statement containing the salient features of the financial statements of the Associate Company is provided in Form AOC1. Refer Annexure I of this report.

### Fixed Deposits

As at 31<sup>st</sup> March, 2017, fixed deposits accepted by the Company from public and shareholders aggregated to Rs. 120.69 crores, which are within the limits prescribed under the 2013 Act and the rules framed thereunder.

The provisions of the 2013 Act also mandate that any Company inviting/ accepting/ renewing deposits is required to obtain Credit Rating from a recognised credit rating agency. Your Company has obtained a credit rating for its fixed deposits from ICRA.

The details relating to deposits covered under Chapter V of the 2013 Act are given in Annexure II forming part of this Report.

## Board Evaluation

Pursuant to the provisions of Section 134 (3) (p), Section 149(8) and Schedule IV of the 2013 Act, SEBI (Listing Obligations & Disclosure Requirements Regulations) 2015 ("SEBI LODR"), Annual Performance Evaluation of the Board, the Directors as well as Committees of the Board has been carried out.

The Performance Evaluation of the Independent Directors was done by the entire Board and that of the Chairman and Non Independent Directors by the Independent Directors. The criteria and manner in which the evaluation has been carried out are provided in Annexure II forming part of this Report.

### Particulars of Loans, Guarantees or Investments

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the 2013 Act. The details of the investments made by Company are given in the notes to the financial statements.

### Directors

Under Article 94(3) of the Company, Mr CMB Akers (DIN 06979883) retires by rotation and being eligible, offers himself for re-election. Brief resume of the Director proposed to be appointed along with additional information pursuant to SEBI LODR is given in the Corporate Governance Report.

All the Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the 2013 Act.

### Key Managerial Personnel

The Board of Directors appointed/designated Mr. R Raghunathan as Chief Financial Officer and Mr. S Balasundharam as Company Secretary and Compliance Officer with effect from 11<sup>th</sup> April, 2017 pursuant to the superannuation of Mr. S Srivathsan, CFO and Company Secretary and Compliance Officer on April 10, 2017.

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## Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Company's policy on appointment and remuneration including criteria for determining qualifications, positive attributes and independence are provided in the Corporate Governance Report forming part of this Report. The policy is given as Annexure III forming part of this Report.

## Corporate Social Responsibility

As an initiatives under Corporate Social Responsibility (CSR), in accordance with Schedule VII of the 2013 Act, your Company constituted the CSR Committee under the Board. This Committee is to frame, monitor and execute the CSR activities. The Board has approved the CSR policy and guidelines for implementation. The Committee effectively supervises the programmes.

Your Company has fulfilled its obligation towards CSR by spending a sum of Rs 91.28 lakhs during the year. The constitution of the CSR Committee and the report as required under the 2013 Act, are provided in Annexure IV, forming part of this Report.

## Risk Management, Internal Financial Control Systems and Audit

Your Company has implemented a mechanism for risk management and has formulated a Risk Management Policy. The Policy provides for identification of risks and mitigation measures. The Audit committee is informed on the risk assessment and minimization mechanism adopted by the Company.

Implementation of IT based Governance, Risk and Compliance (GRC) software across the multiple locations of the Company has further bolstered the business processes and has assisted the internal audit in achieving a controlled environment.

Your Company maintains adequate and effective Internal Controls commensurate with its size. These reasonably assure that the transactions are duly authorized and recorded to facilitate compiling of financial statements in line with the established practices and that the assets are secured against any misuse or loss. The internal control system is supplemented through an extensive internal audit program besides periodic review by the Management and Audit Committees. The Company has in place adequate internal financial controls.

## Vigil Mechanism / Whistle Blower Policy

In accordance with the requirements of the 2013 Act, your Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and Employees to report genuine concerns. The said Policy meets the requirement of the Vigil Mechanism framework under the 2013 Act, and the members can view the details of the policy on [www.wheelsindia.com](http://www.wheelsindia.com).

## Director's Responsibility Statement

The Directors acknowledges their responsibility of ensuring compliance with the provisions of Section 134(3)(c) of the 2013 Act. To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the 2013 Act:

- a. that in the preparation of the annual financial statements the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in the financial statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;



- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the 2013 Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Related Party Transactions

The Company has formulated a policy on related party transactions and the same is uploaded on the Company's website [www.wheelsindia.com](http://www.wheelsindia.com).

All Related Party transactions that were entered into by the Company during the financial year 2016-17, were in compliance of Section 188 of the 2013 Act and the Rules framed thereunder. There are no "Material" contracts or arrangement or transactions at arm's length basis and hence disclosure in form AOC-2 is not required.

All Related Party transactions were placed before the Audit Committee for their prior approval in accordance with the requirements of the SEBI LODR. The transactions entered into pursuant to such approval are placed periodically before the Audit Committee for its review.

There are no materially significant Related Party transactions made by the Company with Promoters, Directors, and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

### Meetings of the Board

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other businesses. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings are circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings.

*Resolution passed by Circulation:* In case of special and urgent business need, the approval of the Board/ Committee is taken by passing resolutions through circulation, as permitted by law, which are confirmed in the subsequent meeting. The details of the meetings of the Board as well as the Committees are disclosed in the Corporate Governance Report, forming part of this Report.

### Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. There are no material changes and commitments, if any, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

### Employees and details of Remuneration:

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under the 2013 Act and the rules framed thereunder.

The statement of Disclosure of Remuneration under Section 197 of the 2013 Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules"), is provided in Annexure V forming part of this Report.

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The information as per Rule 5(2) of the Rules, forms part of this Report. However, as per first proviso to Section 136(1) of the 2013 Act and second proviso of Rule 5(2) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company. The said statement is also available for inspection by the members at registered office of the Company during office hours till the date of Annual General Meeting.

### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, there were no cases filed pursuant to the above Act.

### **Corporate Governance**

In pursuance to SEBI LODR, Corporate Governance Report is given in Annexure VI and forms part of this Report.

### **Auditors**

As per Section 139 of the 2013 Act, read with the Companies (Audit and Auditors) Rules, 2014, the term of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as the Statutory Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company.

The Board of Directors of the Company at their meeting held on 29.05.2017, on the recommendation of the Audit Committee, have made its recommendation for appointment of M/s. Brahmayya & Co, Chartered Accountants (ICAI registration number FRN 000511S),

as the Statutory Auditors of the Company subject to the approval of the Members at the 58th Annual General Meeting of the Company for a term of 5 years.

Accordingly, a resolution, proposing appointment of M/s. Brahmayya & Co, Chartered Accountants, as the Statutory Auditors of the Company for a term of five consecutive years i.e. from the conclusion of 58th Annual General Meeting till the conclusion of 63rd Annual General Meeting of the Company pursuant to Section 139 of the 2013 Act, forms part of the Notice of the 58th Annual General Meeting of the Company.

The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the 2013 Act and that the appointment, if made, shall be in accordance with the applicable provisions of the 2013 Act and the rules framed thereunder.

The Directors recommend their appointment. As required under the SEBI LODR, the Statutory Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Board place on record its appreciation for the services rendered by M/s. Sundaram & Srinivasan, Chartered Accountants, as the Statutory Auditors of the Company.

### **Cost Audit**

Pursuant to Section 148 of the 2013 Act read with the Companies (Cost Audit and Record) Rules 2014, the cost records and the accounts maintained by the Company are required to be audited. Your Company has appointed M/s. Geeyes and Co, Cost and Management Accountants to audit the cost records and the accounts maintained by the Company for the financial year ended 31.3.2017. The report of the said Cost Auditor will be filed with the Central Government in accordance with the rules framed thereunder.



The report of the said auditor for the financial year ended March 31, 2016 was filed with the Central Government.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the 2013 Act and the rules framed thereunder, the Company appointed M/s. S Dhanapal & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is given in Annexure VII and forms part of this Report.

### Comments on Auditors' report

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in Practice in their reports respectively. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

### Safety

In regard to safety, Wheels India has been working towards inculcating a culture, installing a system and reviewing its results at its facilities. Starting with the Padi plant, the Company is horizontally deploying safety work systems and review mechanisms across its plants. The last year saw decent progress towards this endeavor to build safety into the manufacturing work culture.

Employees have been encouraged to adhere to safety in all their activities in and out of the Company premises. Safety training is conducted at all levels on

a continuous basis and additional emphasis is given in implementation of safety work standards. The Company rewards best safety performers from different groups of employees regularly. This has helped to inculcate a significant change in outlook.

### Extract of Annual Return

The details forming part of the extract of the Annual Return in Annexure VIII forms part of this Report

### General

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo as required under Section 134(3)(m) of the 2013 Act, read with rule 8(3) of the Companies (Accounts) rules, 2014 are enclosed as Annexure IX and forms part of this report. The Directors wish to thank United Bank of India, State Bank of India, Standard Chartered Bank, HDFC Bank, other Banks and financial institutions for their continued support.

Your Company continues to have the full co-operation of all its employees. The Directors would like to place on record their 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

May 29, 2017

**S Ram**

Chairman

DIN 00018309



## Annexure I

### Form No. AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

##### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs)

1	Sl. No.	Not Applicable
2	Name of the subsidiary	
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	
5	Share capital	
6	Reserves & surplus	
7	Total assets	
8	Total Liabilities	
9	Investments	
10	Turnover	
11	Profit before taxation	
12	Provision for taxation	
13	Profit after taxation	
14	Proposed Dividend	
15	% of shareholding	
Notes: The following information shall be furnished at the end of the statement:		
1. Names of subsidiaries which are yet to commence operations		
2. Names of subsidiaries which have been liquidated or sold during the year.		

##### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013  
related to Associate Companies and Joint Ventures

	Name of Associates / Joint Ventures	Axles India Limited CIN U27209TN1981PLC008630
1	Latest audited Balance Sheet Date	31.3.2016
2	Shares of Associate/Joint Ventures held by the Company on the year end	
	Number	24,24,661
	Amount of Investment in Associates/Joint Venture	Rs 2.72 crores
	Extend of Holding %	9.51%
3	Description of how there is significant influence	By virtue of Articles of Association of Axles India Limited
4	Reason why the Associate/Joint Venture is not consolidated	Not Applicable
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs. 7.81 crores
6	Profit / Loss for the year 2016-17**	Net profit Rs 13.37 crores
	i. Considered in Consolidation	Net profit Rs 0.95 crores
	ii Not Considered in Consolidation	–

\*\*considered on the basis of unaudited financial statements/ details

1. Names of associates or joint ventures which are yet to commence operations – Not Applicable
2. Names of associates or joint ventures which have been liquidated or sold during the year - Not Applicable

**S RAM**  
Chairman

**SRIVATS RAM**  
Managing Director

**S PRASAD**  
Director

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

**R RAGHUNATHAN**  
Chief Financial Officer  
Chennai  
May 29, 2017

**S BALASUNDHARAM**  
Company Secretary

**K SRINIVASAN**  
Partner  
Membership No.5809



## Annexure II

### Deposits

The details relating to Deposits covered under Chapter V of the 2013 Act are given below:-

Rs in crores

Accepted during the year	47.38
Remained unpaid or unclaimed as at the end of the year	0.61
Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	
(i) at the beginning of the year;	Nil
(ii) maximum during the year;	Nil
(iii) at the end of the year;	Nil
The details of deposits which are not in compliance with the requirements of Chapter V of the 2013 Act	Nil

### Board Evaluation

The criteria for evaluation were in accordance with the Nomination & Remuneration Policy adopted by the Company. The evaluation was carried out taking into account the following:

Composition of the Board and availability of multi-disciplinary skills, commitment to good corporate governance practices, adherence to regulatory compliance, grievance redressal mechanism, track record of financial performance, existence of integrated risk management system, use of modern technology, commitment to corporate social responsibility.

In addition to the above the following were also considered:- Qualifications & experience, leadership qualities, standard of integrity, understanding of macro & micro economic and industry trends, public relations, future vision and innovation, Attendance in Board meetings/ Annual General Meeting, understanding of Company's business value addition in Board Meetings and other parameters mentioned in the Policy.

## Annexure III

### Nomination and Remuneration Policy

#### Preamble

The Company strongly believes that human resources which manage the other resources have infinite potential, and therefore, their development is the key to organizational effectiveness. We commit ourselves to integrate human resources with Organizational growth and development for mutual benefit.

#### Scope

This Nomination and Remuneration Policy has been formulated in compliance with Section 178 and other applicable provisions of the Companies Act 2013 read with the applicable rules thereto and the provisions of the Listing Agreement.

#### Objective

- To lay down criteria in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management.

- To carry out evaluation of the performance of the Directors and remuneration for the Directors, KMPs and other Senior Management.
- To formulate criteria for determining qualification, positive attributes and independence of a Director.

#### Definitions

"Key Managerial Personnel", in relation to a company, means (i) the Chief Executive Officer or the managing director or the manager; (ii) the whole-time director; (iii) the Chief Financial Officer; (iv) the Company Secretary and (v) such other officer as may be prescribed under the Companies Act 2013

Senior Management: means executives of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.



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## Policy

The role of the committee shall be in accordance with the provisions of the Listing Agreement and the Companies Act 2013 and the Rules framed thereunder. The Nomination & Remuneration Committee (“Committee”) constituted by the Board of Directors of the Company, shall identify, ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level. The Committee has powers to decide whether qualification, expertise and experience possessed by a person is sufficient for such position.

### A. Appointment

#### Appointment and Remuneration - Executive Directors

The appointment, payment of remuneration to the Executive Directors shall be in accordance with the provisions of the Companies Act 2013 (as amended from time to time) read with the applicable Rules framed under the Companies Act 2013.

#### Independent Directors

An independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company’s business and such other related areas as the Nomination & Remuneration Committee may in its absolute discretion deem fit.

#### KMP, Senior Management and other Employees

The Company has an organizational chart displaying the position of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the company is to match the requirements prescribed in the organizational chart of the Company.

### B. Remuneration

Remuneration of the Directors, KMPs shall be based on and taking in to account the following:-

- a) Scope of duties, the role and nature of responsibilities
- b) The level of skill, knowledge and experience of individual
- c) Core performance requirements and expectations of individuals
- d) The Company’s performance
- e) Legal and Industrial Obligations
- f) Other parameters as the Company may decide from time to time

The power to decide structure of remuneration for Senior Management and other employees has been delegated to the Human Resources Department of the Company.

### C. Evaluation

#### Executive Directors and Non-Executive Directors

The performance of the Board as a whole, of its committees, and of its members shall be evaluated at least once a year keeping in view the objectives of the Company.

The results of board evaluation shall remain confidential between the Chairman and Directors concerned. The evaluation process will be used constructively as a mechanism to improve board effectiveness and maximize strengths.

#### Independent Directors

The evaluation will be in accordance with Section 149 of the Companies Act 2013 read with Schedule IV to the said Act, the rules framed thereunder under the Act. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

#### KMPs, and Senior Management

The criteria will be in accordance with the HR guidelines as applicable to the Company from time to time.



## Other Employees

The power to decide criteria for evaluation of other employees has been delegated to Human Resource department of the Company.

## D. Deviation from this policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in interest of the Company, will be made if there are specific reasons to do so in individual cases.

## CRITERIA FOR EVALUATION

Criteria for Evaluation of the Board and Non-Independent Directors at a separate meeting of the Independent Directors

- a) Composition of the Board and availability of multi-disciplinary skills

Whether the Board comprises of Directors with sufficient qualifications and experience in diverse fields to make the company a pioneer in its area of operations.

- b) Commitment to good corporate governance practices

1. Whether the company practises high ethical and moral standards
2. Whether the company is fair and transparent in all its dealings with stake holders

- c) Adherence to regulatory compliance

Whether the company adheres to the various government regulations, local, state and central in time.

- d) Track record of financial performance

Whether the company has been consistently recording satisfactory and profitable financial performance year on year adding to shareholder value. Whether the company is transparent in all its disclosures on financial data

- e) Grievance redressal mechanism

Whether a proper system is in place to attend to the complaints/ grievances from the shareholders, depositors, customers, employees and others quickly and fairly.

- f) Existence of integrated Risk Management system

Whether the company has an integrated risk management system to cover the business risks

- g) Use of modern technology

Whether the company has a system for periodical technology up-gradation in respect of IT hardware/software, production processes and engineering, designing capabilities, innovation and increasing its technology deployment to meet the requirements of its customers in various industry segments.

- h) Commitment to CSR

Whether the company is committed to social causes and CSR and whether there is a system to identify, finance and monitor such social activities

Criteria for evaluation of Chairman at separate meeting of Independent Directors

- a) Leadership qualities
- b) Standard of integrity
- c) Understanding of Macro & micro economic and industry trends
- d) Public relations
- e) Future vision and innovation

Criteria for evaluation of Independent Directors by the entire Board

- a) Qualifications & experience
- b) Standards of integrity
- c) Attendance in Board Meetings/ AGM
- d) Understanding of Company's business
- e) Value addition in Board Meetings

Criteria for evaluation of the Audit committee by the Board

- a) Qualification Experience of members
- b) Depth of review of financial performance
- c) Overview of Audit & inspection
- d) Review of regulatory compliance
- e) Fraud monitoring

## Annexure IV

### Annual Report on CSR Activities for the Financial Year 2016-17

1	A brief outline of the Company's CSR policy, including overview of project or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	The CSR activities carried out by the Company are in accordance with the Policy, as laid down and approved by the Committee, duly approved by the Board. The CSR Policy is available on the Company's website and Web-link is: <a href="http://wheelsindia.com/pdf/CSR-policy.pdf">http://wheelsindia.com/pdf/CSR-policy.pdf</a>
2	The Composition of the CSR Committee	The Committee has Mr. Srivats Ram, as Chairman, Mr. S Viji, Mr. S Prasad & Mr. Aroon Raman as other Members
3	Average net profit of the Company for last three financial years	Rs.4,512.22 lakhs
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs.90.24 lakhs
5	Details of CSR spent during the financial year	<p>a) Total amount to be spent for the financial year: Rs.90.24 lakhs</p> <p>b) Amount unspent, if any : NIL</p> <p>c) Manner in which the amount spent during the financial year is given in Annexure</p>
6	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report	Not applicable
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company	We hereby state that implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company

Chennai  
May 29, 2017

**S Prasad**  
Director

**Srivats Ram**  
Chairman - CSR Committee



## Annexure to Annual Report on CSR Activities for the Financial Year 2016-17

Rs in lakhs

1	2	3	4	5	6	7	8
S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting Education by providing financial assistance to deserving and meritorious students and also educational institutions which work for this cause	Education	Tamil Nadu, Maharashtra	83.94	83.94	83.94	Direct and through Implementing Agency A) Rural Self Employment and Educational Development Society (RSEEDS) B) Iniya Udaiyam Charitable Trust C) Tirupur Auxilium Salesian Sisters Society D) Bro Siga Animation Centre E) Eurekasuperkidz Project - AID INDIA
2	Promoting Health Care including Preventive Health Care	Health	Rampur, Uttar Pradesh	1.40	1.40	85.34	Direct
3	Contribution to Sports	Special Children Sports	Tamil Nadu	0.10	0.10	85.44	Direct
4	Protection of National Heritage, Arts and Culture	National Heritage, Arts and Culture	Tamil Nadu	3.10	3.10	88.54	Direct
5	Training of farmers	Rural development projects	Maharashtra / wardha / Deoli	2.74	2.74	91.28	Direct
	TOTAL			91.28	91.28		

Chennai  
May 29, 2017

**S Prasad**  
Director

**Srivats Ram**  
Chairman - CSR Committee

**Annexure V**  
**Disclosure pursuant to Rule 5 of Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

a)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:	
	Name of the Director / Key Managerial Personnel	Ratio to Median Remuneration (times)
	a) Mr S Ram, Chairman	16.70
	b) Mr Srivats Ram, Managing Director	54.28
	c) Mr S. Srivathsan, Chief Financial Officer & Secretary	14.63
b)	Percentage increase in remuneration of the following KMPs in the financial year:	
	a) Mr Srivats Ram, Managing Director	58.99%
	b) Mr S Srivathsan, Chief Financial Officer & Secretary	13.71%
	Non-Executive Directors: Except Chairman, Non-Executive Directors are not paid any remuneration other than Sitting fee for attending the Board Meetings. The Remuneration paid to Chairman is as per the approval accorded by the shareholders at the Annual General meeting held on 10.8.2016. The sitting fee paid to each of the Non-Executive Directors are given in the Corporate Governance Report, which is forming part of the Directors' Report.	
c)	Percentage increase in the median remuneration of employees in the financial year	Increase in the median remuneration of employees in the financial year - 3.33%
d)	Number of permanent employees on the rolls of Company	As on 31.3.2017, the Company had 2303 permanent employees on the rolls of the Company
e)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in remuneration is 3.76 % for Employees other than Key Managerial Personnel and 36.35% for Key Managerial Personnel.
f)	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration paid to the Chairman, Managing Director and the Key Managerial Persons are in accordance with the remuneration policy of the Company as approved by the Board of Directors.



## Annexure VI

### Report on Corporate Governance

#### 1. Report on Corporate Governance

Your Company believes that effective Corporate Governance is a product of law, ethics, regulation and voluntary practices that helps in maximizing the stakeholders' value.

#### 2. Board of Directors

The Board has an optimum combination of Executive and Non executive Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR").

All Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors and the declaration in this regard by the Managing Director is forming part of this Report. The Board of Directors at present consists of 10 Directors, headed by the Chairman.

S. No	Name of the Directors	Category	No. of Directorship in other public limited companies in India	No. of Membership in Committees of Boards of other public limited Companies*	No. of Chairmanship in Committees of Boards of other public limited Companies*
1	Mr. S Ram	Non-Executive Chairman	6	Nil	1
2	Mr. S Viji	Non-Executive	5	Nil	Nil
3	Mr. Srivats Ram	Managing Director	4	1	Nil
4	Mr. T S Vijayaraghavan	Independent	Nil	Nil	Nil
5	Mr. S Prasad	Independent	4	1	4
6	Mr. Aroon Raman	Independent	2	1	Nil
7	Mr. B Santhanam	Independent	Nil	Nil	Nil
8	Mr. Christopher M B Akers	Non-Executive	Nil	Nil	Nil
9	Ms. Bharati Rao	Independent	9	7	1
10	Mr. Paul G Reitz	Non-Executive	Nil	Nil	Nil

\*Only Audit Committee and Stakeholders Relationship Committee considered.

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

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 SEBI LODR, across all public limited companies in which they are directors. All the Independent Directors have Complied with the maximum number of Directorships permitted under the Companies Act, 2013 ("Act").

### Attendance at Board Meetings and last Annual General Meeting (AGM)

During the Financial Year 2016-17 under review, 5 Board Meetings of the Company were held on 28.04.2016, 25.05.2016, 09.08.2016, 03.11.2016 and 09.02.2017 and the last Annual General Meeting was held on 10.8.2016.

Directors	Board Meetings held during the year	Board Meetings attended	Attendance at Last AGM	Directors	Board Meetings held during the year	Board Meetings attended	Attendance at Last AGM
Mr S Ram	5	5	Yes	Mr Aroon Raman	5	2	Yes
Mr S Viji	5	5	Yes	Mr B Santhanam	5	5	Yes
Mr Srivats Ram	5	5	Yes	Mr Christopher MB Akers	5	1	No
Mr T S Vijayaraghavan	5	5	Yes	Mr Paul G Reitz	5	1	No
Mr S Prasad	5	5	Yes	Ms Bharati Rao	5	1	No

### Pecuniary Transactions with Non Executive Directors

Rs. in lakhs

Name of the Director	Nature	No. of Shares held	Amount	Interest
Mr S Ram	Fixed Deposits	-	-	-
Mr S Viji	Fixed Deposits	-	131.67*	11.99
Mr T S Vijayaraghavan	Fixed Deposits	-	25.00*	2.35
Mr S Prasad	Dividend	1600	0.168	-

\*Balance outstanding as on 31.03.2017

### 3. Audit Committee

#### Terms of reference

The Audit Committee is governed by the terms of reference which are as defined under the relevant provisions of the Act and SEBI LODR.

#### Composition, Meetings and Attendance

The Company's Audit Committee comprises of Independent Directors and a Non-executive Director. The Committee met 8 times during the year under review on 28.4.2016, 25.5.2016, 29.7.2016, 9.8.2016, 27.10.2016, 3.11.2016, 25.1.2017 and 9.2.2017. The attendance of each member of the Committee are given below:-

Name	Category	No. of Meetings held	No. of Meetings Attended
Mr. S Prasad, Chairman	Independent	8	8
Mr. S Viji	Non Executive	8	7
Mr. T S Vijayaraghavan	Independent	8	8
Mr. Aroon Raman	Independent	8	4



#### 4. Nomination and Remuneration Committee

##### Terms of Reference

The role of the Committee is in accordance with the provisions of the SEBI LODR and the Act and the Rules framed thereunder. The Nomination & Remuneration Committee constituted by the Board of Directors of the Company, shall identify, ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level. The Committee has powers to decide whether qualification, expertise and experience possessed by a person is sufficient for such position.

##### Composition, Meetings and Attendance

The Nomination & Remuneration Committee consists of three Independent Directors. The Committee has Mr. S. Prasad, as Chairman, Mr. T.S. Vijayaraghavan and Mr. Aroon Raman as the other Members.

The Committee met on 25.1.2017 and 28.3.2017, which were attended by all the members of the Committee. The Committee approved payment of commission:-

- at 1% on the net profits of the Company for the financial year 2016-17, computed in accordance with the relevant provisions of the Act to Mr S Ram, Chairman
- at 2% on the net profits of the Company for the financial year 2016-17, computed in accordance with the relevant provisions of the Act to Mr Srivats Ram, Managing Director

##### Remuneration Policy

Remuneration of the Directors, KMPs shall be based on and taking in to account their scope of duties, role and nature of responsibilities, level of skill, knowledge and experience, core performance, requirements, the Company's performance and such other parameters as the Company may decide from time to time.

The power to decide structure of remuneration for Senior Management and other employees has been delegated to the Human Resources Department of the Company. The criteria for making payment to Non-Executive directors are in accordance with the policy framed by the Nomination and Remuneration Committee. The said Policy forms part of the Directors report. The performance evaluation criteria for Independent Directors is also as per the said policy.

Details of the remuneration to the Directors during the year 2016-17 are given below:

Rs. in lakhs

Name of the Director	Salary and allowances	Perquisites / Benefits	Commission	Contribution to funds	Sitting fees
Mr. S Ram	-	-	81.87	-	1.05
Mr. S Viji	-	-	-	-	2.55
Mr. Srivats Ram	86.40	1.31	163.73	14.58	-
Mr. T S Vijayaraghavan	-	-	-	-	2.75
Mr. S Prasad	-	-	-	-	2.90
Mr Aroon Raman	-	-	-	-	1.35
Mr. B Santhanam	-	-	-	-	1.05
Mr Paul G Reitz	-	-	-	-	0.20
Ms Bharati Rao	-	-	-	-	0.25
Mr Christopher MB Akers	-	-	-	-	0.20



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## 5. Stakeholders Relationship Committee

The Committee looks into the redressal of the Investor complaints and complaints received from the stock exchanges. The said committee deals with redressal of matters relating to transfer/transmission of shares, non-receipt of balance sheet, non-receipt of dividend declared etc.

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 3.11.2016, which was attended by all the members of Committee.

The Board has authorized Mr. S Srivathsan, Secretary of the Company to approve share transfers and request for dematerialization of shares, when received in physical forms. The details are reported to the Board of Directors in each meeting in accordance with the SEBI LODR.

Mr. S Srivathsan, CFO & Secretary is the Compliance Officer during the financial year ended 31.03.2017.

Number of pending complaints during the start of the financial year	- Nil
Number of Shareholders' complaints received during the year	- 1
Number not solved to the satisfaction of shareholders	- Nil
Number of pending complaints	- Nil

## 6. Corporate Social Responsibility Committee

In terms of Section 135 of the Act, the Board of Directors constituted the CSR Committee. The Chairman of the Committee is an Executive Director and the Committee also consists of Non-executive & Independent Directors. The Committee has Mr Srivats Ram, as Chairman, Mr. S Viji, Mr S Prasad & Mr Aroon Raman as other Members. The Committee met on 28.4.2016 and 29.7.2016. The attendance of each member of the Committee are given below:

Name	No. of Meetings	
	Held	Attended
Mr Srivats Ram, Chairman	2	2
Mr S Viji	2	2
Mr S Prasad	2	2
Mr Aroon Raman	2	-

## 7. Independent Directors' Meeting

During the year under review, the Independent Directors met on March 28, 2017 inter alia, to evaluate the performance of the non-Independent Directors, Chairman and the Board of Directors as a whole. Evaluation was done on the basis of attendance, quality of discussion in the meetings, content and time lines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the Meeting.



## 8. Shareholder Information - Details of Annual / Extraordinary General Meetings

Year		
2015-16	Date	10.8.2016
	Location	The Music Academy No.168, (old no.306), TTKRoad, Chennai 600014
	Time	11.00 AM
	Special Resolution Passed	Approval for remuneration to be paid to Mr. S Ram (DIN 00018309) Chairman, who has been re-elected as a Director, liable for retirement by rotation.
2014-15	Date	13.8.2015
	Location	The Music Academy No.168, (old no.306), TTKRoad, Chennai 600014
	Time	11.00 AM
	Special Resolution Passed	Reappointment of Mr. S Ram (DIN 00018309) as non-whole-time Director liable to retire by rotation and his re-appointment as a non-executive Chairman on and from 1.9.2015
2013-14	Date	8-9-2014
	Location	The Music Academy No.168, (old no.306), TTKRoad, Chennai 600014
	Time	11.00 AM
	Special Resolution Passed	a) Amendment to the Articles of Association to increase the maximum number of Directors to Ten.
		b) Re-appointment of Mr S Ram (DIN 00018309) as Whole Time Director, designated as Executive Chairman liable to retire by rotation.
		c) Approval for borrowing of moneys under the Companies Act, 2013 upto Rs 400 crores
d) Approval for creation / modification of charge, mortgage on the assets of the Company under the Companies Act, 2013 and the Rules framed thereunder to the extent of Rs 400 crores.		
e) Approval for acceptance of deposits under the Companies Act, 2013 and the Rules framed thereunder.		

## 9. Postal Ballot / E-voting

The Company provided e-voting facility to the shareholders, in respect of the business set out in the Notice convening Annual General Meeting on 10.8.2016. This was provided to facilitate them to exercise the voting. The Special resolution passed as set out in the said AGM notice are mentioned above.

The Board of Directors appointed Mr N. Ramanathan, Partner, M/s. S Dhanapal & Associates, Practicing Company Secretaries, Chennai as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

Results of the voting for the resolutions passed at the 57th Annual General Meeting of the Company along with the Scrutinizer Report pursuant to Section 108 & 109 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, are available in the Company's website: [www.wheelsindia.com](http://www.wheelsindia.com).

## 10. Disclosures

- I. There are no materially significant related party transactions that may have potential conflict with the interest of listed entity at large.

- II. There were no instances of non-compliance by the Company on any matter related to capital markets during the preceding three years and there were no penalties, strictures imposed by SEBI / Stock Exchanges or any other statutory authorities against the Company.
- III. The policy on Related Party Transactions is given in [www.wheelsindia.com](http://www.wheelsindia.com). 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.
- IV. Disclosures of Commodity price risk / Foreign Exchange risk and Hedging activities:-
- The Board has put in place a risk management policy to manage the risks arising out of foreign currency fluctuations. The Company enters into forward contracts to hedge the foreign currency risks in accordance with the policy.
  - The Company's exposure to commodity risk in respect of aluminum is hedged by periodical revision to aluminum wheel prices made in line with the prices quoted for aluminum in London Metal Exchange.
- V. There are no non-compliance of any of the Corporate Governance report as required under SEBI LODR.
- VI. The necessary disclosures of compliance with Corporate Governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI LODR are complied.
- VII. The Company complied with all mandatory requirements.
- VIII. The details of familiarization programme imparted to Independent Directors are hosted on the website of the Company, [www.wheelsindia.com](http://www.wheelsindia.com).
- IX. The Company has complied with the discretionary requirements as specified in Part E of Schedule II with regard to the Board and separate post of Chairperson and Managing Director.

## 11. Disclosures regarding appointment of Directors

Name of the Director	<b>Mr. Christopher Michael Benedict Akers</b>
Age	49 years
Qualification	BE (University of Birmingham), MBA (Warwick Business School).
Expertise in specific functional areas	Started his career at Ford Motor Company and spent a decade in the manufacturing function covering both the Ford and Land Rover brands. He joined Titan Steel Wheels as the Manufacturing Director in 2007 and has been the Managing Director, Wheel Division, Titan Europe from 2010.
Directorship in other Companies	Nil
Chairman/Member in Committees of other Companies:	Nil
No. of Shares held in this Company	Nil

## 12. Whistle Blower Policy

Vigil mechanism encourage the Whistle blowers of the Company to report unethical business practices at workplace without any fear of reprisal. The employees are encouraged to report, any fraudulent financial or other information to the stakeholders, any conduct that results in the instances of unethical behavior, actual or suspected violation of the Company's Code of Conduct and ethics, which may come to their knowledge. The policy framed by the Company:



1. encourages the Whistle blowers to report to the Management on any malpractice, wrongful conduct, unethical behavior, fraud, violation of any applicable statute and deviation from the Company's policies,
  2. ensures timely response to such reports in such a manner to provide complete transparency,
  3. provides complete protection to the Whistle blowers from any adverse action as a result of such disclosure and
  4. builds and strengthens trust in the Company
- We affirm that no Personnel has been denied access to the Audit Committee.

### 13. Means of Communication

Quarterly Unaudited financial results for the first three quarters and Annual Audited financial results are published in Business Line (English) and Dinamani (Tamil – vernacular) or Hindu (Tamil Edition) within the stipulated time.

The Unaudited quarterly financial results and the Annual audited financial 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.

A separate dedicated section on the Company's website gives information on unclaimed dividends, quarterly compliance reports and other relevant information of interest to the investors / public.

### 14. Details of Unclaimed Share Certificates

In terms of SEBI LODR the details of the Unclaimed Shares are provided below:-

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	36 and 4773 equity shares of Rs.10/- each respectively
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	NIL
Number of shareholders to whom shares were transferred from suspense account during the year	NIL
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	36 and 4773 equity shares of Rs.10/- each respectively

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

### 15. General Shareholder Information

Date of Annual General Meeting	August 10, 2017
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 2017 to 10 <sup>th</sup> August 2017 (both days inclusive)
Dividend Payment Date	Will be paid on or before September 8, 2017 – Rs 8/- per share (80%)
Approval of financial results for the:	Financial Year: April 1 to March 31
Quarter ending June 30, 2017	2nd week of August, 2017
Quarter ending September 30, 2017	2nd week of November, 2017
Quarter ending December 31, 2017	2nd week of February, 2018
Year ending March 31, 2018	Last week of May, 2018

Listing on Stock Exchanges	The equity shares of the Company are listed on the National Stock Exchange of India Ltd. Mumbai (NSE). Further, the Company's equity shares have been permitted for dealings on Bombay Stock Exchange Limited, Mumbai (BSE) under "Permitted Securities" Category.
Listing Fees	Payment towards Listing Fee to NSE is made as and when it falls due.
ISIN Code in NSDL and CDSL	INE 715A01015
Stock Code	WHEELS – NSE 590073 – BSE
Registrar and Share Transfer Agent	Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai - 600 002. Phone: 044 - 28460390 ; Fax: 044 - 2846 0129 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 31.03.2017, 98.10% of the equity shares are held in dematerialized form
Pattern of shareholding as on March 31, 2017	Data in statement form – forming part of this Report
Distribution of shareholding as on March 31, 2017	Data in statement form – forming part of this Report
Share Performance	(NSE Vs Index Graph form) NIFTY - forming part of this Report
Share Price Data – High/Low	NSE – Data in statement form – forming part of this Report
Address for Investors' correspondence:	Registrar and Share Transfer Agents:- 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  Investor Correspondence / Compliance Officer from 11.04.2017 Mr. S. Balasundharam Company Secretary & Compliance Officer Wheels India Limited, Padi, Chennai - 600 050 Phone : 044-26258511 Extn: 2320 Fax : 044-26257121 E-Mail : investorservices@wheelsindia.com



## 16. Plant locations

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 123 501 Rewari District Haryana	Sriperumbudur 602 105, Kanchipuram District Tamil Nadu
Plot No. 56, Sector 11, Integrated Industrial Estate Pantnagar 263 153, Udham Singh Nagar Uttarakhand	Plot No D-3, Deoli Growth Centre, Deoli MIDC, Taluka Deoli 442 101 Wardha District Maharashtra	DP No 70 (P), Survey No 214 (P), SIDCO Industrial Estate, Thirumudivakkam, Sriperumbudur Taluk, Kancheepuram, Chennai 600044, Tamil Nadu	F8 & F9 SIPCOT Industrial Park, Irungattukottai, Sriperumbudur Kancheepuram Dist, Tamil Nadu 602105,	Survey No 152/3, Sriperumbudur Thiruvallur Road, Thodukadu Village & Post Thiruvallur Taluk & District - 602 105

## 17. Auditor's Certificate on Corporate Governance

As required by Schedule V(E) of the SEBI LODR, the Auditor's Certificate is forming part of this report.

## 18. Shareholding Pattern

Categories of Shareholders	No. of shares Held	Percentage
Promoters	90,24,209	75.00
Directors/ Relatives	30,741	0.25
Insurance Companies	1,75,370	1.46
Foreign Institutional Investor	1,000	0.01
Corporate Bodies	8,18,226	6.80
Resident Individuals	11,38,816	9.46
Non-Resident Indians	26,659	0.22
Hindu Undivided Families	40,864	0.34
Clearing Member	1,821	0.02
Banks	1,287	0.01
Mutual Funds	7,70,178	6.40
Foreign Portfolio Investor	3,108	0.03
<b>TOTAL</b>	<b>1,20,32,279</b>	<b>100.00</b>

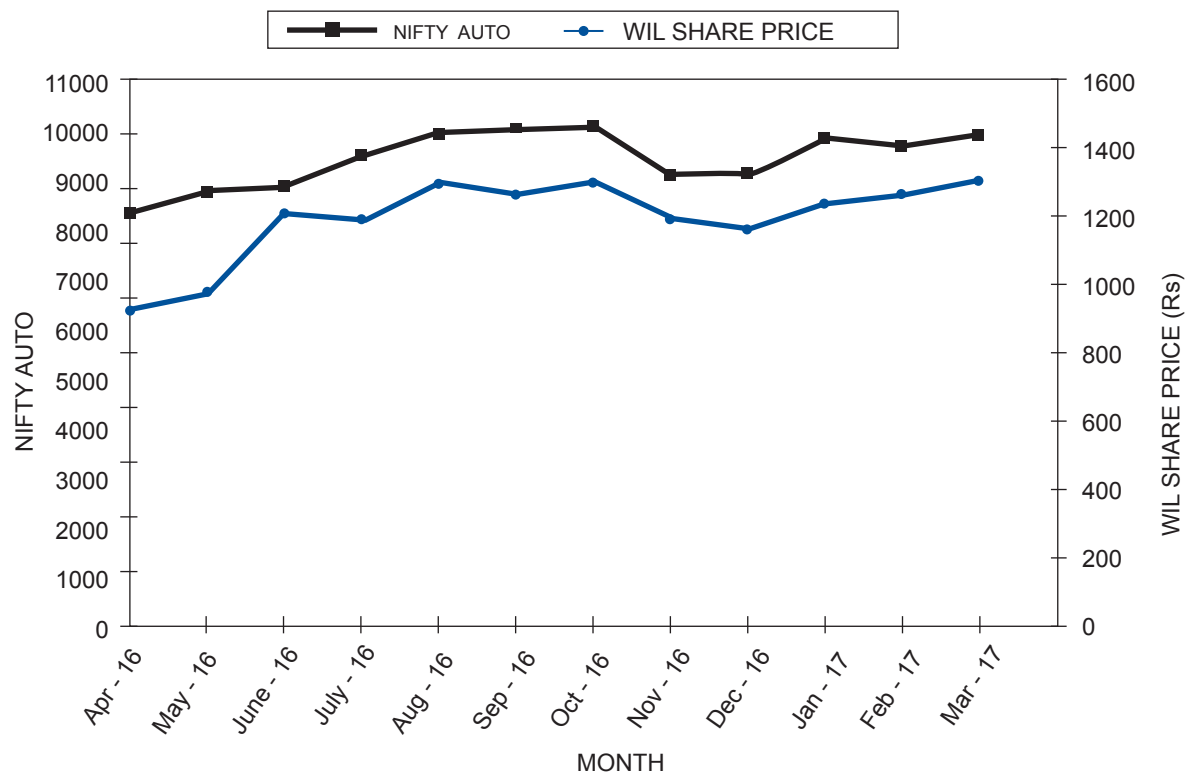
## 19. Distribution pattern

No. of Shares Held	Shareholders		No. of shares	
	Number	%	Held	%
Upto 500	6508	92.52	4,81,911	4.01
501 – 1000	268	3.81	1,98,432	1.65
1001 – 2000	150	2.13	2,11,014	1.75
2001 – 3000	37	0.53	87,456	0.73
3001 – 4000	26	0.37	89,795	0.75
4001 – 5000	13	0.19	59,359	0.49
5001 – 10000	15	0.21	95,420	0.79
10001 and above	17	0.24	1,08,08,892	89.83
<b>Total</b>	<b>7034</b>	<b>100.00</b>	<b>1,20,32,279</b>	<b>100.00</b>

## 20. Market price data

FY 2016-17	Quotation at NSE (Rs)	
	HIGH	LOW
Apr-16	988.00	920.05
May-16	1,054.65	877.10
Jun-16	1,289.00	951.00
Jul-16	1,246.05	1,158.50
Aug-16	1,419.00	1,173.00
Sep-16	1,365.00	1,220.00
Oct-16	1,368.55	1,270.05
Nov-16	1,365.00	1,120.15
Dec-16	1,210.00	1,075.25
Jan-17	1,279.40	1,152.15
Feb-17	1,369.55	1,204.60
Mar-17	1,349.00	1,218.00

## 21. Performance in Comparison to Broad Based Indices





22. Following dividends are transferable to the Investor Education and Protection Fund (IEPF) on the respective dates, as under, in accordance with the provisions of Section 124(5) of the Companies Act, 2013.

Nature of Dividend	Transferable to IEPF on	Amount as on 31.3.2017 in Rs.
Dividend 2009 – 10	17th September, 2017	1,11,595.50
Dividend 2010 – 11	14th September, 2018	2,52,486.00
First Interim Dividend 2011 - 12	19th April, 2019	1,22,064.00
Final Dividend 2011 – 12	18th September, 2019	1,58,070.00
Final Dividend 2012 – 13	17th September, 2020	2,16,415.80
Interim Dividend 2013 – 14	29th January, 2021	1,26,812.00
Final Dividend 2013 – 14	14th October, 2021	2,00,092.20
Interim Dividend 2014-15	11th March, 2022	1,35,093.00
Final Dividend 2014-15	18th September, 2022	2,23,816.50
Interim Dividend 2015-16	18th March, 2023	1,64,227.00
Final Dividend 2015-16	14th September, 2023	2,65,138.50
Interim Dividend 2016-17	16th March, 2024	4,76,755.00

On behalf of the Board of Directors

Chennai  
May 29, 2017

**S Ram**  
Chairman  
(DIN 00018309)

### 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. All the Board members and the Senior Management affirmed compliance to the code for the year 2016-17.

Place : Chennai

Date : May 29, 2017

**Srivats Ram**  
Managing Director  
(DIN 00063415)

### Auditor's 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 31.3.2017, as stipulated in Chapter IV read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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 SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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**  
Partner  
Membership No.5809

Place : Chennai  
Date : May 29, 2017



## Annexure VII

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
WHEELS INDIA LIMITED, Chennai

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Wheels India Limited, (hereinafter called the Company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company, during the audit period covering the financial year ended on March 31, 2017, appears to have complied with the statutory provisions listed hereunder and also in our limited review, that the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2017 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') to the extent applicable during the year:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) made effective 1st July, 2015.
- ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015).

During the period under review, the Company has complied in accordance with the requirements to be met with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable during the year.



We further report that, subject to the above, the related documents that we have come across depict that:

The Board of Directors of the Company is constituted as applicable with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on our limited review of the compliance mechanism established by the Company, there appear adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has sought the approval of its members for following major events:

- Payment of Remuneration / Commission (1% of net profits) to Mr. S Ram, Chairman of the Company
- Appointment of Cost Auditor M/s. Geeyes & Co. for audit of the Cost records of the Company for the year ending 31.03.2017;

We further report that our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

For S Dhanapal & Associates

S. Dhanapal  
(Partner)

FCS 6881

CP No. 7028

Place : Chennai

Date : 29th May 2017

This Report is to be read with our testimony of even date which is annexed as Annexure A and forms an integral part of this report.

## Annexure A

To

The Members, **WHEELS INDIA LIMITED**, Chennai

Our report of even date is to be read along with this letter.

### Management's Responsibility

- a. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

### Auditor's Responsibility

- b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- c. We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.
- d. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

### Disclaimer

- e. The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

For S Dhanapal & Associates

S. Dhanapal  
(Partner)

FCS 6881

CP No. 7028

Place: Chennai

Date: 29th May 2017

## Annexure VIII

### Extract of Annual Return

as on the financial year ended on 31.3.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i	CIN	L35921TN1960PLC004175
ii	Registration Date	June 13, 1960
iii	Name of the Company	Wheels India Limited
iv	Category / Sub-Category of the Company	Public Limited Company
v	Address of the Registered office and contact details	Registered office: 21, Patullos Road Chennai 600 002 Corporate Office: Padi, Chennai 600 050 Phone: 044-26258511; Fax : 044-26257121 E-Mail: investorservices@wheelsindia.com
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	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

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

S. No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacture of Road Wheels	29301	52%
2	Manufacture of Parts & Accessories for Machinery / Equipments used by construction and mining industries	28246	14%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Axles India Limited, 21, Patullos Road Chennai 600002	U27209TN1981PLC008630	Associate	9.51	Section 2(6) of the Companies Act 2013



#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	49,05,569	-	49,05,569	40.77	49,05,569	-	49,05,569	40.77	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (1)</b>	49,05,569	-	49,05,569	40.77	49,05,569	-	49,05,569	40.77	-
<b>(2) Foreign</b>									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	41,18,640	-	41,18,640	34.23	41,18,640	-	41,18,640	34.23	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (2)</b>	41,18,640	-	41,18,640	34.23	41,18,640	-	41,18,640	34.23	-
<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	90,24,209	-	90,24,209	75.00	90,24,209	-	90,24,209	75.00	-

<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	7,10,953	-	7,10,953	5.91	7,70,178	-	7,70,178	6.39	0.48
(b) Banks/FI	3,265	-	3,265	0.03	1,287	-	1,287	0.01	(0.02)
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt (s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	1,75,370	-	1,75,370	1.46	1,75,370	-	1,75,370	1.46	-
(g) FIs	1,000	-	1,000	0.01	1,000	-	1,000	0.01	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)									
Foreign Portfolio Investor	-	-	-	-	3,108	-	3,108	0.03	0.03
<b>Sub-Total (B)(1)</b>	8,90,588	-	8,90,588	7.41	9,50,943	-	9,50,943	7.90	0.49

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>2) Non-Institutions</b>										
(a) Bodies Corp.										
i. Indian	7,88,492	39,066	8,27,558	6.88	7,79,160	39,066	8,18,226	6.80	(0.08)	
ii. Overseas	-	-	-	-	-	-	-	-	-	
(b) individuals										
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	9,71,166	1,90,581	11,61,747	9.65	9,33,040	1,76,266	11,09,306	9.22	(0.44)	
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	13,687	11,050	24,737	0.20	13,687	11,050	24,737	0.20	-	
(c) Others (Specify)										
Clearing member	5,260	-	5,260	0.04	1,821	-	1,821	0.02	(0.02)	
Directors and their relatives	30,741	-	30,741	0.26	30,741	-	30,741	0.26	-	
Wheels India Limited unclaimed shares Suspense Account	4,773	-	4,773	0.04	4,773	-	4,773	0.04	-	
Hindu Undivided Families	34,871	-	34,871	0.29	40,863	1	40,864	0.34	0.05	
Non-resident Indians	25,621	2,174	27,795	0.23	24,485	2,174	26,659	0.22	(0.01)	
<b>Sub-Total (B)(2)</b>	<b>18,74,611</b>	<b>2,42,871</b>	<b>21,17,482</b>	<b>17.60</b>	<b>18,28,570</b>	<b>2,28,557</b>	<b>20,57,127</b>	<b>17.10</b>	<b>(0.50)</b>	
<b>Total Public Shareholding = (B) (1) + (B) (2)</b>	<b>27,65,199</b>	<b>2,42,871</b>	<b>30,08,070</b>	<b>25.00</b>	<b>27,79,513</b>	<b>2,28,557</b>	<b>30,08,070</b>	<b>25.00</b>	<b>-</b>	
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Grand Total (A+B+C)</b>	<b>1,17,89,408</b>	<b>2,42,871</b>	<b>1,20,32,279</b>	<b>100.00</b>	<b>1,18,03,722</b>	<b>2,28,557</b>	<b>1,20,32,279</b>	<b>100.00</b>	<b>-</b>	

**(ii) Shareholding of Promoters:**

S. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	TV Sundram Iyengar & Sons Private Limited	24,55,514	20.41	Nil	24,55,514	20.41	Nil	Nil
2	Sundaram Finance Limited	13,33,741	11.08	Nil	13,33,741	11.08	Nil	Nil
3	Southern Roadways Limited	11,16,314	9.28	Nil	11,16,314	9.28	Nil	Nil
4	Titan Europe Limited	41,18,640	34.23	Nil	41,18,640	34.23	Nil	Nil
	<b>Total</b>	<b>90,24,209</b>	<b>75.00</b>	<b>Nil</b>	<b>90,24,209</b>	<b>75.00</b>	<b>Nil</b>	<b>Nil</b>



**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	90,24,209	75.00	90,24,209	75.00
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	90,24,209	75.00	90,24,209	75.00

There is no change in promoters' shareholding

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Name of the Shareholder	No of shares	% of total shares of the company	Cumulative No. of shares	% of total shares of the company
1	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE TAX SAVER (ELSS) FUND				
	At the beginning of the year 01-Apr-2016	5,80,194	4.82	5,80,194	4.82
	Purchase 08-Apr-2016	535	0	5,80,729	4.83
	Purchase 15-Apr-2016	1,809	0.02	5,82,538	4.84
	Purchase 22-Apr-2016	2,462	0.02	5,85,000	4.86
	Purchase 06-May-2016	944	0.01	5,85,944	4.87
	Purchase 13-May-2016	231	0	5,86,175	4.87
	Purchase 03-Jun-2016	3,511	0.03	5,89,686	4.90
	Sale 10-Jun-2016	-4,831	0.04	5,84,855	4.86
	Purchase 24-Jun-2016	8,205	0.07	5,93,060	4.93
	Purchase 30-Jun-2016	3,750	0.03	5,96,810	4.96
	Sale 01-Jul-2016	-3,817	0.03	5,92,993	4.93
	Purchase 15-Jul-2016	3,467	0.03	5,96,460	4.96
	Purchase 22-Jul-2016	4,258	0.04	6,00,718	4.99
	Purchase 29-Jul-2016	2,124	0.02	6,02,842	5.01
	Purchase 03-Aug-2016	158	0	6,03,000	5.01
	Purchase 19-Aug-2016	1,832	0.02	6,04,832	5.03
	Purchase 26-Aug-2016	1,30,717	1.09	7,35,549	6.11
	Purchase 09-Sep-2016	4,301	0.04	7,39,850	6.15
	Purchase 16-Sep-2016	4,259	0.04	7,44,109	6.18
	Purchase 23-Sep-2016	2,890	0.02	7,46,999	6.21
	Purchase 30-Sep-2016	2,000	0.02	7,48,999	6.22
	Purchase 07-Oct-2016	1,754	0.01	7,50,753	6.24
	Purchase 11-Nov-2016	2,691	0.02	7,53,444	6.26
	Purchase 18-Nov-2016	2,553	0.02	7,55,997	6.28
	Purchase 25-Nov-2016	2,145	0.02	7,58,142	6.30
	Purchase 02-Dec-2016	959	0.01	7,59,101	6.31

S. No.	Name of the Shareholder	No of shares	% of total shares of the company	Cumulative No. of shares	% of total shares of the company
	Purchase 30-Dec-2016	167	0	7,59,268	6.31
	Purchase 06-Jan-2017	944	0.01	7,60,212	6.32
	Purchase 03-Feb-2017	429	0	7,60,641	6.32
	Purchase 24-Feb-2017	1,609	0.01	7,62,250	6.34
	Purchase 03-Mar-2017	2,750	0.02	7,65,000	6.36
	Purchase 17-Mar-2017	1,051	0.01	7,66,051	6.37
	Purchase 24-Mar-2017	2,051	0.02	7,68,102	6.38
	Purchase 31-Mar-2017	2,076	0.02	7,70,178	6.40
	At the end of the Year 31-Mar-2017	7,70,178	6.40	7,70,178	6.40
2	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCESMALL CAP FUND*				
	At the beginning of the year 01-Apr-2016	1,30,717	1.09	1,30,717	1.09
	Sale 26-Aug-2016	-1,30,717	1.09	0	0.00
	At the end of the Year 31-Mar-2017	0	0	0	0.00
3	MAHAM HOLDINGS LIMITED				
	At the beginning of the year 01-Apr-2016	1,90,553	1.58	1,90,553	1.58
	At the end of the Year 31-Mar-2017	1,90,553	1.58	1,90,553	1.58
4	GENERAL INSURANCE CORPORATION OF INDIA				
	At the beginning of the year 01-Apr-2016	1,75,370	1.46	1,75,370	1.46
	At the end of the Year 31-Mar-2017	1,75,370	1.46	1,75,370	1.46
5	ABI SHOWATECH (INDIA) LIMITED				
	At the beginning of the year 01-Apr-2016	1,44,929	1.2	1,44,929	1.20
	At the end of the Year 31-Mar-2017	1,44,929	1.2	1,44,929	1.20
6	PADMALAKSHMI HOLDINGS PRIVATE LIMITED				
	At the beginning of the year 01-Apr-2016	1,29,645	1.08	1,29,645	1.08
	At the end of the Year 31-Mar-2017	1,29,645	1.08	1,29,645	1.08
7	REVATHI HOLDINGS PRIVATE LIMITED				
	At the beginning of the year 01-Apr-2016	1,03,803	0.86	1,03,803	0.86
	At the end of the Year 31-Mar-2017	1,03,803	0.86	1,03,803	0.86
8	SUNDHARAMS PRIVATE LIMITED				
	At the beginning of the year 01-Apr-2016	1,58,808	1.32	1,58,808	1.32
	At the end of the Year 31-Mar-2017	1,58,808	1.32	1,58,808	1.32
9	INDIA INFOLINE LIMITED				
	At the beginning of the year 01-Apr-2016	52,630	0.44	52,630	0.44
	Sale 01-Apr-2016	-10,000	0.08	42,630	0.35
	Sale 08-Apr-2016	-2,005	0.01	40,625	0.34
	Sale 15-Apr-2016	-1	0	40,624	0.34
	Sale 29-Apr-2016	-1	0	40,623	0.34
	Purchase 06-May-2016	4	0	40,627	0.34
	Sale 13-May-2016	-4	0	40,623	0.34
	Purchase 27-May-2016	44	0	40,667	0.34
	Sale 27-May-2016	-1	0	40,666	0.34
	Purchase 03-Jun-2016	418	0	41,084	0.34



S. No.	Name of the Shareholder	No of shares	% of total shares of the company	Cumulative No. of shares	% of total shares of the company
	Sale 03-Jun-2016	-418	0	40,666	0.34
	Purchase 03-Jun-2016	117	0	40,783	0.34
	Purchase 10-Jun-2016	39	0	40,822	0.34
	Purchase 17-Jun-2016	29	0	40,851	0.34
	Sale 17-Jun-2016	-10	0	40,841	0.34
	Sale 24-Jun-2016	-229	0	40,612	0.34
	Sale 30-Jun-2016	-40,194	0.33	418	0.00
	Purchase 01-Jul-2016	38,455	0.32	38,873	0.32
	Sale 08-Jul-2016	-49	0	38,824	0.32
	Purchase 15-Jul-2016	9	0	38,833	0.32
	Sale 22-Jul-2016	-38,405	0.32	428	0.00
	Purchase 29-Jul-2016	38,378	0.32	38,806	0.32
	Sale 29-Jul-2016	-10	0	38,796	0.32
	Purchase 03-Aug-2016	10	0	38,806	0.32
	Sale 05-Aug-2016	-294	0	38,512	0.32
	Sale 12-Aug-2016	-38,093	0.32	419	0.00
	Purchase 12-Aug-2016	133	0	552	0.00
	Sale 19-Aug-2016	-129	0	423	0.00
	Purchase 26-Aug-2016	38,131	0.32	38,554	0.32
	Sale 02-Sep-2016	-554	0	38,000	0.32
	Purchase 09-Sep-2016	56	0	38,056	0.32
	Sale 09-Sep-2016	-37,582	0.31	474	0.00
	Purchase 16-Sep-2016	2,575	0.02	3,049	0.03
	Sale 23-Sep-2016	-2,531	0.02	518	0.00
	Purchase 30-Sep-2016	37,581	0.31	38,099	0.34
	Sale 30-Sep-2016	-100	0	37,999	0.32
	Sale 07-Oct-2016	-131	0	37,868	0.31
	Purchase 21-Oct-2016	29	0	37,897	0.31
	Sale 21-Oct-2016	-37,450	0.31	447	0.00
	Purchase 28-Oct-2016	37,449	0.31	37,896	0.31
	Sale 28-Oct-2016	-29	0	37,867	0.31
	Sale 18-Nov-2016	-37,449	0.31	418	0.00
	Purchase 25-Nov-2016	37,308	0.31	37,726	0.31
	Sale 02-Dec-2016	-5	0	37,721	0.31
	Sale 16-Dec-2016	-102	0	37,619	0.31
	Sale 30-Dec-2016	-1	0	37,618	0.31
	Purchase 30-Dec-2016	1,794	0.01	39,412	0.33
	Purchase 31-Dec-2016	1,791	0.01	41,203	0.34
	Sale 31-Dec-2016	-1,791	0.01	39,412	0.33
	Sale 06-Jan-2017	-3	0	39,409	0.33
	Purchase 03-Feb-2017	402	0	39,811	0.33
	Purchase 10-Feb-2017	50	0	39,861	0.33
	Sale 17-Feb-2017	-50	0	39,811	0.33



S. No.	Name of the Shareholder	No of shares	% of total shares of the company	Cumulative No. of shares	% of total shares of the company
	Sale 21-Feb-2017	-39,393	0.33	418	0.00
	Purchase 24-Feb-2017	39,392	0.33	39,810	0.33
	Purchase 03-Mar-2017	505	0	40,315	0.34
	Sale 24-Mar-2017	-39,897	0.33	418	0.00
	Purchase 31-Mar-2017	40,143	0.33	40,561	0.33
	At the end of the Year 31-Mar-2017	40,561	0.33	40,561	0.33
10	KOTAK MAHINDRA OLD MUTUAL LIFE INSURANCE LIMITED				
	At the beginning of the year 01-Apr-2016	23,046	0.19	23,046	0.19
	At the end of the Year 31-Mar-2017	23,046	0.19	23,046	0.19
11	KAMLESH NAVINCHANDRA SHAH**				
	At the beginning of the year 01-Apr-2016	13,687	0.1137	13,687	0.1137
	At the end of the Year 31-Mar-2017	13,687	0.1137	13,687	0.1137

\* Ceased to be in the list of Top 10 shareholders as on 31-03-2017. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01-04-2016

\*\*Not in the list of Top 10 shareholders as on 01-04-2016. The same has been reflected above since the shareholder is one of the Top 10 shareholders as on 31-03-2017.

#### (v) Shareholding of Directors and Key Managerial Personnel

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
At the beginning of the year					
1	Mr S Ram	Nil	Nil	Nil	Nil
2	Mr Srivats Ram	26,536	0.220	26,536	0.220
3	Mr S Viji	Nil	Nil	Nil	Nil
4	Mr Christopher M B Akers	Nil	Nil	Nil	Nil
5	Mr T S Vijayaraghavan	Nil	Nil	Nil	Nil
6	Mr S Prasad	1,600	0.013	1,600	0.013
7	Mr Aroon Raman	Nil	Nil	Nil	Nil
8	Mr B Santhanam	Nil	Nil	Nil	Nil
9	Ms Bharati Rao	Nil	Nil	Nil	Nil
10	Mr Paul G Reitz	Nil	Nil	Nil	Nil
11	Mr S Srivathsan CFO & Secretary	Nil	Nil	Nil	Nil
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):		There is no Increase / Decrease in Shareholding of Directors and KMP during the year for the above Directors and KMP mentioned.			
At the End of the year		As there is no Increase / Decrease in Shareholding during the year, the shareholding of the above Directors and KMP which stood during the beginning of the year remains same as at the end of the year also			



## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits Unsecured	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	24,006.00	4,659.44	9,948.03	38,613.47
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	121.26	79.41	523.76	724.43
Total (i+ii+iii)	24,127.26	4,738.85	10,471.79	39,337.90
<b>Change in Indebtedness during the financial year</b>				
Addition	-	381.94	2,298.90	2,680.84
Reduction	4,113.73	-	-	4,113.73
Net Change	(4,113.73)	381.94	2,298.90	(1,432.89)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	19,901.09	5,064.41	12,006.95	36,972.45
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	112.44	56.38	763.74	932.56
Total (i+ii+iii)	20,013.53	5,120.79	12,770.69	37,905.01

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs in lakhs

S. No.	Particulars of Remuneration	Mr Srivats Ram, Managing Director	Total Amount
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	86.40	86.40
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	1.31	1.31
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	163.73 2%	163.73 2%
5	Others-Retirement Benefits	14.58	14.58
Total (A)		266.02	266.02
Ceiling as per the Act (5% of the net profits)			409.33

**B. Remuneration to other Directors:**

Rs in lakhs

S. No.	Name of Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board / committee meetings	Commission	Others, please specify	
	Independent Directors				
1	Mr T S Vijayaraghavan	2.75	-	-	2.75
2	Mr S Prasad	2.90	-	-	2.90
3	Mr Aroon Raman	1.35	-	-	1.35
4	Mr B Santhanam	1.05	-	-	1.05
5	Ms Bharati Rao	0.25	-	-	0.25
	Total (1)	8.30	-	-	8.30
	Other Non-Executive Directors				
1	Mr S Ram	1.05	81.87*	-	82.92
2	Mr S Viji	2.55		-	2.55
3	Mr CMB Akers	0.20		-	0.20
4	Mr Paul G Reitz	0.20		-	0.20
	Total (2)	4.00	81.87*	-	85.87
	Total (B) = (1)+(2)	12.30	81.87	-	94.17
	Total Managerial Remuneration				360.19
	Overall Ceiling as per the Act (11% of the net profits)				900.54

\*Commission payable to Non-Executive Chairman.

**C. Remuneration to other Directors key managerial personnel other than MD/MANAGER/WTD:**

Rs in lakhs

S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr S Srivathsan CFO & CS	Total Amount
1	Gross Salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	62.66	62.66
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	3.10	3.10
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit		
	- others, specify...		
5	Others-Retirement Benefits	5.97	5.97
	Total (A)	71.73	71.73

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
<b>(A) Copany; (B) Directors; (C) Other Officers In Default</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL



### Conservation of Energy

Your Company is implementing energy conservation activities in all of its plant locations.

Energy saving projects have been implemented on following themes:

Usage of magnetic flux concentrator for Induction heater, reduction of compressed air leakage, use of variable frequency drives for motors, replacement of lesser efficient motors with energy efficient motors, optimization of motor capacity, use of energy efficient lamps like induction lamps, LED lamps and increased usage of natural lighting during daytime, use of star rated air conditioners, and power factor improvement to reduce energy billing in northern plants.

In our Padi and Sriperumbudur plants, we are sourcing 55% and 85% of our power requirements from wind energy providers. In a limited way, we are using solar thermal energy in one of the Padi paint plants and using briquetted organic material for paint plant thermopac in Sriperumbudur.

### Technology Absorption

Your Company has always worked on developing new products for new customer vehicle models and worked on making improvements through value engineering on existing products aimed at light weighting exercises, cost reduction or performance improvement. The year under review on technology showed the development of 221 new products and filing of 3 new patents from your Company.

Your Company has focused on cost reduction and value optimization of its product and process design to manufacture wheels and air suspension kits. These are tested and validated by us prior to introduction into the market. We also work on a technology road

map towards introducing new products to meet future customer expectations. There is a dedicated team of engineers who work through a structured approach towards developing new products and processes.

Your Company has become a major supplier of parts to the wind energy segment. In an effort to widen the scope of supply to the wind energy segment, your Company has entered into a technology transfer agreement with Fluitecnik S A, Spain for the manufacture and supply of hydraulic components for wind energy sector. As per the agreement terms, the technology for several hydraulic component solutions will be transferred over the period of next five years.

Your Company continues its focused approach on resource optimization and yield improvement through continuous improvement programs that look at its internal processes and costs to improve our competitiveness

### Expenditure incurred on R & D development

	(Rs in Crores)
Capital	2.70
Revenue	12.88
Total as a percentage of turnover (%)	0.72

### Foreign Exchange Earnings and Outgo:

The foreign exchange outgo to the Company during the year under review was Rs 131.78 crores and the foreign exchange earned was Rs 371.15 crore.

On behalf of the Board of Directors

Chennai  
May 29, 2017

**S Ram**  
Chairman  
DIN 00018309

# Independent Auditors' Report on the Standalone Financial Statements

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## To the Members of Wheels India Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of WHEELS INDIA LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand alone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give



a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order) issued by the Central Government of India, in terms of Section 143(11) of the Act, we give in the Annexure "A" to this report, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company, and the operating effectiveness of such controls, refer to our separate report in Annexure "B" to this report and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No. 22(i)(b) to the standalone financial statements;
  - ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company – Refer Note No. 41 to the standalone financial statements.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No: 004207S)

**K. Srinivasan**  
Partner

Chennai  
29th May, 2017

Membership No.5809

## Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- 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 title deeds of immovable properties are held in the name of the Company.
- II. The Physical verification of inventory has been conducted at reasonable intervals by the Management and discrepancies noticed on such verification which were not material have been properly dealt with in the books of account.
- III. The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Hence, the clauses (iii) (a), (b) and (c) of this paragraph of the Order are not applicable.
- IV. The Company has not granted any loans, made any investment and provided any guarantee or security. Hence the provisions of section 185 and 186 of the Act are not applicable.
- V. The Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder with regard to the deposits accepted from the public.
- VI. The Maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act in respect of the two of the products manufactured by the Company and we have broadly reviewed the cost records and are of the opinion that, prima facie, the prescribed cost records have been so made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- VII. a. The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added tax, Cess and other statutory dues with the appropriate authorities.  
b. The disputed Income tax, service tax, Value added tax and property tax aggregating to Rs. 16.21 Crores has not been deposited on account of disputes which are contested in appeals and are pending before Commissioner of Income Tax (Appeals), Central Excise and Service Tax Appellate Tribunal, Joint Commissioner Commercial Tax-Appeal, Appellate Deputy Commissioner – Commercial Taxes and Madras High Court.
- VIII. The Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks.
- IX. The Company had not raised any moneys by way of Initial Public Offer or further public offer (Including Debt Instruments). The moneys raised by way of term loans were applied for the purpose for which the term loans were raised.
- X. No fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- XI. The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of the section 197, read with Schedule V to the Act.
- XII. The Company is not a Nidhi company, hence this paragraph of the order is not applicable.
- XIII. The transactions with the related parties are in compliance with Section 177 and Section 188 of the Act and details have been disclosed in the standalone financial statements etc, as required by the applicable accounting standards.
- XIV. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Hence this paragraph of the order is not applicable.
- XV. The company has not entered into any non-cash transaction with directors or persons connected with them. Hence this paragraph of the order is not applicable.
- XVI. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No: 004207S)

**K. Srinivasan**

Partner

Chennai  
29th May, 2017

Membership No.5809





## Annexure B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial Controls over financial reporting of Wheels India Limited ("the Company") as at 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal financial controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed

to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements



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for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial

controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No: 004207S)

**K. Srinivasan**  
Partner

Chennai  
29th May, 2017

Membership No.5809



# **ACCOUNTS - 2016-2017**

# Balance Sheet as at 31<sup>st</sup> March 2017

Particulars	Note No.	Rs. in Crores	
		As at 31.03.2016	
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	12.03	12.03
b) Reserves and Surplus	2	448.32	396.13
		<b>460.35</b>	408.16
<b>2. Non-current liabilities</b>			
a) Long-term Borrowings	3	136.11	188.56
b) Deferred tax liabilities (Net)	4	67.17	66.56
c) Other long term liabilities	5	1.20	2.03
d) Long-term provisions	6	3.72	3.86
		<b>208.20</b>	261.01
<b>3. Current liabilities</b>			
a) Short-term borrowings	7	146.26	147.49
b) Trade payables			
A) total outstanding dues of micro enterprises and small enterprises; and	8	9.29	11.23
B) total outstanding dues of creditors other than micro enterprises and small enterprises	8	407.06	356.28
c) Other current liabilities	9	112.86	74.15
d) Short-term provisions	10	21.30	30.76
		<b>696.77</b>	619.91
<b>TOTAL</b>		<b>1,365.32</b>	1,289.08
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a) Fixed assets			
i) Tangible assets	11	524.50	516.82
ii) Intangible assets	12	1.84	1.59
iii) Capital Work-in-progress	13	21.93	16.74
b) Non-current investments	14	10.95	11.31
c) Long-term loans and advances	15	27.66	25.54
d) Other non-current assets	16	14.87	12.28
		<b>601.75</b>	584.28
<b>2. Current assets</b>			
a) Inventories	17	279.23	297.60
b) Trade receivables	18	415.79	345.86
c) Cash and cash equivalents	19	10.38	4.96
d) Short-term loans and advances	20	57.68	56.06
e) Other current assets	21	0.49	0.32
		<b>763.57</b>	704.80
<b>TOTAL</b>		<b>1,365.32</b>	1,289.08
Significant Accounting Policies	A		

**S RAM**

Chairman

**SRIVATS RAM**

Managing Director

**S PRASAD**

Director

As per our report attached

For **SUNDARAM & SRINIVASAN**

Chartered Accountants

(Registration No.:004207S)

**K SRINIVASAN**

Partner

Membership No.5809

**R RAGHUNATHAN**

Chief Financial Officer

**S BALASUNDHARAM**

Company Secretary

Chennai

29th May, 2017

# Profit and Loss Statement for the Year Ended 31<sup>st</sup> March 2017



		Rs. in Crores	
		2015-16	
	Note No.		
<b>REVENUE FROM OPERATIONS</b>			
Sale of Products		2,168.31	1,973.66
Sale of Services		19.70	18.32
Other operating revenues		154.62	154.20
Revenue from Operations - Gross		2,342.63	2,146.18
Less: Excise Duty {On sale of products Rs.156.80 crores (previous year Rs.145.90 crores); Others Rs. 12.96 Crores (previous year Rs.13.04 crores)}		169.76	158.94
Revenue from Operations - Net		2,172.87	1,987.24
Other income	24	3.19	1.86
<b>TOTAL REVENUE</b>		<b>2,176.06</b>	<b>1,989.10</b>
<b>EXPENSES</b>			
Cost of materials consumed	25	1,423.81	1,321.40
Changes in inventories of finished goods, Work-in-progress	26	5.56	(28.59)
Employee benefit expense	27	252.34	231.82
Other Expenses	28	304.37	290.11
<b>TOTAL EXPENSES</b>		<b>1,986.08</b>	<b>1,814.74</b>
Earnings before Finance Costs, Tax, Depreciation and Amortisation expenses		189.98	174.36
Finance Costs	29	47.79	57.58
Depreciation and amortisation expenses	11&12	63.92	60.45
Profit before exceptional and extraordinary items and tax		78.27	56.33
Exceptional items		-	-
Profit before extraordinary items and tax		78.27	56.33
Extraordinary items		-	-
<b>Profit before tax</b>		<b>78.27</b>	<b>56.33</b>
Tax expense:			
Current tax		18.35	12.60
Deferred tax		0.61	3.74
<b>Profit (Loss) for the year</b>		<b>59.31</b>	<b>39.99</b>
Earnings per equity share:	36		
1. Basic		49.29	33.24
2. Diluted		49.29	33.24
Significant Accounting Policies	A		

**S RAM**  
Chairman

**SRIVATS RAM**  
Managing Director

**S PRASAD**  
Director

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

**R RAGHUNATHAN**  
Chief Financial Officer

**S BALASUNDHARAM**  
Company Secretary

**K SRINIVASAN**  
Partner

Chennai  
29th May, 2017

Membership No.5809

## 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) 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 under the Straight Line Method, in accordance with Schedules II of Companies Act, 2013.
- 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.
- f) Grants received from Government based on Investment in Fixed assets are reduced from the cost of Fixed assets.

#### iii) Investments:

- a) Long term investments are stated at cost less provision for diminution other than temporary if any, in value of such investments.
- b) Current investments are stated at the lower of cost and fair value.

#### iv) 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.

#### v) 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. Dividend income is recognised when rights to receive payment is established

#### vi) 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 an obligation to make good the shortfall, if any, between the return from the investments made from the Trust and the notified interest rate.
- 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 Company Limited, who is the administrator of the plan.

**vii) Research & Development expenses:**

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

**viii) 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 31<sup>st</sup> 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.

**ix) Export Incentives:**

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

**x) 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 the net loss/gain arising there from is recognised in the Profit & Loss account 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.

**xi) 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.

**xii) Earnings per share:**

Earnings per share (EPS) is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year

**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.

		Rs. in Crores			
		As at 31.03.2017		As at 31.03.2016	
<b>1 SHARE CAPITAL</b>					
a) <b>Authorised</b>					
	2,00,00,000 Equity Shares of Rs.10/- each		20.00		20.00
b) <b>Issued, Subscribed and Fully Paid-up</b>					
	1,20,32,279 Equity Shares of Rs.10/- each		12.03		12.03
c) <b>Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:</b>					
		2016 - 17		2015 - 16	
	Equity Shares of Rs.10/- each	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
	Outstanding at the beginning and end of the year	1,20,32,279	12.03	1,20,32,279	12.03
d) <b>Rights, Preferences and Restrictions</b>					
	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		31.03.2017 (Number of shares)		31.03.2016 (Number of shares)	
	T V Sundram Iyengar & Sons Private Limited		24,55,514		24,55,514
	Southern Roadways Limited		11,16,314		11,16,314
	Sundaram Finance Limited		13,33,741		13,33,741
	Titan Europe Limited, UK		41,18,640		41,18,640



Rs. in Crores

	As at 31.03.2017	As at 31.03.2016
<b>2 RESERVES AND SURPLUS</b>		
a) Capital Reserves		
As per last Balance Sheet	—	—
b) Securities Premium Reserve		
As per last Balance Sheet	<b>82.13</b>	82.13
c) General Reserves		
As per last Balance Sheet	<b>302.28</b>	277.28
Additions	<b>25.00</b>	25.00
	<b>327.28</b>	302.28
d) Surplus		
As per last Balance Sheet	<b>11.58</b>	9.63
Add: Profit for the year	<b>59.31</b>	39.99
	<b>70.89</b>	49.62
Less:		
Interim Dividend @ Rs. 5.00 per Share (Previous year @ Rs.3.50 per share)	<b>6.02</b>	4.21
Dividend Tax on interim dividend	<b>1.22</b>	0.86
Proposed final equity dividend * (previous year @ Rs.5.50 per share)	-	6.62
Dividend Tax on proposed equity dividend	-	1.35
Transfer to General Reserves	<b>25.00</b>	25.00
	<b>32.24</b>	38.04
	<b>38.65</b>	11.58
e) Foreign Currency Monetary Items Translation Difference Account	<b>0.26</b>	0.14
	<b>448.32</b>	396.13

\* Refer to Note no : 40



## Notes on Accounts (Contd.)

		Rs. in Crores	
		As at 31.03.2017	As at 31.03.2016
<b>NON CURRENT LIABILITIES</b>			
<b>3 LONG TERM BORROWINGS</b>			
<b>A. SECURED BORROWINGS</b>			
a.	Term Loans from Banks		
	By first Charge by way of hypothecation of specific machinery	54.45	87.35
b.	Term Loans from others		
	By first Charge by way of hypothecation of specific machinery	16.25	27.50
<b>B. UNSECURED BORROWINGS</b>			
a.	Deferred payment liabilities	-	0.64
	From State Government under Interest Free Sales tax Deferral Scheme		
b.	Fixed Deposits		
	[Includes Rs. 0.48 crores received from Directors (Previous year Rs. 3.00 crores)]	65.41	73.07
		<b>136.11</b>	<b>188.56</b>
	Terms of Repayment		Refer to Note no.23
<b>4 DEFERRED TAX LIABILITIES (NET)</b>			
<b>a) Deferred Tax Liability</b>			
i)	Depreciation	68.46	65.67
ii)	Exchange difference on Long Term Foreign Currency Monetary Item	(0.09)	(0.05)
iii)	Export Incentives	2.21	3.57
iv)	others	0.22	-
		<b>70.80</b>	<b>69.19</b>
<b>b) Deferred Tax Asset</b>			
	Expenses allowable for tax purpose on payment basis	3.63	2.63
		<b>67.17</b>	<b>66.56</b>



## Notes on Accounts (Contd.)

Rs. in Crores		
	As at 31.03.2017	As at 31.03.2016
<b>5 OTHER LONG TERM LIABILITIES</b>		
Security Deposits	1.20	2.03
	<u>1.20</u>	<u>2.03</u>
<b>6 LONG TERM PROVISIONS</b>		
Provision for employee benefits	3.72	3.86
	<u>3.72</u>	<u>3.86</u>
<b>CURRENT LIABILITIES</b>		
<b>7 SHORT TERM BORROWINGS</b>		
<b>A. SECURED BORROWINGS</b>		
a) Loans repayable on demand from Banks	84.01	92.10
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	50.00	45.00
b) Fixed Deposits	12.25	10.39
(Includes Rs. 0.40 crores received from Directors (previous year Rs.0.37 crores))		
	<u>146.26</u>	<u>147.49</u>
<b>8 TRADE PAYABLES</b>		
Dues to Micro Enterprises and Small Enterprises	9.29	11.23
Dues to others	407.06	356.28
	<u>416.35</u>	<u>367.51</u>

(Refer to note no. 42 for details of dues to Micro Enterprises and Small Enterprises)

## Notes on Accounts (Contd.)

Rs. in Crores

	As at 31.03.2017	As at 31.03.2016
<b>9 OTHER CURRENT LIABILITIES</b>		
a) Current maturities of long-term debt (Refer note no. 23) [Includes Rs. 2.67 crores received from Directors (previous year Rs.0.11 crores)]	<b>87.35</b>	50.08
b) Interest accrued but not due on borrowings	<b>8.52</b>	6.66
c) Unclaimed dividends	<b>0.24</b>	0.23
d) Unclaimed matured deposits and interest accrued thereon	<b>0.72</b>	0.58
e) Other payables		
Statutory dues	<b>5.34</b>	3.55
Trade Deposits	<b>0.78</b>	0.84
Recovery from Employees	<b>1.01</b>	1.22
Creditors for capital goods [includes due to Micro enterprises and Small and medium enterprises Rs. 0.63 crores (previous year Rs.0.62 crores)]	<b>3.36</b>	5.35
Provision for expenses	<b>4.64</b>	4.46
Provision for Excise duty on Finished Goods Stock	<b>0.90</b>	1.18
	<b>16.03</b>	16.60
	<b>112.86</b>	74.15
<b>10 SHORT TERM PROVISIONS</b>		
a) Provision for employee benefits	<b>18.84</b>	18.98
b) Due to Directors	<b>2.46</b>	0.99
c) Others		
Provision for Taxation less Advance Tax and Tax deducted at Source	-	3.40
Less: Minimum Alternate Tax credit entitlement set off	-	0.58
Provision for Dividend*	-	6.62
Provision for Dividend Tax	-	1.35
	<b>21.30</b>	30.76

\* Refer to Note No.40



## Notes on Accounts (Contd.)

### NON CURRENT ASSETS - FIXED ASSETS

Rs. in Crores

Description	Gross Block at Cost				Depreciation / Amortisation			Net Block		
	As At 31.3.2016	Additions	Adjustments relating to Foreign Exchange Fluctuations and Borrowing Costs	Deletions	As At 31.3.2017	As At 31.3.2016	Additions	Deletions	As At 31.3.2017	As At 31.3.2016
<b>11 TANGIBLE ASSETS</b>										
Land (Free hold)	3.72	0.68	-	-	4.40	-	-	-	4.40	3.72
Land (Lease hold)	5.22	-	-	-	5.22	0.64	0.05	-	4.53	4.58
Buildings	118.04	2.71	0.17	0.16	120.76	36.79	4.56	0.15	79.56	81.25
Plant & Equipment	934.25	68.22	0.71	9.87	993.31	515.28	56.03	7.15	429.15	418.97
Furniture and Fixtures	5.38	0.29	-	-	5.67	3.64	0.43	-	1.60	1.74
Vehicles	0.16	0.01	-	0.01	0.16	0.13	-	-	0.03	0.03
Office Equipment	23.41	1.29	-	7.40	17.30	16.88	2.03	6.84	5.23	6.53
	1,090.18	73.20	0.88	17.44	1,146.82	573.36	63.10	14.14	622.32	516.82
<b>12 INTANGIBLE ASSETS</b>										
Computer Software	14.43	0.92	-	-	15.35	12.95	0.74	-	13.69	1.48
Technical Know-how	1.87	0.15	-	-	2.02	1.76	0.08	-	1.84	0.11
	16.30	1.07	-	-	17.37	14.71	0.82	-	15.53	1.59
Total	1,106.48	74.27	0.88	17.44	1,164.19	588.07	63.92	14.14	637.85	526.34
Previous year	1,042.17	72.82*	0.10	8.61	1,106.48	532.63	60.45	5.01	588.07	518.41

\* Net of Rs. 0.13 Crores Grant received from Government of India, Ministry of New and Renewable Energy.

### 13 CAPITAL WORK-IN-PROGRESS

- a) Buildings  
b) Plant and Machinery

31.3.2017	31.3.2016
1.09	2.28
20.84	14.46
<u>21.93</u>	<u>16.74</u>

## Notes on Accounts (Contd.)

Rs. in Crores

	As at 31.03.2017	As at 31.03.2016
<b>14 NON CURRENT INVESTMENTS</b>		
<b>Trade Investments - At cost</b>		
Unquoted		
Investment in Equity instruments		
i) In Associates		
<b>Axles India Limited</b>	<b>2.72</b>	2.72
24,24,661 Equity Shares of Rs.10/- each fully paid-up	<u>2.72</u>	<u>2.72</u>
ii) Others		
<b>Sundaram Hydraulics Limited</b>	<b>7.15</b>	7.15
71,50,000 Equity Shares of Rs.10/- each fully paid-up		
Less: Provision for Dimunition in the value of investments	<b>1.00</b>	1.00
	<u>6.15</u>	<u>6.15</u>
<b>MEFCO Engineers Private Limited</b>	<b>0.20</b>	0.20
20,000 Equity Shares of Rs.100/- each fully paid-up		
<b>Siva Electric Generation Private Limited</b>	<b>0.16</b>	0.16
1,62,172 Equity shares of Rs.10/- each fully paid-up		
<b>Gamma Green Power Private Limited</b>		
12,02,318 Equity shares of Rs.10/- each fully paid-up (Previous year 20,28,250 Equity shares of Rs.10/- each fully paid-up)	<b>1.20</b>	2.03
<b>Saheli Exports Private Limited</b>	<b>0.05</b>	0.05
9,450 Equity Shares of Rs. 10/- each fully paid-up		
<b>Coromandel Electric Company Limited</b>	<b>0.01</b>	-
10,000 Equity Shares of Rs. 10/- each fully paid-up		
<b>Beta Wind Farm Private Limited</b>	<b>0.36</b>	-
1,89,991 Equity Shares of Rs. 10/- each fully paid-up		
<b>Siva Green Energy India Private Limited</b>	<b>0.10</b>	-
95,000 Equity Shares of Rs. 10/- each fully paid-up	<u>2.08</u>	<u>2.44</u>
	<b>10.95</b>	<u>11.31</u>



## Notes on Accounts (Contd.)

	Rs. in Crores	
	As at 31.03.2017	As at 31.03.2016
<b>15 LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured - Considered good</b>		
a) Advances for Capital goods	8.36	4.72
b) Security Deposits	9.81	6.07
c) Loans and advances due by an officer of the company	0.01	0.01
d) Minimum Alternate Tax credit entitlement	6.21	11.18
e) Other loans and advances		
Advances to employees	1.40	1.36
Export incentives receivable	1.73	1.93
Prepaid expenses	0.14	0.27
	3.27	3.56
	27.66	25.54
<b>16 OTHER NON CURRENT ASSETS</b>		
<b>Unsecured - Considered good</b>		
Trade Receivables	14.87	12.28
<b>CURRENT ASSETS</b>		
<b>17 INVENTORIES - As certified by Managing Director</b>		
a) Raw Materials	122.51	135.40
[includes Goods in Transit Rs. 14.20 Crores (previous year Rs. 6.28 crores)]		
b) Work - in - Progress	58.70	50.22
c) Finished goods	41.56	55.60
d) Stores and Spares	41.12	42.05
[includes Goods in Transit Rs.0.05 Crores (previous year Rs.0.26 Crores)]		
e) Loose tools	15.34	14.33
	279.23	297.60
Refer to note no.31		
<b>18 TRADE RECEIVABLES</b>		
<b>Unsecured - Considered good</b>		
a) Outstanding for a period exceeding six months from the date from which they are due for payment	7.69	10.24
b) Others	408.10	335.62
	415.79	345.86

## Notes on Accounts (Contd.)

Rs. in Crores

	As at 31.03.2017		As at 31.03.2016	
<b>19 CASH AND CASH EQUIVALENTS</b>				
a) Balances with Banks				
i) Current Accounts	2.51		0.80	
ii) Fixed Deposits - as Guarantee to Sales Tax Dept.	1.31		1.21	
iii) Deposit with Banks for the Public Deposit Repayment Reserve [includes Bank deposits with more than twelve months maturity Rs.0.43 crores (previous year Rs.0.13Crores)]	6.24		2.60	
iv) Unclaimed Dividend Accounts	0.25	10.31	0.23	4.84
b) Cash on hand		0.07		0.12
		<b>10.38</b>		<b>4.96</b>
<b>20 SHORT TERM LOANS AND ADVANCES</b>				
<b>Unsecured - Considered good</b>				
a) Balance with Central Excise authorities		22.53		25.18
b) Provision for tax less Advance tax and Tax Deducted at Source	(1.14)			
Less: Minimum Alternate Tax credit entitlement set off	1.72	0.58		
c) Others				
VAT receivable	1.47		1.39	
Advances to employees	2.75		2.83	
Export incentives receivable	8.56		9.40	
Advances to Vendors	9.84		7.61	
Prepaid expenses	8.17		8.66	
Minimum alternate tax credit entitlement	3.25		-	
Other Advances	0.53	34.57	0.99	30.88
		<b>57.68</b>		<b>56.06</b>
<b>21 OTHER CURRENT ASSETS</b>				
Interest accrued on deposits and investments		0.49		0.32



	Rs. in Crores	
	As at 31.03.2017	As at 31.03.2016
<b>22 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>i) Contingent Liabilities</b>		
a) Bills discounted with Banks	<b>117.20</b>	82.08
b) Disputed amounts in respect of Sales tax, Service tax, Income Tax and Value Added Tax which are contested in appeal and not provided for (of which a sum of Rs. 0.34 crores (previous year Rs. 0.34 crores) paid under protest appears under Long term Loans and Advances in the Balance Sheet)	<b>19.46</b>	9.08
c) Contingent Liability towards demand for enhanced compensation for Land at Bawal, Haryana not provided for	-	1.11
<b>ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>29.83</b>	19.00

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

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



## Notes on Accounts (Contd.)

	Rs. in Crores	
	2016-17	2015-16
<b>24 OTHER INCOME</b>		
a) Interest on deposits and advances	1.58	1.20
b) Profit on sale of fixed assets (Net)	0.06	0.47
c) Dividend Received	0.36	-
d) Other non-operating income	1.19	0.19
	<b>3.19</b>	<b>1.86</b>
<b>25 RAW MATERIAL CONSUMPTION</b>		
Raw Material	1,075.16	1,051.74
Components	348.65	269.66
	<b>1,423.81</b>	<b>1,321.40</b>
<b>26 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
a) Opening inventory of Finished Goods	55.60	24.04
Less: Closing inventory of Finished Goods	41.56	55.60
Net change in stock of Finished Goods	<b>14.04</b>	<b>(31.56)</b>
b) Opening inventory of Work - in - Progress	50.22	53.19
Less: Closing inventory of Work - in - Progress	58.70	50.22
Net change in stock of Work - in - Progress	<b>(8.48)</b>	<b>2.97</b>
Net change in Finished Goods and Work - in - Progress	<b>5.56</b>	<b>(28.59)</b>
Refer to Note No. 31		



## Notes on Accounts (Contd.)

	Rs. in Crores	
	2016-17	2015-16
<b>27 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salaries, Wages, Bonus and Commission	220.46	198.40
b) Contribution to Provident and Other Funds	9.09	11.40
c) Staff Welfare expenses	22.79	22.02
	<b>252.34</b>	<b>231.82</b>
<b>28 OTHER EXPENSES</b>		
Consumption of Stores, tools and spare parts (Refer to Note 30c)	78.13	75.70
Power and fuel	89.89	93.73
Rent including Lease Rent	7.13	7.20
Repairs to		
Buildings	9.52	6.84
Machinery	13.28	11.75
Insurance	3.12	3.06
Rates and taxes, excluding taxes on income	2.30	2.51
Directors sitting fees	0.12	0.13
Auditors' remuneration		
Statutory Audit	0.32	0.26
Taxation matters	0.13	0.11
(includes Rs.0.05 Crores for Tax Audit - Last year Rs.0.04 crores)		
VAT Audit fees	0.02	0.02
Certification fees	0.07	0.05
Reimbursement of expenses	0.08	0.07
Expenditure on Corporate Social Responsibilities	0.91	0.84
Freight	37.97	36.90
Net Loss on foreign currency transactions and translation (other than exchange loss considered as finance cost)	6.21	0.13
Miscellaneous expenses	55.17	50.81
	<b>304.37</b>	<b>290.11</b>
<b>29 FINANCE COSTS</b>		
a) Interest expense	46.44	51.72
b) Interest on shortfall and other interests under Income Tax Act	0.17	-
c) Other borrowing costs	1.04	0.51
d) Net (gain) / Loss on foreign currency transactions and translation	0.14	5.35
	<b>47.79</b>	<b>57.58</b>

**30 Imported and Indigenous Materials consumed**

	2016-17		2015-16	
	% to total Consumption	Value	% to total Consumption	Value
<b>a) Raw Materials</b>				
i) Imported	8.21	88.29	16.76	177.01
ii) Indigenous	91.79	986.87	83.24	874.73
	<b>100.00</b>	<b>1,075.16</b>	100.00	1,051.74
Refer to note no.25				
<b>b) Components</b>				
i) Imported	3.32	11.57	4.03	10.88
ii) Indigenous	96.68	337.08	95.97	258.78
	<b>100.00</b>	<b>348.65</b>	100.00	269.66
Refer to note no.25				
<b>c) Stores and spares</b>				
i) Imported	3.25	2.54	3.57	2.70
ii) Indigenous	96.75	75.59	96.43	73.00
	<b>100.00</b>	<b>78.13</b>	100.00	75.70
Refer to note no.28				

**31 Details of Sales, Raw Material Consumption and Inventories**

Raw Material & Components	2016-17			2015-16		
	Consumption	Closing Stock	Opening Stock	Consumption	Closing Stock	Opening Stock
Steel	1,029.07	88.00	104.67	1,004.24	104.67	80.33
Aluminium	46.09	8.53	3.98	47.50	3.98	3.36
Bought-out components	302.12	22.68	24.01	236.27	24.01	21.04
Others	46.53	3.30	2.74	33.39	2.74	2.30
	<b>1,423.81</b>	<b>122.51</b>	<b>135.40</b>	1,321.40	135.40	107.03



**31 Details of Sales, Raw Material Consumption and Inventories (Contd.)**

CLASS OF GOODS	2016-17					2015-16				
	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	Opening Stock Work-In-Progress
Wheels for Commercial Vehicles, Passenger Cars, Utility vehicles, Tractors, Earthmoving and construction Equipments	<b>1,647.77</b>	<b>40.52</b>	<b>53.20</b>	<b>36.33</b>	<b>35.18</b>	<b>1,556.71</b>	<b>53.20</b>	<b>21.96</b>	<b>35.18</b>	<b>41.20</b>
Air Suspension	<b>161.09</b>	<b>0.69</b>	<b>1.48</b>	<b>0.32</b>	<b>0.43</b>	<b>113.16</b>	<b>1.48</b>	<b>1.28</b>	<b>0.43</b>	<b>0.56</b>
Others	<b>202.65</b>	<b>0.35</b>	<b>0.92</b>	<b>22.05</b>	<b>14.61</b>	<b>157.89</b>	<b>0.92</b>	<b>0.80</b>	<b>14.61</b>	<b>11.43</b>
	<b>2,011.51</b>	<b>41.56</b>	<b>55.60</b>	<b>58.70</b>	<b>50.22</b>	<b>1,827.76</b>	<b>55.60</b>	<b>24.04</b>	<b>50.22</b>	<b>53.19</b>

Refer to note no. 17, 25 and 26

## Notes on Accounts (Contd.)

	Rs. in Crores	
	2016-17	2015-16
<b>32 Imports (CIF Value)</b>		
i) Raw Materials	<b>92.81</b>	160.08
ii) Spare Parts	<b>2.25</b>	2.94
iii) Capital Goods	<b>15.21</b>	20.50
<b>33 Expenditure in Foreign Currency</b>		
i) Royalty and Know-how fees (Net of Tax)	<b>3.00</b>	2.97
ii) Commission	<b>1.18</b>	2.12
iii) Interest	<b>0.70</b>	1.16
iv) Others	<b>8.01</b>	5.06
<b>34 Amount remitted in Foreign Currency towards Dividend</b>		
i) Number of Non-Resident Shareholders	<b>1</b>	1
ii) Number of Shares held	<b>41,18,640</b>	41,18,640
iii) Dividend and years to which it relates		
- Interim Dividend 2016-17	<b>2.06</b>	
- Final Dividend 2015-16	<b>2.27</b>	
- Final Dividend 2014-15		1.85
- Interim Dividend 2015-16		1.44
<b>35 Earnings in Foreign Exchange</b>		
Exports (on FOB basis)	<b>349.88</b>	375.82
<b>36 Earnings Per Share</b>		
Net profit as per P& L account	<b>59.31</b>	39.99
Weighted Average Number of Shares	<b>120,32,279</b>	120,32,279
Nominal value per share - Rupees	<b>10.00</b>	10.00
Basic & Diluted earnings per share - Rupees	<b>49.29</b>	33.24
<b>37</b> The Company has provided Excise duty on Stock of finished goods at the factory and included the same in the valuation of the said inventories. However this has got no impact on the profit for the year	<b>0.90</b>	1.18
<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 31 <sup>st</sup> March, 2009 read with Notification dated 11th May, 2011 and Notification dated 29th December 2011 issued by the Ministry of Corporate Affairs.		

Consequently, Exchange differences relating to Long Term Foreign Currency Monetary Items (other than Fixed assets) amounting to Rs.0.26 Crores gain {net of amortization Rs. 0.72 Crores} [Previous year Rs. 0.14 Crores gain {net of amortization Rs. 0.25 Crores}] are adjusted to Foreign currency Monetary Item Translation Difference Account.



## Notes on Accounts (Contd.)

- 39** In the opinion of the management the Long term Investment in Equity shares of Sundaram Hydraulics Limited is considered as strategic in nature and the diminution in the value of the said investment is considered as temporary in nature in view of the long term business outlook and future growth plans. Hence no provision is considered necessary. However the provision made in the earlier year amounting to Rs. 1.00 crore is retained.
- 40** Final dividend of Rs. 8.00 Per equity share amounting to Rs.9.63 Crores for the Financial year 2016-17 recommended by Board of Directors which is subject to the approval of shareholders at the ensuing Annual General meeting is not recognised as liability as at the date of Balance sheet.
- 41** The Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

**Rs. in Crores**

Description	SBNs	Other Denomination notes	Total
Closing Cash in hand as on 08.11.2016	<b>0.08</b>	<b>0.01</b>	<b>0.09</b>
(+) Permitted receipts	-	<b>0.26</b>	<b>0.26</b>
(-) Permitted Payments	-	<b>0.19</b>	<b>0.19</b>
(-) Amounts deposited in Banks	<b>0.08</b>	-	<b>0.08</b>
Closing Cash in hand as on 30.12.2016	-	<b>0.08</b>	<b>0.08</b>

## 42 Disclosures required under the "Micro, Small and Medium Enterprises Act, 2006"

**Rs. in Crores**

Particulars	2016-17	2015-16
a. The Principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	<b>0.01</b>	0.01
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	<b>0.01</b>	0.01

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.

## Notes on Accounts (Contd.)

### 43 Expenditure incurred on Scientific Research and Development

Rs in Crores

	2016-17	2015-16	2014-15
a) Revenue Expenditure	12.88	12.57	11.93
b) Capital Expenditure	2.70	2.30	4.60

### 44 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 Employee's 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 and hence the company has no obligations towards this interest contribution. The liability in respect of leave encashment benefit to staff is determined on the basis of actuarial valuation and provided for accordingly.

Disclosures for the Defined Benefit Plans based on Actuarial Reports as on 31/03/2017 are as under:

Rs. in Crores

	Gratuity (funded)		Leave Salary (Partly funded)	
	2016-17	2015-16	2016-17	2015-16
<b>Change in defined benefit obligation</b>				
Opening defined benefit obligation	20.43	17.55	6.39	4.39
Current service cost	1.63	1.24	0.12	0.09
Interest cost	1.40	1.41	0.44	0.28
Actuarial loss / (gain)	(0.39)	2.61	3.18	3.32
Benefits paid	(2.19)	(2.38)	(1.86)	(1.69)
Closing defined benefit obligation	20.88	20.43	8.27	6.39
<b>Change in fair value of assets</b>				
Opening fair value of plan assets	16.60	16.52	2.53	2.33
Expected return on plan assets	1.47	1.43	0.20	0.19
Actuarial gain / (Loss)	-	-	0.02	0.01
Contribution by employer	3.83	1.03	1.86	-
Benefits paid	(2.19)	(2.38)	(1.86)	-
Closing fair value of plan assets	19.71	16.60	2.75	2.53
<b>Amount recognised in the Balance Sheet</b>				
Present value of obligations at year end	20.88	20.43	8.27	6.39
Fair value of plan assets at year end	19.71	16.60	2.75	2.53
Amount now recognised as liability	(1.17)	(3.83)	(5.52)	(3.86)
Net (liability) / asset recognised as on 31 <sup>st</sup> March	(1.17)	(3.83)	(5.52)	(3.86)



## Notes on Accounts (Contd.)

Rs. in Crores

	Gratuity (funded)		Leave Salary (Partly funded)	
	2016-17	2015-16	2016-17	2015-16
<b>Expenses recognised in the Profit &amp; Loss Statement</b>				
Current Service cost	<b>1.63</b>	1.24	<b>0.12</b>	0.09
Interest on defined benefit obligation	<b>1.40</b>	1.41	<b>0.44</b>	0.28
Expected return on plan assets	<b>(1.47)</b>	(1.43)	<b>(0.20)</b>	(0.19)
Net actuarial loss / (gain) recognised in the current year	<b>(0.39)</b>	2.61	<b>3.16</b>	3.31
Expenses recognised in the Profit & Loss A/c	<b>1.17</b>	3.83	<b>3.52</b>	3.49
Principal actuarial assumptions used				
<b>Discount rate (p.a)</b>	<b>8.00%</b>	8.00%	<b>7.20%</b>	8.00%
Expected rate of return on plan assets (p.a)	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%
Attrition rate	<b>1-3%</b>	1-3%	<b>1-3%</b>	1-3%
Salary escalation	<b>5.00%</b>	5.00%	<b>5.00%</b>	5.00%

Amount for the current and previous four years are as follows:

	2016-17	2015-16	2014-15	2013-14	2012-13
Gratuity (Fully Funded)					
Defined Benefit Obligation	<b>20.88</b>	20.43	17.55	17.00	16.52
Plan Assets	<b>19.71</b>	16.60	16.52	15.92	14.58
Surplus / (Deficit)	<b>(1.17)</b>	(3.83)	(1.03)	(1.08)	(1.94)
Experience adjustments on plan liabilities	<b>(0.39)</b>	2.61	(0.07)	(0.06)	1.06
Experience adjustments on plan assets	-	-	-	-	-

Rs. in Crores

### 45 Borrowing costs in accordance with AS16 issued by ICAI

Borrowing costs capitalised during the year

2016-17	2015-16
<b>1.40</b>	0.44

### 46 Segment information for the year ended 31<sup>st</sup> March, 2017 in accordance with AS 17 issued by ICAI

i) Primary segments:

Automotive components is the only reportable segment of the company



## Notes on Accounts (Contd.)

### ii) Revenue by Geographical Segment:

Rs. in Crores

	2016-17			2015-16		
	India	Outside India	Total	India	Outside India	Total
External	1,822.99	349.88	2,172.87	1,611.42	375.82	1,987.24
Inter-Segment	-	-	-	-	-	-
<b>Total</b>	<b>1,822.99</b>	<b>349.88</b>	<b>2,172.87</b>	<b>1,611.42</b>	<b>375.82</b>	<b>1,987.24</b>
Carrying amount of segment assets	1,355.13	10.19	1,365.32	1,265.16	23.92	1,289.08
Additions to fixed assets	75.15	-	75.15	72.92	-	72.92

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.

### 47 Related Party disclosures in accordance with AS18 issued by ICAI

<b>Associates</b>	T.V.Sundram Iyengar & Sons Private Ltd. Axles India Ltd. Titan Europe Limited, UK
<b>Enterprises over which Key Managerial Personnel and his relatives are exercising significant influence</b>	Sundaram Hydraulics Ltd.
<b>Key Managerial Personnel</b>	Mr S Ram Mr Srivats Ram

Rs. in Crores

Nature of transactions	2016-17		2015-16	
Purchase of goods				
T.V. Sundram Iyengar & Sons Private Ltd.	0.01		0.01	
Axles India Limited	0.02		0.17	
Sundaram Hydraulics Limited	3.28	3.31	1.28	1.46
Sale of goods				
T.V.Sundram Iyengar & Sons Private Ltd.	29.01		27.71	
Axles India Limited	0.01		-	
Sundaram Hydraulics Limited	14.52	43.54	5.83	33.54
Rendering of Services				
Axles India Limited	0.11		0.10	
Sundaram Hydraulics Limited	1.37	1.48	0.65	0.75
Receiving of Services				
T.V.Sundram Iyengar & Sons Private Ltd.	0.18		0.24	
Axles India Limited	0.18		0.19	
Sundaram Hydraulics Limited	0.98	1.34	1.35	1.78
Dividend paid during the year				
T.V.Sundram Iyengar & Sons Private Ltd.	2.58		1.96	
Titan Europe Limited., UK	4.33	6.91	3.29	5.25
Dividend received during the year				
Axles India Limited		0.36		-
		56.94		42.78
Balance due to us				
T.V.Sundram Iyengar & Sons Private Ltd.	1.91		2.58	
Sundaram Hydraulics Limited	25.75	27.66	18.04	20.62
Balance due from us				
T.V.Sundram Iyengar & Sons Private Ltd.	-		0.02	
Sundaram Hydraulics Limited	0.54	0.54	0.06	0.08



## Notes on Accounts (Contd.)

Rs. in Crores

Key Managerial Personnel	2016-17		2015-16	
	Mr S Ram	Mr Srivats Ram	Mr S Ram	Mr Srivats Ram
Remuneration, Perquisites and Commission	0.82	2.66	0.61	1.67
Interest on fixed deposits	-	0.25	-	0.23
Dividend paid during the year	-	0.03	-	0.02
Sale of investment in the Shares of Sundaram Hydraulics Limited :				
10,50,000 equity shares of Rs.10/- each fully paid-up		-		1.05
10,00,000 equity shares of Rs.10/- each fully paid-up		-		1.00
Deposits balance outstanding	-	2.60	-	2.38
Commission outstanding	0.82	1.64	0.34	0.65

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

Rs. in Crores

Operating Lease	2016-17		2015-16	
	Total Minimum Lease		Total Minimum Lease	
As at Balance Sheet date		1.89		2.02
Not later than 1 year		0.75		0.81
Later than 1 year and not later than 5 years		1.14		1.21
Later than 5 years		-		-
Lease rentals paid during the year		0.92		0.98

### 49 Disclosure on Accounting for intangible assets in accordance with AS26 issued by ICAI

Computer software & Technical know how Refer to note no.12	2016-17		2015-16	
	Gross carrying amount at the beginning of the year		16.30	
Acquired during the year		1.07		0.38
Gross carrying amount at the end of the year		17.37		16.30
Gross amortisation at the beginning of the year		14.71		13.72
Amortised during the year		0.82		0.99
Gross amortisation at the end of the year		15.53		14.71
Net carrying amount at the beginning of the year		1.59		2.20
Net carrying amount at the end of the year		1.84		1.59

### 50 Derivative instruments

Foreign Currency exposures that are not hedged by a derivative instrument or otherwise Rs.29.05 crores (Previous year - Rs.101.45 crores)

51 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

Signatories to Notes to Financial Statements

<b>S RAM</b> Chairman	<b>SRIVATS RAM</b> Managing Director	<b>S PRASAD</b> Director	As per our report attached For <b>SUNDARAM &amp; SRINIVASAN</b> Chartered Accountants (Registration No.:004207S) <b>K SRINIVASAN</b> Partner Membership No.5809
<b>R RAGHUNATHAN</b> Chief Financial Officer	<b>S BALASUNDHARAM</b> Company Secretary		

Chennai  
29th May, 2017

**Cash Flow Statement in accordance with AS3 issued by ICAI  
Annexed to the Balance Sheet for the year ended 31<sup>st</sup> March, 2017**

Rs. in Crores

	2016-17	2015-16
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Tax and extraordinary items	78.27	56.33
Adjustment for:		
Depreciation	63.92	60.45
(Profit) / Loss on sale of assets (net)	(0.06)	(0.47)
Loss on obsolescence	1.26	1.20
Effect of Exchange Rate Change	1.88	1.29
Interest income	(1.58)	(1.20)
Lease Liabilities	1.32	1.36
Dividend Received	(0.36)	-
Finance costs	47.79	57.58
	114.17	120.21
Operating profit before working capital changes	192.44	176.54
Adjustments for:		
Receivables and advances	(98.11)	(2.19)
Foreign Currency Monetary Items Translation Difference account	0.12	0.15
Inventories	18.37	(28.84)
Payables	46.29	13.20
	(33.33)	(17.68)
Cash generated from operations	159.11	158.86
Taxes paid	(19.45)	(10.57)
Cash flow before extraordinary items	139.66	148.29
Net Cash from operating activities (A)	139.66	148.29
<b>B Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(80.34)	(77.16)
Purchase of Investments	(0.47)	-
Sale of Investments	0.83	4.37
Sale of fixed assets	2.10	2.87
Interest received	1.41	1.35
Net cash used in investing activities (B)	(76.47)	(68.57)
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	20.59	51.34
Repayment of Long Term Borrowings	(33.91)	(43.65)
Repayment of Lease liabilities	(1.32)	(1.36)
Increase in working capital	17.79	(20.47)
Dividend received	0.36	-
Finance costs	(46.07)	(55.97)
Dividend paid	(12.64)	(9.63)
Dividend tax paid	(2.57)	(1.96)
Net cash used in Financing activities (C)	(57.77)	(81.70)
Net increase in cash and cash equivalents (A+B+C)	5.42	(1.98)
Cash and cash equivalents at the beginning of the year	4.96	6.94
Cash and cash equivalents at the end of the year	10.38	4.96

**S RAM**  
Chairman

**SRIVATS RAM**  
Managing Director

**S PRASAD**  
Director

As per our report attached  
For **SUNDARAM & SRINIVASAN**

**R RAGHUNATHAN**  
Chief Financial Officer  
Chennai  
29th May, 2017

**S BALASUNDHARAM**  
Company Secretary

Chartered Accountants  
(Registration No.:004207S)  
**K SRINIVASAN**  
Partner  
Membership No.5809



**CONSOLIDATED  
FINANCIAL STATEMENTS  
2016-2017**

# Independent Auditor's Report on the Consolidated Financial Statements

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## To the Members of Wheels India Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of WHEELS INDIA LIMITED and its associate (together referred to as "the Company"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give



a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date.

### Other Matters

The Consolidated financial statements include the Company's share of net profit of Rs.0.95 Crores for the year ended 31<sup>st</sup> March 2017, in respect of its associate, whose financial statements are unaudited. These financial statements / financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements / financial information.

Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company, and the operating effectiveness of such controls, refer to our separate report in Annexure "A" to this report and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position. – Refer Note No. 22(i)(b) to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. - Refer Note No. 41 to the standalone financial statements.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No: 004207S)

**K. Srinivasan**  
Partner  
Membership No.5809

Chennai  
29th May, 2017

## Annexure A to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Wheels India Limited ("the Company") and its associate as at 31<sup>st</sup> March, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal financial controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and



the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company and its associate has, in all material respects, an adequate internal financial

controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

### **Other Matters**

Our aforesaid reports under Section 143(3) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the associate company has been certified by the Management of the associate company.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
(Registration No: 004207S)

**K. Srinivasan**  
Partner

Chennai  
29th May, 2017

Membership No.5809



# Consolidated Balance Sheet As At 31<sup>st</sup> March 2017

Particulars	Note No.	Rs. in Crores	
		As at 31.03.2016	
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	12.03	12.03
b) Reserves and Surplus	2	455.29	402.15
		<b>467.32</b>	414.18
<b>2. Non-current liabilities</b>			
a) Long-term Borrowings	3	136.11	188.56
b) Deferred tax liabilities (Net)	4	67.17	66.56
c) Other long term liabilities	5	1.20	2.03
d) Long-term provisions	6	3.72	3.86
		<b>208.20</b>	261.01
<b>3. Current liabilities</b>			
a) Short-term borrowings	7	146.26	147.49
b) Trade payables			
A) total outstanding dues of micro enterprises and small enterprises; and	8	9.29	11.23
B) total outstanding dues of creditors other than micro enterprises and small enterprises	8	407.06	356.28
c) Other current liabilities	9	112.86	74.15
d) Short-term provisions	10	21.30	30.76
		<b>696.77</b>	619.91
<b>TOTAL</b>		<b>1,372.29</b>	1,295.10
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a) Fixed assets			
i) Tangible assets	11	524.50	516.82
ii) Intangible assets	12	1.84	1.59
iii) Capital Work-in-progress	13	21.93	16.74
b) Non-current investments	14	17.92	17.33
c) Long-term loans and advances	15	27.66	25.54
d) Other non-current assets	16	14.87	12.28
		<b>608.72</b>	590.30
<b>2. Current assets</b>			
a) Inventories	17	279.23	297.60
b) Trade receivables	18	415.79	345.86
c) Cash and cash equivalents	19	10.38	4.96
d) Short-term loans and advances	20	57.68	56.06
e) Other current assets	21	0.49	0.32
		<b>763.57</b>	704.80
<b>TOTAL</b>		<b>1,372.29</b>	1,295.10
Significant Accounting Policies	B		

**S RAM**

Chairman

**SRIVATS RAM**

Managing Director

**S PRASAD**

Director

As per our report attached

For **SUNDARAM & SRINIVASAN**

Chartered Accountants

(Registration No.:004207S)

**K SRINIVASAN**

Partner

Membership No.5809

**R RAGHUNATHAN**

Chief Financial Officer

**S BALASUNDHARAM**

Company Secretary

Chennai

29th May, 2017

# Consolidated Profit and Loss Statement for the Year Ended 31<sup>st</sup> March 2017



		Rs. in Crores	
Note No.		2015-16	
<b>REVENUE FROM OPERATIONS</b>			
	Sale of Products	2,168.31	1,973.66
	Sale of Services	19.70	18.32
	Other operating revenues	154.62	154.20
	Revenue from Operations - Gross	<u>2,342.63</u>	<u>2,146.18</u>
	Less: Excise Duty [On sale of products Rs.156.80 crores (previous year Rs.145.90 crores); Others Rs. 12.96 Crores (previous year Rs.13.04 crores)]	169.76	158.94
	Revenue from Operations - Net	<b>2,172.87</b>	1,987.24
22	Other income	<b>3.19</b>	1.86
	<b>TOTAL REVENUE</b>	<u><b>2,176.06</b></u>	<u>1,989.10</u>
<b>EXPENSES</b>			
23	Cost of materials consumed	<b>1,423.81</b>	1,321.40
24	Changes in inventories of finished goods, Work-in-progress	<b>5.56</b>	(28.59)
25	Employee benefit expense	<b>252.34</b>	231.82
26	Other Expenses	<b>304.37</b>	290.11
	<b>TOTAL EXPENSES</b>	<u><b>1,986.08</b></u>	<u>1,814.74</u>
	Earnings before Finance Costs, Tax, Depreciation and Amortisation expenses	<b>189.98</b>	174.36
27	Finance Costs	<b>47.79</b>	57.58
11&12	Depreciation and amortisation expenses	<b>63.92</b>	60.45
	Profit before exceptional and extraordinary items and tax	<b>78.27</b>	56.33
	Exceptional items	-	-
	Profit before extraordinary items and tax	<b>78.27</b>	56.33
	Extraordinary items	-	-
	<b>Profit before tax</b>	<b>78.27</b>	56.33
	Tax expense:		
	Current tax	<b>18.35</b>	12.60
	Deferred tax	<b>0.61</b>	3.74
	<b>Net Profit (before adjustment)</b>	<u><b>59.31</b></u>	39.99
	<b>Add: Share of Profit in Associate</b>	<b>0.95</b>	1.14
	<b>Profit (Loss) for the year</b>	<b>60.26</b>	41.13
28	Earnings per equity share:		
	1. Basic	<b>50.09</b>	34.18
	2. Diluted	<b>50.09</b>	34.18
B	Significant Accounting Policies		

**S RAM**  
Chairman

**SRIVATS RAM**  
Managing Director

**S PRASAD**  
Director

**R RAGHUNATHAN**  
Chief Financial Officer

**S BALASUNDHARAM**  
Company Secretary

Chennai  
29th May, 2017

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

## Consolidated - Notes on Accounts

### A Principles of Consolidation:

The Consolidated Financial Statements relate to Wheels India Limited ('the company') and the Company's share of profit in its associate. The Consolidated Financial Statements have been prepared on the following basis:

- a) The financial statements of an associate used in the consolidation are drawn upto the same reporting date as that of the Company i.e. 31<sup>st</sup> March, 2017.
- b) The Consolidated Financial Statements include the share of profit of an associate company which have been accounted for using equity method as per Accounting Standard (AS) 23 accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit of the associate company has been added to the cost of investments.
- c) The difference between the cost of investments in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.
- d) Following associate has been considered in the preparation of the Consolidated Financial Statements:

Name of the Entity	Relationship	Country of Incorporation	% of Holding and Voting Power
Axles India Limited	Associate	India	9.51%

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### B Significant Accounting Policies:

#### i) General:

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

#### ii) 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 under the straight Line Method, in accordance with Schedules II of Companies act, 2013.
- 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.
- f) Grants received from Government based on Investment in Fixed assets are reduced from the cost of Fixed assets.

**iii) Investments:**

- a) Long term investments are stated at cost less provision for diminution other than temporary if any, in value of such investments.
- b) Current investments are stated at the lower of cost and fair value.

**iv) 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.

**v) 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. Dividend income is recognised when rights to receive payment is established

**vi) 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 an obligation to make good the shortfall, if any, between the return from the investments made from the Trust and the notified interest rate.

## 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 Company Limited, who is the administrator of the plan.

**vii) Research & Development expenses:**

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

**viii) 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 31<sup>st</sup> 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.

**ix) Export Incentives:**

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

**x) 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 there from is debited to profit and loss account, 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.

**xi) 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.

**xii) Earnings per share:**

Earnings per share (EPS) is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year.

**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.



## Consolidated - Notes on Accounts (Contd.)

Rs. in Crores

### 1 SHARE CAPITAL

	As at 31.03.2017	As at 31.03.2016
a) <b>Authorised</b> 2,00,00,000 Equity Shares of Rs.10/- each	20.00	20.00
b) <b>Issued, Subscribed and Fully Paid-up</b> 1,20,32,279 Equity Shares of Rs.10/- each	12.03	12.03

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

	2016 - 17		2015 - 16	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
Equity Shares of Rs.10/- each				
Outstanding at the beginning and end of the year	1,20,32,279	12.03	1,20,32,279	12.03

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.

	31.03.2017 (Number of shares)	31.03.2016 (Number of shares)
e) Shareholding of shareholders holding more than 5% of shares as at		
T V Sundram Iyengar & Sons Private Limited	24,55,514	24,55,514
Southern Roadways Limited	11,16,314	11,16,314
Sundaram Finance Limited	13,33,741	13,33,741
Titan Europe Limited, UK	41,18,640	41,18,640

Rs. in Crores

### 2 RESERVES AND SURPLUS

	As at 31.03.2017	As at 31.03.2016
a) Capital Reserves		
As per last Balance Sheet	-	-
b) Securities Premium Reserve		
As per last Balance Sheet	82.13	82.13
c) General Reserves		
As per last Balance Sheet	307.16	277.28
Additions	25.00	25.00
	332.16	302.28
Share in networth of Associate as on 31.03.2015	-	4.88
d) Surplus		
As per last Balance Sheet	12.72	9.63
Add: Profit for the year	60.26	41.13
	72.98	50.76
Less:		
Interim Dividend @ Rs. 5.00 per Share (Previous year @ Rs.3.50 per share)	6.02	4.21
Dividend Tax on interim dividend	1.22	0.86
Proposed final equity dividend* (previous year @ Rs.5.50 per share)		6.62
Dividend Tax on proposed equity dividend		1.35
Transfer to General Reserves	25.00	25.00
	32.24	38.04
e) Foreign Currency Monetary Items Translation Difference Account	0.26	0.14
	455.29	402.15

\* Refer to Note No. 40 of standalone financial statements

## Consolidated - Notes on Accounts (Contd.)

	Rs. in Crores	
	As at 31.03.2017	As at 31.03.2016
<b>NON CURRENT LIABILITIES</b>		
<b>3 LONG TERM BORROWINGS</b>		
<b>A. SECURED BORROWINGS</b>		
a. Term Loans from Banks		
By first Charge by way of hypothecation of specific machinery	54.45	87.35
b. Term Loans from others		
By first Charge by way of hypothecation of specific machinery	16.25	27.50
<b>B. UNSECURED BORROWINGS</b>		
a. Deferred payment liabilities	-	0.64
From State Government under Interest Free Sales tax Deferral Scheme		
b. Fixed Deposits		
[includes Rs. 0.48 crores received from Directors (Previous year Rs. 3.00 crores)]	65.41	73.07
	<b>136.11</b>	<b>188.56</b>
Terms of Repayment (Refer to Note no.23 of standalone financial statements)		
<b>4 DEFERRED TAX LIABILITIES (NET)</b>		
<b>a) Deferred Tax Liability</b>		
i) Depreciation	68.46	65.67
ii) Exchange difference on Long Term Foreign Currency Monetary Item	(0.09)	(0.05)
iii) Export Incentives	2.21	3.57
iv) others	0.22	-
	<b>70.80</b>	<b>69.19</b>
<b>b) Deferred Tax Asset</b>		
Expenses allowable for tax purpose on payment basis	3.63	2.63
	<b>67.17</b>	<b>66.56</b>



	Rs. in Crores	
	As at 31.03.2017	As at 31.03.2016
<b>5 OTHER LONG TERM LIABILITIES</b>		
Security Deposits	1.20	2.03
	1.20	2.03
<b>6 LONG TERM PROVISIONS</b>		
Provision for employee benefits	3.72	3.86
	3.72	3.86
<b>CURRENT LIABILITIES</b>		
<b>7 SHORT TERM BORROWINGS</b>		
<b>A. SECURED BORROWINGS</b>		
a) Loans repayable on demand from Banks	84.01	92.10
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	50.00	45.00
b) Fixed Deposits	12.25	10.39
[Includes Rs. 0.40 crores received from Directors (previous year Rs.0.37 crores)]		
	146.26	147.49
<b>8 TRADE PAYABLES</b>		
Dues to Micro Enterprises and Small Enterprises	9.29	11.23
Dues to others	407.06	356.28
	416.35	367.51

(Refer to note no. 42 of Standalone Financial statement for details of dues to Micro Enterprises and Small Enterprises)



## Consolidated - Notes on Accounts (Contd.)

Rs. in Crores

	As at 31.03.2017	As at 31.03.2016
<b>9 OTHER CURRENT LIABILITIES</b>		
a) Current maturities of long-term debt (Refer note 23) [Includes Rs. 2.67 crores received from Directors (previous year Rs.0.11 crores)]	<b>87.35</b>	50.08
b) Interest accrued but not due on borrowings	<b>8.52</b>	6.66
c) Unclaimed dividends	<b>0.24</b>	0.23
d) Unclaimed matured deposits and interest accrued thereon	<b>0.72</b>	0.58
e) Other payables		
Statutory dues	<b>5.34</b>	3.55
Trade Deposits	<b>0.78</b>	0.84
Recovery from Employees	<b>1.01</b>	1.22
Creditors for capital goods (includes due to Micro enterprises and Small and medium enterprises Rs. 0.63 crores (previous year Rs.0.62 crores)	<b>3.36</b>	5.35
Provision for expenses	<b>4.64</b>	4.46
Provision for Excise duty on Finished Goods Stock	<b>0.90</b>	1.18
	<b>16.03</b>	16.60
	<b>112.86</b>	74.15
<b>10 SHORT TERM PROVISIONS</b>		
a) Provision for employee benefits	<b>18.84</b>	18.98
b) Due to Directors	<b>2.46</b>	0.99
c) Others		
Provision for Taxation less Advance Tax and Tax deducted at Source		3.40
Less: Minimum Alternate Tax credit entitlement set off	-	0.58
Provision for Dividend*	-	6.62
Provision for Dividend Tax	-	1.35
	<b>21.30</b>	30.76

\* Refer to Note No. 40 of standalone financial statements

**NON CURRENT ASSETS - FIXED ASSETS**

Rs. in Crores

Description	Gross Block at Cost			Depreciation / Amortisation			Net Block			
	As At 31.3.2016	Additions	Adjustments relating to Foreign Exchange Fluctuations and Borrowing Costs	Deletions	As At 31.3.2017	As At 31.3.2016	Additions	Deletions	As At 31.3.2017	As At 31.3.2016
<b>11 TANGIBLE ASSETS</b>										
Land (Free hold)	3.72	0.68	-	-	4.40	-	-	-	4.40	3.72
Land (Lease hold)	5.22	-	-	-	5.22	0.05	0.69	-	4.53	4.58
Buildings	118.04	2.71	0.17	0.16	120.76	4.56	41.20	0.15	79.56	81.25
Plant & Equipment	934.25	68.22	0.71	9.87	993.31	56.03	564.16	7.15	429.15	418.97
Furniture and Fixtures	5.38	0.29	-	-	5.67	0.43	4.07	-	1.60	1.74
Vehicles	0.16	0.01	-	0.01	0.16	-	0.13	-	0.03	0.03
Office Equipment	23.41	1.29	-	7.40	17.30	2.03	12.07	6.84	5.23	6.53
	1,090.18	73.20	0.88	17.44	1,146.82	63.10	622.32	14.14	524.50	516.82
<b>12 INTANGIBLE ASSETS</b>										
Computer Software	14.43	0.92	-	-	15.35	12.95	0.74	-	13.69	1.48
Technical Know-how	1.87	0.15	-	-	2.02	1.76	0.08	-	1.84	0.11
	16.30	1.07	-	-	17.37	14.71	0.82	-	15.53	1.59
Total	1,106.48	74.27	0.88	17.44	1,164.19	588.07	63.92	14.14	637.85	526.34
Previous year	1,042.17	72.82*	0.10	8.61	1,106.48	532.63	60.45	5.01	588.07	518.41

\* Net of Rs. 0.13 Crores Grant received from Government of India, Ministry of New and Renewable Energy.

**13 CAPITAL WORK-IN-PROGRESS**

- a) Buildings  
b) Plant and Machinery

	31.3.2017	31.3.2016
a) Buildings	1.09	2.28
b) Plant and Machinery	20.84	14.46
	<u>21.93</u>	<u>16.74</u>

## Consolidated - Notes on Accounts (Contd.)

Rs. in Crores

### 14 NON CURRENT INVESTMENTS

	As at 31.03.2017	As at 31.03.2016
<b>Trade Investments - At cost</b>		
Unquoted		
Investment in Equity instruments		
i) In Associates		
<b>Axles India Limited</b>	2.72	2.72
24,24,661 Equity Shares of Rs.10/- each fully paid-up (Includes Goodwill on acquisition of shares of Rs. 0.97 Crores)		
Add: Share of profit	6.97	6.02
	9.69	8.74
ii) Others		
<b>Sundaram Hydraulics Limited</b>	7.15	7.15
71,50,000 Equity Shares of Rs.10/- each fully paid-up		
Less: Provision for Dimunition in the value of investments	1.00	1.00
	6.15	6.15
<b>MEFCO Engineers Private Limited</b>	0.20	0.20
20,000 Equity Shares of Rs.100/- each fully paid-up		
<b>Siva Electric Generation Private Limited</b>	0.16	0.16
1,62,172 Equity shares of Rs.10/- each fully paid-up		
<b>Gamma Green Power Private Limited</b>		
12,02,318 Equity shares of Rs.10/- each fully paid-up (Previous year 20,28,250 Equity shares of Rs.10/- each fully paid-up)	1.20	2.03
<b>Saheli Exports Private Limited</b>	0.05	0.05
9,450 Equity Shares of Rs. 10/- each fully paid-up		
<b>Coromandel Electric Company Limited</b>	0.01	
10,000 Equity Shares of Rs. 10/- each fully paid-up		
<b>Beta Wind Farm Private Limited</b>	0.36	
1,89,991 Equity Shares of Rs. 10/- each fully paid-up		
<b>Siva Green Energy india Private Limited</b>	0.10	2.44
95,000 Equity Shares of Rs. 10/- each fully paid-up	2.08	17.33
	17.92	17.33



Rs. in Crores

	As at 31.03.2017	As at 31.03.2016
<b>15 LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured - Considered good</b>		
a) Advances for Capital goods	8.36	4.72
b) Security Deposits	9.81	6.07
c) Loans and advances due by an officer of the company	0.01	0.01
d) Minimum Alternate Tax credit entitlement	6.21	11.18
e) Other loans and advances		
Advances to employees	1.40	1.36
Export incentives receivable	1.73	1.93
Prepaid expenses	0.14	0.27
	3.27	3.56
	27.66	25.54
<b>16 OTHER NON CURRENT ASSETS</b>		
<b>Unsecured - Considered good</b>		
Trade Receivables	14.87	12.28
<b>CURRENT ASSETS</b>		
<b>17 INVENTORIES - As certified by Managing Director</b>		
a) Raw Materials	122.51	135.40
[includes Goods in Transit Rs.14.20 Crores (previous year Rs.6.28 crores)]		
b) Work - in Progress	58.70	50.22
c) Finished goods	41.56	55.60
d) Stores and Spares	41.12	42.05
[includes Goods in Transit Rs.0.05 Crores (previous year Rs.0.26 Crores)]		
e) Loose tools	15.34	14.33
	279.23	297.60
Refer to note no.31 of standalone financial statements		
<b>18 TRADE RECEIVABLES</b>		
<b>Unsecured - Considered good</b>		
a) Outstanding for a period exceeding six months from the date from which they are due for payment	7.69	10.24
b) Others	408.10	335.62
	415.79	345.86

## Consolidated - Notes on Accounts (Contd.)

		Rs. in Crores	
		As at 31.03.2017	As at 31.03.2016
<b>19 CASH AND CASH EQUIVALENTS</b>			
a) Balances with Banks			
i) Current Accounts	2.51		0.80
ii) Fixed Deposits - as Guarantee to Sales Tax Dept.	1.31		1.21
iii) Deposit with Banks for the Public Deposit Repayment Reserve [includes Bank deposits with more than twelve months maturity Rs.0.43 crores (previous year Rs.0.13Crores)]	6.24		2.60
iv) Unclaimed Dividend Accounts	0.25	10.31	0.23
b) Cash on hand		0.07	0.12
		<u>10.38</u>	<u>4.96</u>
<b>20 SHORT TERM LOANS AND ADVANCES</b>			
<b>Unsecured - Considered good</b>			
a) Balance with Central Excise authorities		22.53	25.18
b) Provision for tax less Advance tax and Tax Deducted at Source	(1.14)		
Less: Minimum Alternate Tax credit entitlement set off	1.72	0.58	
c) Others			
VAT receivable	1.47		1.39
Advances to employees	2.75		2.83
Export incentives receivable	8.56		9.40
Advances to Vendors	9.84		7.61
Prepaid expenses	8.17		8.66
Minimum alternate tax credit entitlement	3.25		-
Other Advances	0.53	34.57	0.99
		<u>57.68</u>	<u>56.06</u>
<b>21 OTHER CURRENT ASSETS</b>			
Interest accrued on deposits and investments		0.49	0.32
<b>22 OTHER INCOME</b>			
a) Interest on deposits and advances		1.58	1.20
b) Profit on sale of fixed assets (Net)		0.06	0.47
c) Dividend Received		0.36	-
d) Other non-operating income		1.19	0.19
		<u>3.19</u>	<u>1.86</u>
<b>23 RAW MATERIAL CONSUMPTION</b>			
Raw Material		1,075.16	1,051.74
Components		348.65	269.66
		<u>1,423.81</u>	<u>1,321.40</u>



	Rs. in Crores	
	2016-17	2015-16
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
a) Opening inventory of Finished Goods	55.60	24.04
Less: Closing inventory of Finished Goods	41.56	55.60
Net change in stock of Finished Goods	<u>14.04</u>	<u>(31.56)</u>
b) Opening inventory of Work in Progress	50.22	53.19
Less: Closing inventory of Work in Progress	58.70	50.22
Net change in stock of Work in Progress	<u>(8.48)</u>	<u>2.97</u>
Net change in Finished Goods and Work in Progress	<u>5.56</u>	<u>(28.59)</u>
Refer to Note No. 31		
<b>25 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salaries, Wages, Bonus and Commission	220.46	198.40
b) Contribution to Provident and Other Funds	9.09	11.40
c) Staff Welfare expenses	22.79	22.02
	<u>252.34</u>	<u>231.82</u>
<b>26 OTHER EXPENSES</b>		
Consumption of Stores, tools and spare parts (Refer to Note 30c of standalone financial statements)	78.13	75.70
Power and fuel	89.89	93.73
Rent including Lease Rent	7.13	7.20
Repairs to		
Buildings	9.52	6.84
Machinery	13.28	11.75
Insurance	3.12	3.06
Rates and taxes, excluding taxes on income	2.30	2.51
Directors sitting fees	0.12	0.13
Auditors' remuneration		
Statutory Audit	0.32	0.26
Taxation matters (includes Rs. 0.05 Crores for Tax Audit - Last year Rs. 0.04 Crores)	0.13	0.11
VAT Audit fees	0.02	0.02
Certification fees	0.07	0.05
Reimbursement of expenses	0.08	0.07
Expenditure on Corporate Social Responsibilities	<u>0.91</u>	<u>0.84</u>
Freight	37.97	36.90
Net Loss on foreign currency transactions and translation (other than exchange loss considered as finance cost)	6.21	0.13
Miscellaneous expenses	<u>55.17</u>	<u>50.81</u>
	<u>304.37</u>	<u>290.11</u>

## Consolidated - Notes on Accounts (Contd.)

Rs. in Crores

### 27 FINANCE COSTS

	2016-17	2015-16
a) Interest expense	46.44	51.72
b) Interest on shortfall and other interests under Income Tax Act	0.17	-
c) Other borrowing costs	1.04	0.51
d) Net (gain) / Loss on foreign currency transactions and translation	0.14	5.35
	<b>47.79</b>	<b>57.58</b>

### 28 EARNINGS PER SHARE

Net profit as per P & L account	60.26	41.13
Weighted Average Number of Shares	120,32,279	120,32,279
Nominal value per share - Rupees	10.00	10.00
Basic & Diluted earnings per share - Rupees	50.09	34.18

### 29 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint ventures

Rs. in Crores

Particulars	2016-17				2015-16			
	Net Assets, i.e., total assets minus total liabilities		Share in Profit or loss		Net Assets, i.e., total assets minus total liabilities		Share in Profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit & loss	Amount	As % of consolidated net assets	Amount	As % of consolidated profit & loss	Amount
<b>Parent: Wheels India Limited</b>		460.35		59.31		408.16		39.99
Less: Investment made in Associates		2.72				2.72		
	0.98	457.63	0.98	59.31	0.98	405.44	0.97	39.99
Associates: (Investments as per Equity method)								
Indian:								
<b>Axles India Limited</b>	0.02	9.69	0.02	0.95	0.02	8.74	0.03	1.14
<b>Total</b>	1.00	467.32	1.00	60.26	1.00	414.18	1.00	41.13

30 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

<b>S RAM</b> Chairman	<b>SRIVATS RAM</b> Managing Director	<b>S PRASAD</b> Director	As per our report attached For <b>SUNDARAM &amp; SRINIVASAN</b> Chartered Accountants (Registration No.:004207S) <b>K SRINIVASAN</b> Partner Membership No.5809
<b>R RAGHUNATHAN</b> Chief Financial Officer	<b>S BALASUNDHARAM</b> Company Secretary		
Chennai 29th May, 2017			

**Consolidated Cash Flow Statement in accordance with AS3 issued by ICAI  
Annexed to the Balance Sheet for the year ended 31st March, 2017**



Rs. in Crores

	2016-17	2015-16
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Tax and extraordinary items	78.27	56.33
Adjustment for:		
Depreciation	63.92	60.45
(Profit) / Loss on sale of assets (net)	(0.06)	(0.47)
Loss on obsolescence	1.26	1.20
Effect of Exchange Rate Change	1.88	1.29
Interest income	(1.58)	(1.20)
Lease Liabilities	1.32	1.36
Dividend Received	(0.36)	-
Finance costs	47.79	57.58
	<u>114.17</u>	<u>120.21</u>
Operating profit before working capital changes	192.44	176.54
Adjustments for:		
Receivables and advances	(98.11)	(2.19)
Foreign Currency Monetary Items Translation Difference account	0.12	0.15
Inventories	18.37	(28.84)
Payables	46.29	13.20
	<u>(33.33)</u>	<u>(17.68)</u>
Cash generated from operations	159.11	158.86
Taxes paid	(19.45)	(10.57)
Cash flow before extraordinary items	139.66	148.29
Net Cash from operating activities (A)	<u>139.66</u>	<u>148.29</u>
<b>B Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(80.34)	(77.16)
Purchase of Investments	(0.47)	-
Sale of Investments	0.83	4.37
Sale of fixed assets	2.10	2.87
Interest received	1.41	1.35
Net cash used in investing activities (B)	<u>(76.47)</u>	<u>(68.57)</u>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	20.59	51.34
Repayment of Long Term Borrowings	(33.91)	(43.65)
Repayment of Lease liabilities	(1.32)	(1.36)
Increase in working capital	17.79	(20.47)
Dividend received	0.36	-
Finance costs	(46.07)	(55.97)
Dividend paid	(12.64)	(9.63)
Dividend tax paid	(2.57)	(1.96)
Net cash used in Financing activities (C)	<u>(57.77)</u>	<u>(81.70)</u>
Net increase in cash and cash equivalents (A+B+C)	5.42	(1.98)
Cash and cash equivalents at the beginning of the year	4.96	6.94
Cash and cash equivalents at the end of the year	10.38	4.96

**S RAM**  
Chairman

**SRIVATS RAM**  
Managing Director

**S PRASAD**  
Director

As per our report attached  
For **SUNDARAM & SRINIVASAN**

**R RAGHUNATHAN**  
Chief Financial Officer  
Chennai  
29th May, 2017

**S BALASUNDHARAM**  
Company Secretary

Chartered Accountants  
(Registration No.:004207S)  
**K SRINIVASAN**  
Partner  
Membership No.5809



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