

# AUTOMOTIVE AXLES LIMITED



22<sup>nd</sup> Annual Report 2002-03



A  
Joint venture  
between





## TWENTY SECOND ANNUAL REPORT 2002-2003

### **BOARD OF DIRECTORS**

**Adelio Raschi**

**Ashok Rao**

*President & Wholetime Director*

**B.N. Kalyani**

*Chairman*

**Blake G. Palmer**

**Bradley A. Arnold**

**P.C. Bhalerao**

**P.M. McNamara**

**Pratap Bhogilal**

**S.S. Marathe**

**Sabareeshan C.K.**

*Executive Director (Finance) & Company Secretary*

**Auditors**

*M/s. Deloitte Haskins & Sells (Chennai),  
Bangalore*

**Bankers**

*State Bank of India*

*Punjab National Bank*

*State Bank of Mysore*

*Bank of Nova Scotia*

*ICICI Bank Limited*

*BNP Paribas*

*IDBI Bank Ltd*

*Export Import Bank of India*

*HDFC Bank Ltd*

**Registered Office  
and Works**

*Hootagalli Industrial Area  
Off Hunsur Road  
Mysore 570 018*

**Listing at stock  
Exchanges at**

*Bangalore, Mumbai, Pune and National Stock Exchange*

<b>22nd Annual General Meeting</b>		
Day	:	Thursday
Date	:	29th January, 2004
Time	:	12.30 p.m.
Place	:	Registered Office, Mysore

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**NOTICE**

Notice is hereby given that the Twenty-second Annual General Meeting of the Members of Automotive Axles Limited, will be held at the Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysore 570 018 on **Thursday, 29th day of January 2004 at 12.30 p.m.** to transact the following business.

1. To receive, consider and adopt the Balance Sheet as at 30th September 2003, the Profit and Loss Account for the year ended on that date and Reports of the Directors' and Auditors' thereon.
2. To declare the payment of interim dividends as final dividend for the financial year ended 30th September, 2003.
3. To appoint a Director in place of Mr. Patrick McNamara who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Ashok Rao who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. C.K. Sabareeshan who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint M/s. Deloitte Haskins and Sells (Chennai), Chartered Accountants, Bangalore, the retiring auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors, to fix their remuneration for the period.

**Special Business**

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

**"Resolved** that in terms of Amended Clause 49 of the Listing Agreement, entered into with Stock Exchanges, by the company, a sitting fees of Rs. 20,000/- be paid to every eligible director for every board/committee meeting attended by him on or after 29th January, 2004."
8. To Consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

**"Resolved that** pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the Rules framed there under, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval, consent, permission or sanction of Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and any other appropriate authorities as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, which may be agreed by the Board of Directors of the Company (herein after referred to as "the Board"), the consent of the Company be accorded to the Board to delist the Equity Shares of the Company from Bangalore Stock Exchange and Pune Stock Exchange".

By Order of the Board of Directors  
For **AUTOMOTIVE AXLES LIMITED**

Place : Mysore C.K. Sabareeshan  
Date : 28th November, 2003 *Executive Director*  
(Finance) & Company Secretary

**Registered Office :**

Hootagalli Industrial Area  
Off Hunsur Road  
Mysore 570 018

**NOTES :**

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item No. 7 to 8 of the Notice is enclosed.
2. A member entitled to attend and vote at the meeting entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the company.
3. Under the Companies Act, 1956, dividends unclaimed/unpaid for a period of seven years, are to be transferred to the 'Investor Protection Fund', constituted by the Central Government. Accordingly the Dividend warrants for the year 1995-96, are to be encashed by the members on or before 30th March, 2004. Those who have not encashed these or for any subsequent years may write to the Company.



## ANNEXURE TO NOTICE

***The following Explanatory Statement sets out material facts relating to the Item No. 7 to 8 in the Notice, as required under Section 173(2) of the Companies Act, 1956.***

### **Item 7**

Pursuant to SEBI Circular No. SEBI/MRD/SE/31/2003/26/08 dated August 26, 2003, the Stock Exchanges have amended Clause 49 of the Listing Agreement, requiring all compensation, including sitting fees, payable to non executive directors, to be approved by shareholders in general meeting. The Company proposes to increase the Sitting Fee from Rs. 5,000 to Rs. 20,000/- per meeting, including committee meetings. This requires the approval of the members.

The Directors recommend the adoption of the resolution.

Non-Executive Directors, being the recipients of the compensation, may be regarded as concerned or interested in the Resolution.

### **Item 8**

Presently the Company's shares are listed at Bangalore (Regional), Mumbai, Pune and National Stock Exchanges. While the Company's Equity Shares are actively traded at the Stock Exchange, Mumbai and the National Stock Exchange of India Limited, there is hardly any trading at both Bangalore & Pune Stock Exchanges. Listing fees being paid to Bangalore and Pune Stock Exchange are therefore disproportionately higher compared to volumes traded. Delisting of Equity shares from the said exchanges does not affect the Investors adversely as the Company's Equity Shares continues to list at the Stock Exchange, Mumbai and National Stock Exchange of India Limited which are having nation wide trading terminals. Also Exit opportunity need not be given to the investors, where securities continue to be listed in a stock exchanges having nation wide terminals.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors is concerned or interested in this resolution.

### **Additional Information pursuant to clause 49 of the listing agreement:**

The information relating to the Directors being appointed / re-appointed at the ensuing Annual General Meeting to be held on **29th January 2004** are given below :

Mr. Patrick McNamara, born on 4th August, 1933, has served as the Director of your Company since year 31.03.1997. He

has a rich experience of more than 53 years and served in senior management level as General Manager, Managing Director, Director and is presently Director CVS Axle, Asia-Pacific, Arvin Meritor Inc., USA, and is responsible for CVS Axles interests in India joint ventures and the Development of new business in the region as required by CVS. He also serves on the Board of Meritor HVS (India) Limited. Having regard to his significant contribution to the performance and growth of the company, the Directors recommend his reappointment.

Mr. Ashok Rao, born on 27th October 1964, is a Mechanical Engineer from Karnataka Regional Engineering College, Surathkal, with a Masters Degree in Manufacturing Engineering from the University of Massachusetts, Amherst and has served your Company as Wholtime Director since year 2001 and was appointed President & Wholtime Director in Nov. 2002. Before taking assignment at the Company, Mr. Ashok Rao, was with MICO, Bangalore and worked in various capacities in Machine Design, Machine Building and Production / Process Planning. Having regard to his significant contribution to the performance and growth of the company, the Directors recommend his reappointment.

Mr. C.K. Sabareeshan, born on 29th January, 1955 is a Chartered Accountant and Company Secretary and has served as Executive Director of your Company since year 2001. He has a 23 years experience in the field of Finance and Secretarial matters. Before taking assignment at the Company, Mr. C.K. Sabareeshan, was with Tata Keltron Ltd., Chennai and was in charge of Finance and Corporate Affairs. Having regard to his significant contribution to the performance and growth of the company, the Directors recommend his reappointment.

By Order of the Board of Directors  
For **AUTOMOTIVE AXLES LIMITED**

C.K.Sabareeshan  
Executive Director (Finance) &  
Company Secretary

Place : Mysore

Date : 28th November, 2003

### **Registered Office :**

Hootagalli Industrial Area  
Off Hunsur Road  
Mysore 570 018

**AUTOMOTIVE AXLES LIMITED****MANAGEMENT DISCUSSION & ANALYSIS****Industry Structure & Developments**

Your Company is the largest independent manufacturer of Drive Axle Assemblies for Commercial Vehicles in the country. Drive Axle Assemblies for certain Military applications are exclusively sourced from your company. The demand for your company's products largely comes from the OEMs and is driven by certain Key Economic factors such as the growth in agriculture, investment in infrastructure such as Roads, Telecom, Power etc. Competition to your company's products comes from the OEM Customers who have in-house Drive Axle Manufacturing capabilities.

The sustained implementation of Government's initiatives on the infrastructure front, especially in the road sector, increasing containerization of foodgrain movement, especially in north, aided by the relaxation in inter-state movement of food grain, enforcement of ban on vehicles more than 15 years old plying on the roads in some States, continuance of robust growth in Multi-Axle segment on account of the cost advantage it offers, in transportation, are likely to keep the Commercial Vehicle market buoyant.

**Segment analysis**

Your Company has two primary segments namely, Domestic and Exports. The following table gives break-up for domestic sales and exports for the reporting period as compared to 2001-02. A report of segmental performance is furnished in **Para 14 of Schedule 16** to the Balance Sheet as at 30th September 2003.

The impact of these two segments on the performance of the company is discussed below:

(Rs. in million)

Turnover	2002-03	2001-02	Growth Rate
Domestic	2391.39	1964.22	21.75
Exports	60.58	96.31	(37.10)

**Domestic**

As a result of the unprecedented growth in the multi-axle vehicles segment, your company's turnover reached the highest ever, during the current period, which represents improvement of 21.75% over last year.

**Exports**

The Company is addressing all exports through Meritor HVS (India) Limited. Exports of the Company's products including DEPB amounted to Rs. 60.58 million, a decrease of 37.10% over last year due to the bottoming out of the US Economy.

**Opportunities & Threats****Domestic**

Your Company is gearing up to meet the increased requirement of axles by upgrading its facilities and undertaking continuous improvement actions. Your Company is also in the process of launching bigger Tandem Drive Axles for higher horse power vehicles planned to be introduced by the OEMs. These new Axles would be offered with high performance wheel end parts.

Your Company is also gearing up to meeting the threat of the competition, by aggressive pursuit of specific cost improvement aimed at protecting its competitive pricing. These measures would also enable your company to partly neutralize the increase in cost of inputs such as steel etc.

**Exports**

Your company has identified further opportunities with Arvin Meritor in USA, Brazil, China & Europe for supply of drive Axles/ parts. These opportunities, when they materialize, would enable your company to grow its business significantly in the coming years.

**Outlook**

The GDP growth forecast for 2003-04, by most of the Agencies monitoring economic indicators, is encouraging at well over 7%. With sustained implementation of Government's initiatives in infrastructural investments, and a good monsoon, the demand for Multi Axle Vehicles is expected to be on the upswing, resulting in higher off take of Company's products from the OEM customers. Softening of interest rates has also encouraged fleet operators to buy new vehicles. Good monsoon, projects like Golden Quadrilateral, that are currently underway which requires heavy vehicles to carry steel, cement etc., the development of new ports resulting in movement of cargo shipments between various parts which will have positive effect on demand for commercial vehicles. This is already reflected in the Top line growth rate of OEMs like Ashok Leyland, Tata Motors etc. The emerging concept of the HUB & the SPOKE system of transportation is likely to result in a structural change in the mix of the commercial vehicles with more demand for the Multi-Axle vehicles, for On high way application and LCVs for distribution within Metro and other big Cities. Your Company therefore expects to sustain the good performance shown in the year under report.

**Risks & Concerns**

The price instability on key raw materials such as Hot Rolled Coils, Carbon and Alloy Steel & MS Scrap is still unabated. While being persistently expected by the customers to reduce the selling prices periodically, your Company could partly neutralize the impact of these cost increase, through cost improvement,



initiatives, timely support of the customers enable your company to sail through the situation in FY03. Further efforts are on, to achieve cost reductions by value engineering and improving the performance of its products, to mitigate any further impact of these risks and concerns.

#### Internal Control Systems and their adequacy

Automotive Axles Limited has a proper and adequate system of internal controls to ensure that all its assets are safeguarded and not exposed to risks arising out of unauthorised use or disposal and that the assets are properly accounted for and transactions are authorised, recorded and reported correctly.

Your Company has an Audit Committee of Directors, which reviews, inter alia, risk management policies, adequacies of internal controls and the audit findings on the various segments of the business. M/s. Price Waterhouse, Chartered Accountants, perform the internal audit function.

#### Human Resources

- The number of Employees as on 30.09.2003 is 683.
- The company has maintained an excellent human relation during the year. Cultural day was celebrated on 26th in January 2003, in which employees and their family members attended. Various competitions were organized for the family members and prizes were distributed to the winners.
- To further enhance Employee involvement a Suggestion Scheme was launched during the year.
- A Total of 858 Mandays were spent on Training. Employees have been trained in the following areas
  - Technical
  - Soft Skills
  - Visit to leading industries to understand the Best Practices
  - TS 16949 Awareness Programme

- Health & Safety : External & In-house Training programmes were organized on safety Related Issues. 44 mandays were spent on Safety.
- Medical Examinations were carried out for employees during the year and employees were given advises on better Health Practices.
- As a part of community development programmes, 1202 students of Local Government Higher Primary schools were examined by our Medical Officer and given Medical advices.

#### Financial Ratios

The following table lists out the key financial ratios for 2002-03 and 2001-02.

	2002-03 (%)	2001-02 (%)
PBT / Total Income	14.69	13.28
PAT / Total Income	9.49	8.30
Return On Capital Employed	24.21	20.50
Return on Net Worth	37.54	28.28
Earning Per Share Rs.	13.25	9.79
Dividend Pay Out Ratio	64	61

#### Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the automobile industry - global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relation and interest costs.

**AUTOMOTIVE AXLES LIMITED****REPORT ON CORPORATE GOVERNANCE****● Corporate Philosophy**

Your Company is fully committed to sound principles of **Corporate Governance**, encompassing high standards of transparency, accountability, social responsiveness and good/ethical commercial practices. On these principles your Company aims to maximize the value for all stake holders in the company namely, the shareholders, business partners, suppliers, employees and the society.

**Board Level Issues****● Composition of the Board**

As on 30th September 2003, the Board of Directors of your

**● Directors' Attendance Record and Directorship**

Name of Director	Status	Number of meetings held	Number of meetings attended	Whether Attended last AGM	Number of Directorships of other Public Limited Companies	No. of Board Committees of other Companies in which a Member #
Mr. B.N. Kalyani Chairman	Non-Executive	4	4	No	14	6 (Chairman of 1)
Mr. S.S. Marathe	Non-Executive Independent	4	Nil	No	10	9 (Chairman of 4)
Mr. Pratap Bhogilal	Non-Executive Independent	4	4	Yes	3	1
Mr. P.C. Bhalerao	Non-Executive	4	Nil	No	9	Nil
Mr. Bradley Arnold	Non-Executive	4	1	No	1	Nil
Mr. Blake G Palmer	Non-Executive	4	Nil	No	1	Nil
Mr. P.M. McNamara	Non-Executive	4	4	Yes	1	Nil
Mr. Adelio Raschi	Non-Executive	4	4	Yes	-	Nil
Mr. Ashok Rao	Executive Independent	4	4	Yes	-	Nil
Mr. C.K. Sabareeshan	Executive Independent	4	4	Yes	-	Nil

● Independent Director means a director who apart from receiving director's remuneration does not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the opinion of the Board may affect independence of judgment of directors.

None of the Directors is a member of more than 10 Board Level Committees, or a Chairman of more than five such committees.

# Excludes Committees of your Company viz., Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration Committee, and Companies other than public limited companies.

**Directors with materially significant pecuniary transaction or relationship with the Company**

There was no materially significant pecuniary transaction, or relationship between the Company and any of the Directors,

company consisted of 10 Directors. Eight are Non-Executive Directors, and two Executive Directors. Four are Independent Directors.

**● Number of Board Meetings**

During the year, four Board Meetings were held on 20th November 2002, 16th January 2003, 24th April 2003 & 24th July 2003. The maximum interval between any two board meetings, during the year, was less than four months.

during the year as contemplated under relevant guidelines of the SEBI/Stock Exchanges.

**● Information supplied to the Board**

Among others, this includes:

- Annual operating plans and budgets, capital budget, updates,
- Quarterly results of the company and its operating divisions or business segments,
- Minutes of meetings of Audit Committee,
- Materially important issues, disputes with the Government Authorities on show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Significant labour problems and their proposed solutions,



- Significant development in human resources and industrial relations front,
- Sale of material nature, assets, which is not in normal course of business,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse

exchange rate movement; and,

- Non-compliance of any regulatory, statutory nature or listing requirements and shareholder service such as non-payment of dividend and delay in share transfer.

The Board is presented with detailed notes as necessary, along with the agenda, well in advance of the meeting.

#### ● Remuneration of Directors

Details of remuneration to Directors and their relationship with each other.

(Amount in Rupees)

Name of Director	Relationship with other Directors	Sitting Fee (Rs.)	Salaries, performance bonus and perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. B. N. Kalyani	None	20,000	NIL	NIL	20,000
Mr. S.S. Marathe	None	15,000	NIL	NIL	15,000
Mr. Pratap Bhogilal	None	30,000	NIL	NIL	30,000
Mr. P.C. Bhalerao	None	15,000	NIL	NIL	15,000
Mr. Bradley A. Arnold	None	NIL	NIL	NIL	NIL
Mr. Blake G. Palmer	None	NIL	NIL	NIL	NIL
Mr. P.M. McNamara	None	NIL	NIL	NIL	NIL
Mr. Adelio Raschi	None	NIL	NIL	NIL	NIL
Mr. Colin Imrie *	None	NIL	483,440	NIL	483,440
Mr. Ashok Rao	None	NIL	2,465,833	NIL	2,465,833
Mr. C.K. Sabareeshan	None	NIL	1,855,678	NIL	1,855,678

#### \* Employment for part of the year

- The employment of all the Executive Directors is contractual.
- None of the director is related to any of the directors.
- Sitting Fee includes payment for board level committee meeting.

#### ● Audit Committee

Audit Committee of your Board consists of only Non-Executive Directors, Mr. Pratap Bhogilal, (Chairman) (Independent), Mr. S.S. Marathe (Independent), and Mr. P.C. Bhalerao. M/s Price Waterhouse, Chartered Accountants, perform the Internal Audit function.

The terms of reference of Audit Committee includes the following:

- Oversight of Company's financial reporting system to ensure the disclosure of financial information is correct, sufficient and credible,
- Review of the annual financial statements, before submission to the Board, focusing primarily on changes if any, in the accounting policies or practices, compliance of accounting standards, Qualifications in draft audit report, Compliance with Stock Exchange and legal requirements concerning financial statements, related party transactions etc.,
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems,
- Reviewing the effectiveness of the internal audit function,

The committee met thrice during the course of the year.

#### Attendance record of Audit Committee members

Name of Director	No. of meetings held	No. of meetings attended
Mr. Pratap Bhogilal	3	2
Mr. S.S. Marathe	3	3
Mr. P.C. Bhalerao	3	3

#### ● Investors Grievances & Share transfers

In compliance with the Listing Agreements with the Stock Exchanges, your Company has a "Shareholders/Investors' Grievances Committee", comprising Mr. B.N. Kalyani, (Chairman and Non-Executive Director), Mr. S.S. Marathe, Mr. Ashok Rao (President & Whole-time Director) and Mr. C.K. Sabareeshan, Executive Director (Finance) & Company Secretary.

To facilitate prompt and speedy disposal of transfer, certain officers of the Company are authorized to carry out such matter.

The status on complaints is reported to the Board of Directors by Mr. C.K. Sabareeshan, Company Secretary, who is the compliance officer.

#### ● Remuneration committee

Your Company has a Remuneration Committee consists of Mr. B.N. Kalyani, Chairman, (Non Independent) Mr. Patrick McNamara and Mr. P.C. Bhalerao, all of whom are Non Executive Directors. The Remuneration Committee is authorised to approve any increase in remuneration payable to the Whole-time Directors of the Company.

#### ● Disclosures

- (a) Materially significant related party transactions

**AUTOMOTIVE AXLES LIMITED**

- These are disclosed at Para-13 of Schedule 16 to the Balance Sheet as at 30th September 2003.
  - (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any authority, on any matter related to capital markets, during the last three years
    - There was no instance of non-compliance on any matter related to the capital markets during the last three years.
  - (c) Disclosures regarding appointment or re-appointment of Directors
- The information relating to the Directors being appointed/ re-appointed at the ensuing Annual General Meeting, are furnished in the Notice of the Annual General Meeting.

**• Communication to Shareholders**

Quarterly/half yearly/annual results and information relating to convening of Annual General Meeting are published in leading

newspapers and also notified to the stock exchanges as required under the listing agreement. A report on the Management Discussion & Analysis is enclosed as a part of the Directors' Report to the Members. Your company's web site is under finalization.

**• General Body-Meetings**

Date, time and venue for the last three annual general meetings are given below:

Financial Year	Date	Time	Venue
1999-2000	20th January, 2001	10.30 a.m.	Regd. Office of the Company
2000-2001	16th January, 2002	10.30 a.m.	Regd. Office of the Company
2001-2002	16th January, 2003	10.30 a.m.	Regd. Office of the Company

**General shareholder Information**

Annual General Meeting	Date & Time : 29th January 2004 at 12.30 p.m. Venue : Registered Office Hootagalli Industrial Area Off Hunsur Road Mysore 570 018																																																				
Financial Year	1st October 2002 to 30th September 2003																																																				
Book Closure Date	17th May 2003 - First Interim Dividend 17th December 2003 - Second Interim Dividend																																																				
Listing	Bangalore Stock Exchange Ltd The Stock Exchange, Mumbai Pune Stock Exchange Limited National Stock Exchange of India Limited																																																				
Dividend Payment Date	Within the time limit prescribed by Law.																																																				
Stock Codes	BSE - 505010 Demat ISIN Number : INE449A01011																																																				
Stock Data	<table><thead><tr><th></th><th>High (Rs.)</th><th>Low (Rs.)</th><th>No. of Shares Traded</th></tr></thead><tbody><tr><td>October, 2002</td><td>72.05</td><td>63.20</td><td>5689</td></tr><tr><td>November, 2002</td><td>94.00</td><td>63.40</td><td>9565</td></tr><tr><td>December, 2002</td><td>100.00</td><td>75.50</td><td>42331</td></tr><tr><td>January, 2003</td><td>100.00</td><td>88.50</td><td>68892</td></tr><tr><td>February, 2003</td><td>95.00</td><td>80.75</td><td>20268</td></tr><tr><td>March, 2003</td><td>89.95</td><td>72.80</td><td>90765</td></tr><tr><td>April, 2003</td><td>83.90</td><td>75.00</td><td>11268</td></tr><tr><td>May, 2003</td><td>126.40</td><td>81.75</td><td>925513</td></tr><tr><td>June, 2003</td><td>144.70</td><td>107.85</td><td>797374</td></tr><tr><td>July, 2003</td><td>151.00</td><td>125.80</td><td>604238</td></tr><tr><td>August, 2003</td><td>199.00</td><td>144.00</td><td>451434</td></tr><tr><td>September, 2003</td><td>195.00</td><td>157.30</td><td>178749</td></tr></tbody></table>		High (Rs.)	Low (Rs.)	No. of Shares Traded	October, 2002	72.05	63.20	5689	November, 2002	94.00	63.40	9565	December, 2002	100.00	75.50	42331	January, 2003	100.00	88.50	68892	February, 2003	95.00	80.75	20268	March, 2003	89.95	72.80	90765	April, 2003	83.90	75.00	11268	May, 2003	126.40	81.75	925513	June, 2003	144.70	107.85	797374	July, 2003	151.00	125.80	604238	August, 2003	199.00	144.00	451434	September, 2003	195.00	157.30	178749
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	<p><b>AAL Share Price Vs BSE 500 Series</b></p> <p>The graph displays two data series: BSE 500 (represented by squares) and Share Price (represented by circles). The BSE 500 index starts at around 1000 in October 2002 and rises to approximately 1800 by September 2003. The Share Price starts at around 60 in October 2002 and shows a significant increase starting in April 2003, reaching approximately 195 by September 2003.</p>																																																				



<b>Share Transfer System</b>	In compliance with the SEBI circular dated 27th December, 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, the Company has appointed M/s. Alpha Systems Pvt. Ltd., Ramana Residency, 4th Cross, Malleshwaram, Bangalore 560 003, as its Registrar and Share Transfer Agents. Company's shares are traded on the stock exchanges compulsorily in demat mode. Company's officers authorised in this behalf, meet thrice a month for dealing with matters concerning securities of the company. Following table gives details of the complaints regarding shares			
	Nature of Compliant	No. of Complaints Received	No. of Complaints Redressed	
	Non Receipt of			
	- Dividend	34	34	
	- Share Certificate	8	8	
	- Tax Deduction Certificate	5	5	
	- Annual Report	4	4	
	- Dividend payment advise	2	2	
	Updation of Members details	2	2	
<b>Shareholding pattern</b>	Pattern of shareholding by ownership as on 30th September, 2003.			
	Promoters		10735081	71.04
	Bodies Corporate		897893	5.94
	Banks		516	0.00
	Foreign Institutional Investors		104454	0.69
	Non Resident Indians / OCB		28452	0.19
	Mutual Funds		1385953	9.17
	Public		1959626	12.97
	<b>Total</b>		<b>15111975</b>	<b>100.00</b>
	Pattern of shareholding, by share class as on 30th September, 2003			
	Category	No. of Share holders	No. of Shares held	Share Holding %
	Up to 500	10126	692743	4.58
	501 to 1000	163	126117	0.84
	1001 to 2000	73	106115	0.70
	2001 to 3000	30	75907	0.50
	3001 to 4000	10	36531	0.24
	4001 to 5000	14	63577	0.42
	5001 to 10000	7	54198	0.36
	10000 & above	38	13956787	92.36
	<b>Total</b>	<b>10461</b>	<b>15111975</b>	<b>100.00</b>
<b>Dematerialisation</b>	The Company's Equity Shares are under compulsory demat trading. As on 30th September 2003, dematerialised shares accounted for 45.92% of total equity.			
<b>Details of Public funds obtained in the last three years</b>	Nil			
<b>Outstanding warrants and their implications on Equity</b>	There are no outstanding warrants.			
<b>Plant Locations</b>	Hootagalli Industrial Area, Off Hunsur Road, Mysore 570 018			
<b>Investor Correspondence address</b>	Secretarial Department Automotive Axles Limited Hootagalli Industrial Area Off Hunsur Road Mysore 570 018 Phone : 2402582 - 86 (5 lines) Fax : 2402451 E-mail : sec@autoaxle.com		Shares Transfer Agents Alpha Systems Pvt. Ltd. Ramana Residency, 4th Cross Sampige Road, Malleshwaram Bangalore 560 003 Phone : 3460816-818 Fax : 3460819 E-mail : alifint@vsnl.com	

#### CERTIFICATE

##### TO THE MEMBERS OF AUTOMOTIVE AXLES LIMITED

We have examined the compliance of conditions of corporate governance by Automotive Axles Limited, for the year ended on 30 September 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, except for complying with the requirement as to the quorum of independent directors at the meeting of the audit committee on 27th September 2003, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the records maintained by the Shareholders/Investors Grievance Committee, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days as of 30 September, 2003.

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 Deloitte Haskins and Sells  
Chartered Accountants

V. Srikumar  
Partner  
Membership No. 84494

Place : Bangalore  
Date : 3rd December, 2003