



Axles India Limited

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Eighteenth Annual Report**Axles India Limited**

Board of Directors	S Ram (<i>Chairman & Managing Director</i>) T Raghavan K R Raghavan T Ramabhadran R L Clayton W W Hoenes W D Gieseler J M Zugaldia
General Manager (Finance)	V R Ravi
Secretary	R Kothandaraman
Bankers	Indian Overseas Bank United Bank of India Bank of Baroda
Auditors	Sundaram and Srinivasan, Chennai
Registered Office	21, Patullos Road, Chennai – 600 002 Phone : 8522745
Factories	Sriperumbudur, Kancheepuram District Tamil Nadu – 602 105 Phone : 04111–32371, 32372 Cheyyar Taluk, Thiruvannamalai District Tamil Nadu – 604 410 Phone : 04112 – 42209
Office	110, Nelson Manickam Road Chennai – 600 029 Phone: 3742691, 3742692 Fax : 3741272
Stock Exchange Listing	Madras Stock Exchange Ltd. Bangalore Stock Exchange Ltd.

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Eighteenth Annual Report Notice to the Shareholders

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Monday the 25th September 2000 at "Kasturi Srinivasan Building" (Mini Hall, Music Academy) TTK Road Chennai 600 014 at 10.30 a.m. to transact the following items of business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statements of accounts for the year ended 31st March 2000 and the Report of the Directors and the Auditors thereon.
2. To declare a dividend on preference share capital.
3. To elect a Director in the place of Mr. T Ramabhadran, who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in the place of Mr. K R Ragavan, who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 and other applicable provisions Mr. W D Gieseler be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

RESOLVED THAT the modified Articles of Association tabled at the meeting and duly initialled by the Chairman for the purpose of identification be and are hereby approved as the Articles of Association of the Company.

By order of the Board

21st August 2000
Regd. Office:
21, Patullos Road
Chennai 600 002

S Ram
Chairman and
Managing Director

Axles India Limited

Notice to the Shareholders

Notes:

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| <ol style="list-style-type: none"> 1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in the Notice is annexed. 2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. 3. Proxies must be lodged with the Company not less than 48 hours before the meeting. 4. The Register of Members and Share Transfer | <p>Books of the Company will remain closed from 16th September 2000 to 25th September 2000 (both days inclusive).</p> <ol style="list-style-type: none"> 5. As per Sec. 205C of the Companies Act, 1956 the unclaimed and unpaid dividend for the years ended 31st March 1996 and 31st March 1997 will be transferred to the Investors Education and Protection Fund in October 2003 and November 2004 respectively. Members who have not encashed their dividend warrants are requested to approach the Company for revalidation/duplicate warrants. |
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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT 1956.**
SPECIAL BUSINESS**ITEM 6**

Mr. W D Gieseler was appointed as a Director of the Company at the Board Meeting held on 21st June 2000 in the casual vacancy created by the resignation of Mr. Peter Chrishard. In terms of Section 262 of the Companies Act, 1956, Mr. Gieseler will hold office till the ensuing Annual General Meeting.

Notice has been received from a Member of the Company proposing the appointment of Mr. Gieseler as a Director of the Company.

Mr. Gieseler is the Product Manager – Drive Axles of Spicer Heavy Axles & Brakes Division in Dana Corporation. His association will be fruitful to the Company. None of the other Directors is interested or concerned in the resolution.

ITEM 7

The existing Articles of Association, *inter alia*, reflects the rights and obligations of Sundaram Finance Limited and Wheels India Limited (collectively, *the Indian Promoter*) vis-à-vis the then Foreign Shareholder viz., Eaton Limited. Consequent to the global restructuring, Eaton has sold their worldwide medium and heavy axles business to Dana Corporation USA. As a result, Dana has, through its 100 % subsidiary Spicer Heavy Axle Holdings Inc. (*Spicer*), acquired the entire 40% shareholding of Eaton in Axles India Ltd. This change in the shareholding necessitates certain amendments to the Articles of Association of the Company to reflect the rights and obligations of the Indian Promoter vis-à-vis the new Foreign Shareholder, Spicer, involving deletion of certain existing clauses, inclusion of new provisions and consequential renumbering.

Eighteenth Annual Report Notice to the Shareholders

The following are the salient features of the proposed amendments to the Articles:

1. Several of the definitions have to undergo a change by deleting references to Eaton related matters and to incorporate Spicer related matters.
2. The Articles relating to the shareholding pattern of the Company vis-à-vis the Indian Promoter and Spicer are required to be amended to reflect the current situation.
3. The Articles relating to transfer of shares have been re-drafted to bring out pre-emptive rights of the Indian Promoters and Spicer in relation to each other and related issues.
4. The quorum for general meetings has been enhanced to include a requirement for a shareholding percentage in addition to the current requirement.
5. The Articles relating to proceedings at general meetings have been modified to provide for positive vote by the representatives of the Indian Promoters and Spicer on certain matters.
6. The Board has been reconstituted inducting Spicer nominees in the place of Eaton nominees and certain issues of importance

have been listed in the Articles requiring the affirmative voting of the nominees of both the Indian Promoter and Spicer.

7. It is proposed to provide for non-competition.

The Directors recommend the above resolution for the approval of the Members.

Mr. S Ram is Director of Wheels India Ltd. and Sundaram Finance Ltd. Mr. R L Clayton, Mr. W W Hoenes, Mr. W D Gieseler and Mr. J M Zugaldia are executives of Dana Corporation. Save as otherwise none of the other Director is concerned or interested in the resolution.

The draft of the modified Articles of Association is available for inspection of the Members at the Registered Office of the Company and at the Office at 110, Nelson Manickam Road Chennai 600 029 on all working days during business hours. Members desirous of obtaining a copy of the draft may write to the Company and the same would be forwarded free of cost.

By order of the Board

21st August 2000

Regd. Office:
21, Patullos Road
Chennai 600 002

S Ram
*Chairman and
Managing Director*

Axles India Limited

Report of the Directors to the Shareholders

Your Directors present herewith the Eighteenth Annual Report of the Company along with the audited accounts for the year ended 31st March 2000.

WORKING RESULTS

The turnover during the year 1999-00 was Rs. 69.74 Crores against Rs. 45.87 crores in 1998-99, 52 % higher than the previous year.

	(Rs. In lakhs)
Profit before depreciation	235.27
Depreciation	163.90
Profit for the year	71.37
Balance carried from last year	(341.76)
Debenture Redemption Reserve written back	16.66
Income Tax provision no longer required written back	1.99
Proposed Dividend on Preference Shares	(16.12)
Tax on proposed dividend	(3.56)
Balance carried to Balance Sheet	(271.42)

DIVIDEND

The Directors recommend payment of dividend @ 14% *pro rata* on preference shares for the year ended 31st March 1999.

The net profit made in the last financial year was not adequate to meet the preference shares dividend requirement. Under the circumstances, the Directors do not recommend payment of equity dividend for the year ended 31st March 2000.

SHAREHOLDING CHANGE

Eaton Limited, U.K., have sold their worldwide axles business to Dana Corporation USA. Consequently, Eaton's 40% holding in your Company has been acquired by Spicer Heavy Axle

Holdings Inc., a 100% subsidiary of Dana. As required under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 an open offer was made by Spicer, Sundaram Finance Limited and Wheels India Limited to acquire the 20% public holding. Valid acceptances were received for 147924 equity shares representing 3.62% of the paid up equity capital of the Company, which have been acquired by Spicer, Sundaram Finance and Wheels India in the ratio of 2:1:1. With this the Indian Promoters and the Foreign Shareholder each hold 41.81 % of the paid up equity shares of your Company.

PROSPECTS

After two consecutive years of fall in production of Medium and Heavy Commercial Vehicles, in 1999-00, there was a revival in the Commercial Vehicle production. Your Company's sales went upto Rs. 69.74 crores (80,766 nos. Axle Housings) from the previous year's Rs. 45.87 crores (52,471 nos.).

Increased level of production required additional shift working, increasing wage costs and other production variable costs. Increased activity contributed to better utilisation of capacity and better recovery, resulting in the Company operating above break-even level after interest. Improvement in the inventory levels was possible in the last financial year. Operating with net profit enabled your Company to repay loans and bring down interest cost as a proportion to sales. We expect further improvement in the coming year.

This financial year, Medium and Heavy Commercial Vehicle production is expected at the previous year's level. Commercial agreement is expected to be reached with a vehicle manufacturer for supply of Drive Heads.

Eighteenth Annual Report

Report of the Directors to the Shareholders

With Dana purchasing Eaton's Medium and Heavy Axles business, Dana have become a World Leader in axles for Medium and Heavy Duty Vehicles. Dana, through their wholly owned subsidiary Spicer Heavy Axles, have purchased Axles India's shares of Eaton Limited. This development will enable Axles India to offer full range of products to the Indian Vehicle Manufacturers as they bring in new generation vehicles in the coming years.

DEPOSITS

The deposits from public and shareholders as on 31st March 2000 were Rs. 198.67 lakhs.

DIRECTORS

The nominees of Eaton Limited resigned consequent to the sale of Eaton's holding in the Company to Spicer Heavy Axle Holdings Inc., and Spicer's nominees have been appointed to fill the casual vacancy caused by the resignations. The Board wishes to place on record its appreciation for the contributions of Messrs. T W O' Boyle, Joaquin Zuza Yoldi, Peter Chrichard, M J Sidgwick and P N Kapadia during their tenure as Directors. The Board is also pleased to welcome the Spicer's nominees Messrs. Mr. Richard L Clayton, Mr. William W Hoenes, Mr. William Gieseler and Mr. Josetxo Zugaldia to the Board.

Mr. T Ramabhadran and K R Ragavan Directors retire by rotation and being eligible offer themselves for re-election. Mr. William Gieseler appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. Peter Chrichard, holds office till the ensuing Annual General Meeting. Notice has been received from members proposing the candidature of Mr. William Gieseler for appointment as a Director at this meeting.

AUDITORS

The Auditors of the Company Messrs. Sundaram and Srinivasan, Chartered Accountants, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 are annexed hereto and form an integral part of this report.

GENERAL

As regards the observation of the Auditors on provision for gratuity and leave encashment, Note No. 21 read with Note No. 1 of Schedule XV is self explanatory.

The particulars prescribed under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 to the extent applicable are given in the annexure to this report.

Your Directors wish to thank the customers, Indian Overseas Bank, United Bank of India, Bank of Baroda, SBI Mutual Fund, Financial Institutions, Tamil Nadu Government, SIPCOT, Eaton, Wheels India, Sundaram Finance, Spicer and Karur Vysya Bank for their support.

Your Directors wish to place on record their appreciation of the excellent effort put in by all the employees of the Company.

For and on behalf of the
Board of Directors

S RAM

Chairman and
Managing Director

Chennai
21st June, 2000