



Axles India Limited



NINETEENTH ANNUAL REPORT
31ST MARCH 2001

Nineteenth Annual Report

Axles India Limited

Registered Office

21, Patullos Road,
Chennai 600 002.
Phone: 852 2745

Office

110, Nelson Manickam Road
Chennai 600 029
Phone No. 374 2691 Fax 374 1272

Factories

Singaperumal Koil Road
Sriperumbudur, Tamil Nadu 602 105
Phone No. 04111-32371, 32372

Cheyar Taluk, Tiruvannamalai Dist.
Tamil Nadu 604 410
Phone No. 04112-42209

Bankers

Indian Overseas Bank
Bank of Baroda
United Bank of India

Registrars & Share Transfer Agents

Cameo Corporate Services Ltd.
"Subramanian Building"
1, Club House Road
Chennai 600 002
Phone No. 846 0084, 846 0390
Fax: 846 0129

Stock Exchange Listing

Madras Stock Exchange Limited
Bangalore Stock Exchange Limited

Board of Directors

S Ram (*Chairman & Managing Director*)
K R Ragavan
T Ramabhadran
R L Clayton
J M Zugaldia
W D Gieseler

Audit Committee

S Ram (*Chairman*)
T Ramabhadran
J M Zugaldia

Auditors

Sundaram and Srinivasan
Chartered Accountants
Chennai 600 018

General Manager - Finance

V R Ravi

Secretary

R Kothandaraman

CONTENTS

	<i>Page</i>
Notice to Shareholders	2
Report of the Directors	4
Report of the Auditors	7
Balance Sheet	10
Profit and Loss Account	11
Schedules	12
Balance Sheet Abstract and General Business Profile	22
Cash Flow Statement	23
Financial Summary	24

Nineteenth Annual Report

Notice to the Shareholders

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Friday, the 27th July 2001 at Kasturi Srinivasan Building (Mini Hall, Music Academy) TTK Road, Chennai 600 014 at 10.00 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 2001 and the Report of the Directors and the Auditors thereon
2. To elect a Director in the place of Mr. K R Ragavan who retires by rotation and being eligible offers himself for re-election
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 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

5. 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. J M Zugaldia be and is hereby appointed as a Director of the Company, liable to retire by rotation

By order of the Board

Regd. Office:
21, Patullos Road
Chennai 600 002
25th June 2001

S RAM
*Chairman and
Managing Director*

Notes:

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. 24th July 2001 to 27th July 2001 (both days inclusive).
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 Books of the Company will remain closed from
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.

Notice to the Shareholders

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

SPECIAL BUSINESS

ITEM 5

Mr. J M Zugaldia 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. M J Sidgwick. In terms of Section 262 of the Companies Act, 1956, Mr. Zugaldia will hold office till the ensuing Annual General Meeting.

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

Mr. Zugaldia is the General Manager – Commercial Vehicles System Europe in Dana Corporation and is responsible for commercial vehicle systems in

Europe and India. His association will be fruitful to the Company.

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

By order of the Board

Regd. Office:
21, Patullos Road
Chennai 600 002
25th June 2001

S RAM
*Chairman and
Managing Director*



Nineteenth Annual Report

Report of the Directors to the Shareholders

Your Directors present herewith the Nineteenth Annual Report of the Company along with the audited accounts for the year ended 31st March 2001.

WORKING RESULTS

The turnover during the year 2000-01 was Rs. 57.40 crores against Rs. 69.74 crores in 1999-00, 18% lower than the previous year.

	(Rs. In lakhs)
Profit before depreciation	1.44
Depreciation	171.59
Loss for the year	(170.15)
Balance carried from last year	(271.42)
Balance carried to Balance Sheet	(441.57)

DIVIDEND

With the reported loss of Rs. 170.15 lakhs for the year ended 31st March 2001, the Directors do not recommend payment of dividend.

EQUITY ISSUE

The Company made a Rights Issue of 61,20,000 equity shares of Rs. 10 each at par aggregating to Rs. 612 lakhs in the ratio of 3:2. The Issue opened on 29th January 2001 and concluded on 27th February 2001. A sum of Rs. 428.40 lakhs was received on application and the shares were allotted on 21st March 2001. The balance amount of Rs. 183.60 lakhs will be called during the year.

Out of the Redeemable Preference Shares of Rs. 400 lakhs, the Company redeemed Rs. 240 lakhs at a premium of Rs. 30 per share, in lieu of dividend utilising the balance in the share premium account.

PROSPECTS

Medium and Heavy Commercial Vehicle production in the year 2000-01 dropped by about 20%. Wider use of Multi Axle Vehicles together with increased

cost of vehicles due to higher sale tax levies reduced demand for Medium Duty Vehicles. The Truck market continues to operate below capacity with Government expenditure on infrastructure projects so far being below expectation. The Medium and Heavy Commercial Vehicle operators are facing increase in fuel and operating costs. The current year demand is not expected to be higher than in the year ending March 2001.

Agreement has been made with a major producer of trucks for supply of full Axles. Production of Drive Heads for this Axles is expected to commence in the first quarter of the next financial year.

DEPOSITS

The deposits from public and shareholders as on 31st March 2001 were Rs. 224.67 lakhs.

DIRECTORS

Mr. T Raghavan and Mr. W W Hoenes resigned from the Board and these casual vacancies have not been filled up. The Board wishes to place on record its appreciation for the contributions of Mr. T Raghavan and Mr. W W Hoenes during their tenure as Directors.

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

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, Directors' Responsibility

Axles India Limited**Report of the Directors to the Shareholders**

Statement is annexed hereto and forms an integral part of this report (Annexure A).

GENERAL

The Board has constituted an Audit Committee comprising of Mr. S Ram, Mr. T Ramabhadran and Mr. J M Zugaldia.

Your Company obtained ISO 9001 certification in the year under review.

As regards the observation of the Auditors on provision for excise duty on stock of finished goods and customs duty on stock of raw materials, these have not been provided for in line with the practice adopted so far. As mentioned in the Notes to the Accounts, these have no impact on the loss for the year.

As regards provision for Gratuity and Leave Encashment, Note No. 20 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 (Annexure B). Pursuant to clause 43 of the Listing Agreement, Statement of projected and actual utilisation of rights Issue proceeds is annexed to this Report (Annexure C).

Your Directors wish to thank the customers, Indian Overseas Bank, United Bank of India, Bank of Baroda, Tamil Nadu Government, SIPCOT, Wheels India, Sundaram Finance and Spicer for their continued 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
25th June, 2001

Annexure A to Directors' Report**Directors' Responsibility Statement pursuant to Section 217 (2AA) of the Companies Act, 1956**

The Board of Directors of Axles India Limited hereby declares that

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. such accounting policies have been selected and applied consistently and judgements and estimates 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 31st March 2001 and of the loss of the Company for the year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting

records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. the annual accounts have been prepared on a going concern basis.

For and on behalf of the
Board of Directors

S RAM

*Chairman and
Managing Director*

Chennai
25th June, 2001

Nineteenth Annual Report Annexure to Directors' Report

Annexure B to Directors' Report

Information under Section 217 (1)(e) of the Companies Act, 1956

Conservation of energy

Energy Audit is being conducted and steps are being taken to conserve energy.

Foreign Exchange earnings and outgo

Foreign Exchanged used	Rs. 2.90 Lakhs
Foreign Exchange earned	Nil

Technology absorption

Your Company has achieved adequate capability to design, manufacture and test Axle Housings for a wide range of commercial vehicles. Your Company has access to technology for Drive Heads suitable for different ranges of commercial vehicles.

For and on behalf of the
Board of Directors

Chennai
25th June, 2001

S RAM
Chairman and
Managing Director

Annexure C to Directors' Report

Statement pursuant to Clause 43 of the Listing Agreement

Details of projected and actual utilisation of Rights Issue proceeds during the year ended 31st March 2001:

(Rs. in lakhs)

Particulars	Projected	Utilised	Variation
Redemption of Preference Share Capital	240.00	240.00	NIL
Drive Head Project	30.00	NIL	30.00
Issue Expenses	12.00	12.00	NIL

Due to change in the location of the Drive Head Project, the planned expenditure of Rs. 30 lakhs during the year ended 31st March 2001 was not incurred.

For and on behalf of the Board of Directors

Chennai
25th June 2001

S RAM
Chairman and Managing Director