

# Axles India Limited



TWENTYFIRST ANNUAL REPORT  
31<sup>ST</sup> MARCH 2003

## Twentyfirst Annual Report

Axles India Limited

**Registered Office**

21, Patullos Road  
Chennai 600 002  
Phone: 2852 2745

**Factories**

Singaperumal Koil Road  
Sriperumbudur, Tamil Nadu 602 105  
Phone No. 04111-262371, 262372

Cheyyar Taluk, Tiruvannamalai Dist.  
Tamil Nadu 604 410  
Phone No. 04112-242209

**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. 2846 0084, 2846 0390  
Fax: 2846 0129

**Board of Directors**

S Ram (*Chairman & Managing Director*)  
K R Ragavan  
T Ramabhadran  
B N Cole  
W E Hennessy  
J M Zugaldia

**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	3
Report of the Auditors	6
Balance Sheet	8
Profit and Loss Account	9
Schedules	10
Cash Flow Statement	21
Balance Sheet Abstract and General Business Profile	22
Annexure to Directors' Report	23
Financial Summary	24

## Twentyfirst Annual Report

### Notice to the Shareholders

NOTICE is hereby given that the Twentyfirst Annual General Meeting of the Company will be held on Tuesday, the 23<sup>rd</sup> September 2003 at Kasturi Srinivasan Building (Mini Hall, Music Academy), 306, TTK Salai, 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 31<sup>st</sup> March 2003 and the Report of the Directors and the Auditors thereon.
2. To record the dividend paid on preference shares.
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. J M Zugaldia 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.

Regd. Office:  
21, Patullos Road  
Chennai 600 002  
30th June 2003

By order of the Board

**S RAM**  
Chairman and  
Managing Director

#### Notes:

1. 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.
2. Proxies must be lodged with the Company or with the Registrars, Cameo Corporate Services Ltd., "Subramanian Building", No. 1 Club House Road, Chennai 600 002 not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 15<sup>th</sup> September 2003 to 23<sup>rd</sup> September 2003 (both days inclusive).
4. As per Sec. 205C of the Companies Act, 1956 the unclaimed and unpaid dividend for the years ended 31<sup>st</sup> March 1996 and 31<sup>st</sup> 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.

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

Your Directors present herewith the Twentyfirst Annual Report of the Company along with the audited accounts for the year ended 31<sup>st</sup> March 2003.

**WORKING RESULTS**

The turnover during the year 2002-03 was Rs. 86.64 crores against Rs. 59.42 crores in 2001-02.

	<i>(Rs. in lakhs)</i>	
	<b>2002-03</b>	<b>2001-02</b>
Profit before depreciation	<b>433.49</b>	72.15
Depreciation	<b>(183.76)</b>	(162.06)
Profit for the year	<b>249.73</b>	(89.91)
Tax provision		
Current Tax	<b>(6.10)</b>	-
Deferred Tax	<b>(94.57)</b>	31.96
Net profit for the year	<b>149.06</b>	(57.95)
Dividend paid on Preference Shares	<b>(87.21)</b>	-
Balance carried from last year	<b>(406.77)</b>	(441.57)
Transferred from General Reserve	-	92.75
Balance carried to Balance Sheet	<b>(344.92)</b>	(406.77)

**PROSPECTS**

Sale of Axle Housings in 2002-03 was 1,00,777 Nos. from the level of 70,408 Nos. in 2001-02. Production of Medium and Heavy Commercial Vehicles went up by 23% and Light Commercial Vehicles' growth was even higher. In addition to the benefit of market growth your Company could get a higher share of Axle Housings for Medium and Heavy Commercial Vehicles.

In the current year Truck operators changing to 6 x 2 and 6 x 4 and continued Government spending on road infrastructure are expected to give some growth but below last year's growth level.

Sale of Drive Head could not commence in 2002-03 as the Axle Gears made indigenously to Dana Design had to be validated. The durability of Drive Heads using indigenous gears had to be tested more elaborately than envisaged causing some delay. We expect to go into commercial production in 2003-04.

**DIVIDEND**

The dividend on preference shares for the period from 1<sup>st</sup> April 1999 till the date of redemption, viz., 20<sup>th</sup> February 2003 amounting to Rs. 87.21 lakhs (subject to tax) has been paid out of the profits of the year. With the accumulated loss at Rs. 344.92 lakhs, the directors do not recommend dividend on equity shares.

## Twentyfirst Annual Report

### Report of the Directors to the Shareholders

---

#### DELISTING

The equity shares of the Company were delisted from the Stock Exchanges in September 2002, consequent to the Open Offers by the Promoter Companies under the SEBI Takeover Regulations in compliance with listing agreement requirement.

#### CALL ON EQUITY SHARES

The balance amount of Rs. 3/- per share on the 61.20 lakhs rights equity shares aggregating to Rs. 183.60 lakhs was called up in December 02 of which Rs. 182 lakhs has been received. The proceeds were utilised to redeem Rs. 160 lakhs preference shares.

#### DEPOSITS

The deposits from public and shareholders as on 31<sup>st</sup> March 2003 were Rs. 209.08 lakhs.

#### DIRECTORS

Mr. W D Gieseler resigned from the Board. The Board wishes to place on record its appreciation for the contributions of Mr. Gieseler during his tenure as Director. Mr. W E Hennessy has been appointed as a Director of the Company in this casual vacancy under Section 262 of the Companies Act, 1956 and we welcome him to the Board.

Mr. T Ramabhadran and Mr. J M Zugaldia retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

#### 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 reappointment.

#### 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 Statement is annexed hereto and forms an integral part of this report.

#### GENERAL

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 profit for the year. As regards provision for Gratuity and Leave Encashment, Note No. 19 read with Note No. 1 of Schedule XVI is self-explanatory.

## Axles India Limited

---

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, Wheels India, Sundaram Finance and Dana 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

Chennai  
30th June 2003

**S RAM**  
*Chairman and  
Managing Director*



## Twentyfirst Annual Report

### Report of the Auditors to the Shareholders

We have audited the attached Balance Sheet of Axles India Limited as at 31<sup>st</sup> March 2003, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of audit, we enclose in the annexure a statement on the matters specified in the said Order.

Further to our comments in the annexure referred to above we report that:

- i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books subject to Note No. 19 of Schedule XVI regarding accounting of Gratuity and Leave Encashment benefits amounting to Rs. 62.80 lakhs and Rs. 14.33 lakhs respectively on cash basis instead of accrual basis.
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the profit and loss account and balance sheet dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except Accounting Standard 15 in regard to Gratuity and Leave Encashment benefits to employees referred to in para ii above.
- v. As per information furnished to us, no director of the Company is disqualified as on 31<sup>st</sup> March 2003 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2003
  - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date and
  - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For SUNDARAM AND SRINIVASAN**  
Chartered Accountants

Chennai  
30th June 2003

**K. SRINIVASAN**  
Partner