

# Axles India Limited



TWENTYSECOND ANNUAL REPORT  
31<sup>ST</sup> MARCH 2004

## Twentysecond 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  
UTI Bank Limited

**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  
Douglas Hodge  
Shrikant Kale (*Alternate to B N Cole*)

**Audit Committee**

S Ram (*Chairman*)  
T Ramabhadran  
Douglas Hodge

**Auditors**

Sundaram and Srinivasan  
Chartered Accountants  
Chennai 600 018

**General Manager - Finance**

V R Ravi

**Secretary**

R Kothandaraman

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### Notice to Shareholders

NOTICE is hereby given that the Twentysecond Annual General Meeting of the Company will be held on Tuesday, the 28th September, 2004 at Kasturi Srinivasan Building, (Mini Hall, Music Academy), 306, TTK Salai, Chennai 600 014 at 11.00 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 31<sup>st</sup> March 2004 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 modifications, the following resolution as an **ORDINARY RESOLUTION**

**RESOLVED THAT** pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. William E Hennessy be and is hereby appointed as a Director of the Company liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**

**RESOLVED THAT** pursuant to Section 269 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, the Company hereby accords its approval and consent for the re-appointment of Mr. S Ram as Managing Director of the Company for a period of 5 years with effect from 15<sup>th</sup> November 2003 notwithstanding that he is the Managing Director of Wheels India Limited and that he be paid such remuneration as may be decided by the Board from time to time in accordance with the applicable provisions of the Companies Act, 1956.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**

**RESOLVED THAT** in supersession of the resolution passed at the Annual General Meeting of the Company held on 23<sup>rd</sup> September 1998 and in accordance with the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time such sums of money as they deem requisite for the purpose of and in the course of carrying on the business of the Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained by the Company from its bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves.

Provided that the total of such borrowings at any given time shall not exceed a sum of Rs. 32 crores (Rupees thirty two crores only.)

**Axles India Limited**

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to this resolution.

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**

**RESOLVED THAT** in supersession of the resolution passed at the Annual General Meeting of the Company held on 22<sup>nd</sup> September 1995, and in accordance with the provisions of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create/modify any mortgage, hypothecation or other charge or encumbrance from time to time, on such terms as it may think fit, over the whole or substantially whole of the company's undertaking, including all present and future immovable and movable properties of the Company, wherever situate, in favour of banks, financial institutions, mutual funds or any other party for securing term loans, deferred payment credits, guarantees or other facilities provided or to be provided by them to the Company or to secure debentures issued or to be issued by the Company whether by way of private placement or otherwise, which borrowings and facilities, together with the existing ones shall not exceed an aggregate limit of Rs. 32 crores (Rupees thirty two crores only) apart from security created/ to be created for borrowings from banks for working capital purposes.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take such steps as may be necessary or expedient for giving effect to this resolution.

By order of the Board

Regd. Office:  
21, Patullos Road  
Chennai 600 002  
24th August, 2004

**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 not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20/09/2004 to 28/09/2004 (both days inclusive).
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, unclaimed and unpaid dividend for the year ended 31<sup>st</sup> March 1996 has been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. As per the provisions of Section 205C of the Act, no claim shall lie against the Company or IEPF in respect of the amount so transferred.
5. Unclaimed and unpaid dividend for the year ended 31<sup>st</sup> March 1997 will be transferred to IEPF in November 2004. Members who have not encashed the dividend warrants are requested to send the warrants for revalidation to the Company.

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### Explanatory Statement Under Section 173 (2) of the Companies Act, 1956

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#### SPECIAL BUSINESS

##### ITEM 5

Mr. W E Hennessy was appointed as a Director of the Company at the Board Meeting held on 27.12.2002 in the casual vacancy created by the resignation of Mr. W D Gieseler. In terms of Section 262 of the Companies Act, 1956, Mr. Hennessy will hold office till the ensuing Annual General Meeting.

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

Mr. Hennessy is the Director – Global Manufacturing, Heavy Vehicles Axle Division of Dana Corporation and his association will be fruitful to the Company. The Board of Directors recommends the above resolution for the approval of the shareholders.

Except Mr. Hennessy, none of the other Directors is interested or concerned in the resolution.

##### ITEM 6

The term of office of Mr. S Ram as Managing Director expired on 14.11.2003. The Board of Directors at its meeting held on 6<sup>th</sup> November 2003 re-appointed Mr. Ram as Managing Director for a further period of 5 years with effect from 15<sup>th</sup> November 2003 and pursuant to Section 302(7) of the Companies Act, 1956, abstract of the terms of appointment was sent to the Members on 24.11.2003.

The re-appointment of Mr. Ram as Managing Director of the Company requires the approval of the Members in General Meeting under Section 269 read with Schedule XIII of the Companies Act, 1956. Mr. S Ram will draw such remuneration as may be determined by the Board from time to time. The Directors recommend the above resolution for the approval of the shareholders.

Except Mr. S Ram, none of the other Directors is interested in the above resolution.

##### ITEMS 7 & 8

Taking into account the investment requirements of the Company, the borrowing and mortgaging powers of the Board under Section 293 of the Companies Act, 1956 is proposed to be increased to Rs. 32 crores (other than borrowings from Banks for working capital). The Directors recommend the above resolution for the approval of the shareholders.

None of the Directors of the Company is concerned or interested in the above resolution.

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21, Patullos Road  
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24th August, 2004

By order of the Board

**S RAM**

*Chairman and  
Managing Director*

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

Your Directors present herewith the Twentysecond Annual Report of the Company along with the audited accounts for the year ended 31<sup>st</sup> March 2004.

**WORKING RESULTS**

The turnover during the year 2003-04 was Rs. 124.10 crores against Rs. 86.64 crores in 2002-03.

	<i>(Rs. in lakhs)</i>	
	<b>2003-04</b>	<b>2002-03</b>
Profit before depreciation	<b>863.15</b>	433.49
Depreciation	<b>(242.36)</b>	(183.76)
Profit for the year	<b>620.79</b>	249.73
Tax provision		
Current Tax	<b>(47.72)</b>	(6.10)
Deferred Tax	<b>(213.75)</b>	(94.57)
Net profit for the year	<b>359.32</b>	149.06
Dividend paid on Preference Shares	-	(87.21)
Balance carried from last year	<b>(344.92)</b>	(406.77)
Balance carried to Balance Sheet	<b>14.40</b>	(344.92)

**PROSPECTS**

Sale of Axle Housings increased by 33% to 1,33,261 Nos with continued high production of Medium and Heavy Commercial Vehicles. The Light Commercial Vehicle segment continued to grow. With larger purchases of Commercial Vehicles in the last two years, in the coming year the demand is expected to moderate. Your Company commenced deliveries of Drive Heads. Initial market reports indicate good performance of our Drive Heads in different applications.

**DIVIDEND**

The profit for the year was just adequate to wipe out the accumulated losses. The Directors do not recommend dividend payment for the year ended 31<sup>st</sup> March 2004.

**DEPOSITS**

The deposits from public and shareholders as on 31<sup>st</sup> March 2004 were Rs. 227.43 lakhs.

**DIRECTORS**

Mr. S Ram was reappointed as the Managing Director by the Board at its meeting held on 6<sup>th</sup> November 2003. In terms of Section 269 of the Companies Act, 1956 read with Schedule XIII, the same is to be approved by the members.

Mr. J M Zugaldia resigned from the Board. The Board wishes to place on record its appreciation for the contributions of Mr. Zugaldia during his tenure as Director. Mr. Douglas Hodge 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. W E Hennessy appointed as a Director of the Company in the place of Mr. W D Gieseler on 27.12.2002, under Section 262 of the Companies Act, 1956 holds office till the ensuing Annual

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General Meeting. Notice has been received proposing his appointment as a Director of the Company under Section 257 of the Act. The Board is pleased to recommend his appointment by the Members.

Mr. K R Ragavan and T Ramabhadran 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 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 Statement is annexed hereto and forms an integral part of this report.

### GENERAL

As regards provision for Gratuity and Leave Encashment, Note No. 16 read with Note No. 1 of Schedule XVII is self-explanatory. As regards Clause viii of Annexure to Auditor's Report, the Company has already initiated necessary steps for maintenance of cost accounting records prescribed under Section 209 of the Companies Act, 1956.

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 and UTI Bank 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  
24th August, 2004

S RAM  
*Chairman and Managing Director*