

Axles India Limited



TWENTYFIFTH ANNUAL REPORT
31ST MARCH 2007

Twentyfifth 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. 27162371-74

Cheyyar Taluk, Tiruvannamalai Dist.
Tamil Nadu 604 410
Phone No. 27242209

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*)
T Ramabhadran
Srivats Ram
Dennis Greenwald
Steven Ellis
Prasenjit Adhikari
Shrikant Kale (*Alternate to Ellis*)

Audit Committee

S Ram (*Chairman*)
T Ramabhadran
Steven Ellis

Auditors

Sundaram and Srinivasan
Chartered Accountants
23, C.P. Ramaswamy Road,
Chennai 600 018

General Manager - Finance

V R Ravi

Secretary

D Selvakumar

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Notice to Shareholders

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the Company will be held on Saturday, the 29th September 2007 at Rani Seethai Hall, No.603, Anna Salai, Chennai 600 006 at 3.00 p.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 2007 and the Report of the Directors and the Auditors thereon.
2. To record and confirm the interim dividend for the year ended 31st March 2007 as final dividend.
3. To elect a Director in the place of Mr. Dennis Greenwald who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in the place of Mr. T Ramabadharan 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 modifications, the following resolution as an **ORDINARY RESOLUTION**

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

Regd. Office:
21, Patullos Road
Chennai 600 002
Date: 6th September 2007

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 not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th September 07 to 29th September 07 (both days inclusive).
4. Members who have not encashed their interim dividend warrants for the year 2004-05, 2005-06 and 2006-07 are requested to send the same to Secretarial Department of the Company at Singaperumal Koil Road, Sriperumbudur 602105 for revalidation.

Axles India Limited

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

SPECIAL BUSINESS

ITEM 6

Mr. Prasenjit Adhikari was appointed as a Director of the Company at the Board Meeting held on 2nd June 2007 in the place of Mr. Norm Boisvert and he will hold office till the ensuing Annual General Meeting.

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

Mr. Prasenjit Adhikari is the Vice President-Engineering 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. Prasenjit Adhikari, 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

Date: 6th September 2007

S RAM

*Chairman and
Managing Director*

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Twentyfifth Annual Report

Report of the Directors to the Shareholders

Your Directors present the Twenty-fifth Annual Report of the Company along with the audited accounts for the year ended 31st March 2007.

WORKING RESULTS

The turnover during the year 2006-07 was Rs 297.05 crores against Rs. 217.66 crores in 2005-06.

	<i>(Rs. in lakhs)</i>	
	2006-07	2005-06
Profit before depreciation	1397.05	1272.40
Depreciation	(580.34)	(366.04)
Profit for the year	816.71	906.36
Tax provision:		
Current Tax	(140.00)	(151.00)
Deferred Tax	(158.90)	(155.31)
Fringe Benefit Tax	(7.00)	(16.00)
Net profit for the year	510.81	584.05
Dividend paid and tax thereon	(116.23)	(174.36)
Amount transferred to General Reserve	-	(30.00)
Balance carried from last year	749.36	369.67
Balance transferred to Balance Sheet	1143.94	749.36

Sale of Axle Housings went up to 179,600 from 166,000 Nos while sale of full axles increased to 21,400 sets from 12,000 sets. The Housing line for export commenced production for export. During the year 17,200 Axle Housings were exported.

Capital investment during the year was Rs.8.50 crores including investment in blank preparation, hot pressing capacity and for Drive Heads machining.

During the year we revised the pay levels of supervisors and managerial staff in keeping with the market trend. There was increase in workforce on account of export production line. Interest costs are up due to higher borrowings for fixed assets and working capital in addition to effect of higher interest rates. Despite our taking forward cover for foreign exchange risk for exports, the fluctuations in the rupee value did contribute to some loss on exchange.

Consequently the profit before tax has dropped compared to last year.

The Company has raised preference capital of Rs.6.00 crores as part of its funding plan.

PROSPECTS

The market trend for medium and heavy commercial vehicles indicate that the current year production may be lower. However, for your Company, the introduction of new products in the domestic market and full year working on the export line will result in some growth in the current year.

Axles India Limited**DIVIDEND**

Looking to the need to conserving resources for expansion plans your Directors restricted the dividend to 10%. As your Company is planning further expansion in the current year, Directors are not recommending any further dividend.

DEPOSITS

The deposits from public and shareholders as on 31st March 2007 were Rs. 590.42 lakhs.

DIRECTORS

Mr.Normand Boisvert resigned from the Board. The Board wished to place on record its appreciation for his contribution during his tenure on the Board. Mr. Prasenjit Adhikari has been appointed as Director in the place of Mr.Normand Boisvert. He will hold office till the ensuing Annual General Meeting. Notice has been received proposing his appointment as Director of the Company under Section 257 of the Companies Act. The Board is pleased to recommend his appointment as Director at the Annual General Meeting.

Mr. Dennis Greenwald and Mr.T Ramabadhran 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 XVI 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, UTI Bank and South Indian 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

Pune
6th September 2007

S RAM
Chairman and Managing Director

Twentyfifth Annual Report

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 Ltd. 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 your company as at 31st March 2007 and of the profit 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

Pune
6th September 2007

S RAM
Chairman and Managing Director

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.

Technology absorption

Your Company has commenced manufacture of Differential Drive Heads to Dana designs. Your Company proposes to equip itself with product development capability backed up by Dana Engineering Centres in USA to offer appropriate Axles for the applications in India.

Foreign Exchange earnings and outgo

Foreign Exchange used	Rs. 2153.36 lakhs
Foreign Exchange earned	Rs. 1701.00 lakhs

For and on behalf of the
Board of Directors

Pune
6th September 2007

S RAM
Chairman and Managing Director