

Axles India Limited



TWENTYSIXTH ANNUAL REPORT
31ST MARCH 2008

Twenty-sixth 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
Axis Bank Limited
HDFC 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
Harro Burmann
Shrikant Kale (*Alternate to Ellis*)
Jorge Zubialde (*Alternate to Burmann*)

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

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Notice to Shareholders

NOTICE is hereby given that the Twenty-sixth Annual General Meeting of the Company will be held on Monday, the 29th September 2008 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 2008 and the Report of the Directors and the Auditors thereon.
2. To record and confirm the interim dividend for the year ended 31st March 2008 as final dividend.
3. To elect a Director in the place of Mr. Steven Ellis who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in the place of Mr.Srivats Ram 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 a **SPECIAL 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 accord its approval and consent for the Re-appointment of Mr.S.Ram as Managing Director of the Company for a period of five years with effect from 15th November 2008, 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 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 pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Harro Burmann be and is hereby appointed as a Director of the Company.

Regd. Office:
21, Patullos Road
Chennai 600 002
Date: 5th September 2008

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 08 to 29th September 08 (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, Sriperumpudur 602105 for revalidation.
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Axles India Limited

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

SPECIAL BUSINESS

ITEM 6

The term of office of Mr.S.Ram expires on 14th November 2008.The Board of Directors at its meeting held on 5th September 2008,reappointed Mr.S.Ram as the Managing Director for a further period of five years effective from 15th November 2008.

The reappointment of Mr.S.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 and Mr.Srivats Ram none of the other Directors are interested in the above resolution.

ITEM 7

Mr. Harro Burmann was appointed as a Director of the Company at the Board Meeting held on 27th March 2008 in the place of Mr.Prasenjit Adhikari 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. Harro Burmann as a Director of the Company.

Mr. Harro Burmann is nominated by Dana Global Products Incorporation 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. Harro Burmann, 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: 5th September 2008

S RAM
*Chairman and
Managing Director*

Twenty-sixth Annual Report

Report of the Directors to the Shareholders

Your Directors present the Twenty-sixth Annual Report of the Company along with the audited accounts for the year ended 31st March 2008.

WORKING RESULTS

The turnover during the year 2007-08 was Rs 358 crores against Rs. 297 crores in 2006-07.

	<i>(Rs. in lakhs)</i>	
	2007-08	2006-07
Profit before depreciation	1138.95	1397.05
Depreciation	(636.75)	(580.34)
Profit for the year	502.20	816.71
Tax provision:		
Current Tax	(96.00)	(140.00)
Deferred Tax	(83.41)	(158.90)
Fringe Benefit Tax	(9.00)	(7.00)
Net profit for the year	313.79	510.81
Dividend paid and tax thereon	(119.25)	(116.23)
Balance carried from last year	1065.02	749.36
Balance transferred to Balance Sheet	1259.56	1143.94

PROSPECTS

Axle Housing Sales increased to 2,03,400 nos. including 36,700 nos. for exports. Sale of Axles including Drive Head increased to 28,800 nos. This resulted in sale of Rs.358 crores compared to last year's Rs. 297 crores.

Your Company introduced tandem axles for applications such as tipper trucks. A number of Axles Housing part numbers were tooled up, tested for introduction for North American Market. These axle housings were manufactured in the export lines specifically set up for the purpose.

The year under review witnessed several increases in steel costs.

In addition to steel costs, increase in wages had to be incurred in matching prevailing wage levels in the area. Increase in investment on Fixed assets and carrying costs of higher inventory had adverse impact on our profits.

In the coming year, export volumes of Axle Housings are expected to go up. Commercial Vehicles sales in the domestic market may not show growth as many adverse factors are affecting road transport industry. In this year, when further steel price increases are expected, every effort will be made to improve performance.

The Directors propose to increase the paid-up equity capital on a rights basis.

Axles India Limited

DIVIDEND

Considering the high debt level of your Company, your Directors restricted the dividend to 10%.

DEPOSITS

The deposits from public and shareholders as on 31st March 2008 were Rs 699.77 lakhs.

DIRECTORS

Mr. Prasenjit Adhikari resigned from the Board. The Board wishes to place on record its appreciation for his contribution during his tenure on the Board. Mr. Harro Burmann has been appointed as Director in the place of Mr. Prasenjit Adhikari. 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. Srivats Ram and Mr. Steven Ellis 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

Your Directors wish to thank the customers, Indian Overseas Bank, Axis Bank and HDFC 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

Chennai
5th September 2008

S RAM
Chairman and Managing Director

Twenty-sixth 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 2008 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

Chennai
5th September 2008

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

Tandem drive Axles were successfully introduced in the market. Axle Housings for use in North American markets were successfully tooled up and tested for introduction there.

Foreign Exchange earnings and outgo

Foreign Exchange used	Rs. 3271.03 lakhs
Foreign Exchange earned	Rs. 3255.25 lakhs

For and on behalf of the
Board of Directors

Chennai
5th September 2008

S RAM
Chairman and Managing Director

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

We have audited the attached Balance Sheet of Axles India Limited as at 31st March 2008 and also the Profit and Loss Account 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 Companies (Auditor's Report) Order, 2003 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 purposes 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.
- iii. The Profit and Loss Account and Balance Sheet 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.
- v. As per information furnished to us, no Director of the Company is disqualified as on 31st March, 2008 from being appointed as 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 31st March 2008
 - 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
K. Srinivasan
Partner
Membership No. 5809

Chennai
Date: 5th September 2008