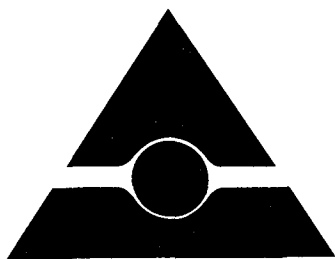


Axles India Limited



TWENTYEIGHTH ANNUAL REPORT
31ST MARCH 2010

Registered Office

21, Patullos Road
Chennai 600 002
Phone: 2852 2745

Factories

Singaperumal Koil Road
Sriperumbudur, Tamil Nadu 602 105
Phone No. 27162371-74.

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

Plot No.1, Sector - 12,
IIE Pantnagar,
Uttarakhand - 263 153.
Phone : 09219447203

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
E-mail : investor@cameoindia.com

Board of Directors

S Ram (*Chairman & Managing Director*)
T Ramabhadran
Srivats Ram
Greg DiMarco
Kevin Biddle
Michael Campbell
Shrikant Kale (*Alternate to Kevin Biddle*)

Audit Committee

S Ram (*Chairman*)
T Ramabhadran
Kevin Biddle

Auditors

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

General Manager - Finance

Y Krishnamoorthy

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Twenty-eighth Annual Report

Notice to Shareholders

NOTICE is hereby given that the Twenty-eighth Annual General Meeting of the Company will be held on Monday the 27th September 2010 at Music Academy (Mini Hall), TTK Salai, Chennai 600 014 at 11.00 am 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 2010 and the Report of the Directors and the Auditors thereon.
2. To elect a Director in the place of Mr. Srivats Ram who retires by rotation and being eligible offers himself for re-election.
3. 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

4. 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. Greg DiMarco be and is hereby appointed as a Director of the Company.

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. Kevin Biddle be and is hereby appointed as a Director of the Company.

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. Michael Campbell be and is hereby appointed as a Director of the Company.

Regd. Office:
21, Patullos Road
Chennai 600 002
Date: 17th August 2010

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 17th September 2010 to 27th September 2010 (both days inclusive).
4. Members who have not encashed their interim dividend warrants for the years 2004-05, 2005-06, 2006-07 and 2007-08 are requested to send the same to the Secretarial Department of the Company at Singaperumal Koil Road, Sriperumbudur 602 105 for revalidation.

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

SPECIAL BUSINESS

ITEM 4

Mr. Greg DiMarco was appointed as a Director of the Company at the Board Meeting held on 21st March 2009 in the place of Mr. Harro Burmann 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. Greg DiMarco as a Director of the Company.

Mr. Greg DiMarco is from Dana Holding 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. Greg DiMarco, none of the other Directors is interested or concerned in the resolution.

ITEM 5

Mr. Kevin Biddle was appointed as a Director of the Company at the Board Meeting held on 27th June 2009 in the place of Mr. Steven Ellis 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. Kevin Biddle as a Director of the Company.

Mr. Kevin Biddle is from Dana Holding 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. Kevin Biddle, none of the other Directors is interested or concerned in the resolution.

ITEM 6

Mr. Michael Campbell was appointed as a Director of the Company at the Board Meeting held on 31st December 2009 in the place of Mr. Ken Cao 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. Michael Campbell as a Director of the Company.

Mr. Michael Campbell is from Dana Holding 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. Michael Campbell, none of the other Directors is interested or concerned in the resolution.

Regd. Office:
21, Patullos Road
Chennai 600 002
Date: 17th August 2010

By order of the Board

S RAM
Chairman and Managing Director

Twenty-eighth Annual Report

Report of the Directors to the Shareholders

Your Directors present the Twenty-eighth Annual Report of the Company along with the audited accounts for the year ended 31st March 2010.

WORKING RESULTS

The turnover during the year 2009-10 was Rs. 393 crores against Rs. 318 crores in 2008-09.

	<i>(Rs. in lakhs)</i>	
	2009-10	2008-09
Profit before depreciation	1045.49	(1373.24)
Depreciation	(895.98)	(652.85)
Profit for the year	149.51	(2026.09)
Tax provision		
Current Tax	10.00	-
MAT - Credit entitlement	(10.00)	-
Deferred Tax	(63.56)	698.94
Fringe Benefit Tax	-	(9.00)
Net profit for the year	85.95	(1336.15)
Dividend paid and tax thereon	-	-
Balance carried from last year	(135.10)	1201.05
Balance carried to Balance Sheet	(49.15)	(135.10)

The year ending March 2010 saw the Indian economy positioned well for growth, following a difficult year in 2008-09. In the latter half of the year 2009-10 CV market showed signs of growth with support from the Union Government for renewal of Buses in metro areas.

In 2009-10 your Company sold 1,46,000 Axle Housings in the domestic market and 86,500 Axle Housings in the export market. Sales of complete Axles i.e. Housing with Drive Heads increased to 32,500 for sale in the Domestic market.

Towards the end of March the steel mills increased the prices of steel plates, forging steel and pig iron. This considerably increased out cost of materials. Your Company has subsequently been able to recoup the material cost increases from most customers.

In the month of March 2010 your Company commenced operations at Uttarakhand for supply of complete Axles to Ashok Leyland.

PROSPECTS

Indian economy is expected to grow at near 8.5% in the year 2010-11. The good monsoon augurs well for agriculture production and the general economy. Demand for Haulage trucks has been good so far in 2010-11. With the Government expected to invest in the infrastructure, truck demand is expected to show good growth in 2010-11.

There is concern about the level of inflation in manufactured products, resulting from raw material price increases and energy cost increases. In addition government plans to introduce stricter emission norms for vehicles from October 2010, impacting vehicle prices. This could dampen vehicle demand temporarily.

Your Company commenced supply of 90S Axles to Mahindra Navistar 6 x 2 trucks in recent months.

DIVIDEND

Considering the high debt levels, your Directors do not recommend dividend payment for the year ended 31st March 2010.

DEPOSITS

The deposits from public and shareholders as on 31st March 2010 were Rs. 842.87 lakhs.

DIRECTORS

Mr. Ken Cao resigned from the Board. The Board wishes to place on record its appreciation for his contribution during his tenure on the Board. Mr. Michael Campbell has been appointed in the place of Mr. Ken Cao.

Mr. Greg DiMarco, Mr. Kevin Biddle and Mr. Michael Campbell hold office till the ensuing Annual General Meeting. Notices have been received proposing the appointment of Mr. Greg DiMarco, Mr. Kevin Biddle and Mr. Michael Campbell as Directors of the Company under Section 257 of the Companies Act. The Board is pleased to recommend their appointment as Directors at the Annual General Meeting.

Mr. Srivats Ram retires by rotation at the ensuing Annual General Meeting and being eligible offers himself 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 and Bankers for their excellent support and we look to forward to 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

Date: 17th August 2010

Twenty-eighth Annual Report

Annexure A to Director's 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 2010 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

S RAM

Chennai

Date: 17th August 2010

Chairman and Managing Director

ANNEXURE B TO DIRECTORS' REPORT

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

Conservation of energy

Each of the production line is metered for power consumption and improvements are being made through energy audits.

Technology absorption

Your Company continues to adopt Dana Axles to suit Indian applications.

Foreign Exchange earnings and outgo

Foreign Exchange used Rs. 2615.14 lakhs

Foreign Exchange earned Rs. 10560.06 lakhs

For and on behalf of the
Board of Directors

S RAM

Chennai

Date: 17th August 2010

Chairman and Managing Director

Report of the Auditors to the Shareholders

We have audited the attached Balance Sheet of Axles India Limited as at 31st March 2010 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, 2010 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 2010
 - 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
(Registration No.004207S)

K SRINIVASAN

Partner

Membership No.5809

Chennai

Date : 17th August 2010