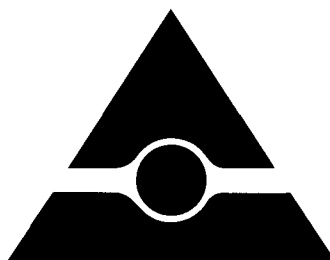


# **Axles India Limited**



TWENTYNINTH ANNUAL REPORT  
31<sup>ST</sup> MARCH 2011

**Registered Office**

21, Patullos Road  
Chennai 600 002  
Phone: 2852 2745

**Factories**

Singaperumal Koil Road  
Sriperumbudur, Tamil Nadu 602 105  
Phone No. 37101773.

Cheyyar 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*)  
Srivats Ram  
Greg DiMarco  
Kevin Biddle  
Michael Campbell  
T Ramabhadran (*Till 25<sup>th</sup> June 2011*)

**Audit Committee**

S Ram (*Chairman*)  
Kevin Biddle  
T Ramabhadran (*Till 25<sup>th</sup> June 2011*)

**Auditors**

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

**General Manager - Finance**

Y Krishnamoorthy

**Secretary**

T V Venkata Subramanyam

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# Twenty-ninth Annual Report

## Notice to Shareholders

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NOTICE is hereby given that the Twenty-ninth Annual General Meeting of the Company will be held on Friday the 23<sup>rd</sup> September 2011 at Mini Hall, Narada Gana Sabha, TTK Salai, Chennai - 600018 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 31<sup>st</sup> March 2011 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 elect a Director in place of Mr. Greg DiMarco 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.

Regd. Office:  
21, Patullos Road  
Chennai 600 002  
Date: 20<sup>th</sup> July 2011

By order of the Board  
**S RAM**  
Chairman and Managing Director

### NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend the meeting and vote instead of himself and such 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 13<sup>th</sup> September 2011 to 23<sup>rd</sup> September 2011 (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.
5. As part of " Green Initiative " in Corporate Governance, Ministry Of Corporate Affairs ( MCA) vide circular No. 18/2011 dated 29.04.2011, has permitted paperless compliances by recognizing communication through electronic mode to shareholders under the Companies Act, 1956. Accordingly, it has been decided to send all future communication from the Company including notices, annual reports, attendance slips, proxy form etc. to the shareholders in electronic form to their registered e-mail address. Investors are requested to update their e-mail IDs with depository participants (DP) for shares held in electronic form or with the Registrar and Transfer Agent or to the Company in case the shares are held in physical form.

**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS**

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Your Directors present the Twenty-ninth Annual Report of the Company along with the audited accounts for the year ended 31<sup>st</sup> March 2011.

**WORKING RESULTS**

The turnover during the year 2010-11 was Rs. 484 crores against Rs. 393 crores in 2009-10.

	(Rs. in lakhs)	
	<b>2010-11</b>	2009-10
Profit before depreciation	<b>1685.31</b>	1045.49
Depreciation	<b>(1056.15)</b>	(895.98)
Profit for the year	<b>629.16</b>	149.51
Tax provision		
Current Tax	<b>126.00</b>	10.00
MAT - Credit entitlement	<b>(126.00)</b>	(10.00)
Deferred Tax	<b>(209.00)</b>	(63.56)
Net profit for the year	<b>420.16</b>	85.95
Dividend paid and tax thereon	-	-
Balance carried from last year	<b>(49.15)</b>	(135.10)
Balance carried to Balance Sheet	<b>371.01</b>	(49.15)

**PROSPECTS**

Indian economy grew at 8.6% in 2010-11. Medium and Heavy commercial vehicle growth was at near 30% in 2010-11. Domestic sales of your Company went up to Rs.354 crores from Rs.286 crores in 2009-10. Export Sales went up to Rs.130 crores from Rs.107 crores in 2009-10. The Company was able to make a profit after tax of Rs.4.20 crores.

The Axles Housing Sale in 2010-11 was 276,000 nos at value of Rs.384 crores, while drive head sales of 35,700 nos was Rs.100 crores.

An agreement was signed by Axles India with Dana India P Ltd to sell the Drive Head division on a going concern basis for a consideration of Rs.57.66 crores. The company expects to reduce debt level after the completion of the Sale of Drive Head division, end of June 2011.

The Housing business related to domestic market is expected to grow with the growth of medium and heavy commercial vehicles in India. An agreement has been entered with Dana India for supply of housing to them.

Your Company has signed an agreement to supply housings to Barath Benz for their heavy duty truck and supplies of housing to them will commence from August 2012.

With the reduced debt the axles housing business is expected to be profitable.

**DIVIDEND**

Your Directors have decided that in view of arrears of Preference dividend of Rs. 2.70 crores, to defer equity dividend.

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## Twenty-ninth Annual Report

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### DEPOSITS

The deposits from public and shareholders as on 31<sup>st</sup> March 2011 were Rs 873.58 lakhs.

### DIRECTORS

Mr. Srivats Ram retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Mr. Greg DiMarco 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

The Board was informed about the demise of Mr. T Ramabhadran, Director and recalled the contribution made by Mr. T Ramabhadran and placed on record its appreciation of the valuable services and assistance provided by him during his tenure as Director of the Company.

Your Directors wish to thank the Customers and Bankers for their excellent support and we look 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.

Chennai  
Date : 20<sup>th</sup> July 2011

For and on behalf of the  
Board of Directors  
**S RAM**  
Chairman and Managing Director

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**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 31<sup>st</sup> March 2011 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.

Chennai  
Date : 20<sup>th</sup> July 2011

For and on behalf of the  
Board of Directors  
**S RAM**  
Chairman and Managing Director

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**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. 4948.52 lakhs
Foreign Exchange earned	Rs. 12586.80 lakhs

Chennai  
Date : 20<sup>th</sup> July 2011

For and on behalf of the  
Board of Directors  
**S RAM**  
Chairman and Managing Director

# Twenty-ninth Annual Report

## Report of the Auditors to the Shareholders

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We have audited the attached Balance Sheet of Axles India Limited as at 31<sup>st</sup> March 2011 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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March 2011
  - 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 & Srinivasan**  
Chartered Accountants  
(Registration No. 004207S)  
**K Srinivasan**  
Partner  
Membership No.5809

Chennai  
Date : 23<sup>rd</sup> June 2011

**Annexure to the Report of Auditors**

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- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and the situation of fixed assets.  
(b) These fixed assets have been physically verified by the management at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.  
(c) The Company has not disposed off substantial part of fixed assets during the year.
- ii. (a) Physical verification of inventory has been conducted at reasonable intervals by the Management.  
(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification which were not material, have been properly dealt with in the books of account.
- iii. In respect of an unsecured loan of Rs.5 crores taken from a party which is listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company. The payment of principal has not become due and payment of interest regular.  

The Company has not granted any loans, to any Companies or firms or other parties listed in register maintained under section 301 of the Companies Act, 1956. Hence the clauses (iii) (b) to (g) of the Order are not applicable.
- iv. There is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuous failure to correct the major weaknesses in the internal control system.
- v. (a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under the Section.  
(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has complied with the provisions of Section 58 A and 58 AA or any other relevant provisions of the Act and the Rules framed there under with regard to the deposits accepted from the public.
- vii. The Company has an adequate internal audit system commensurate with its size and nature of its business.
- viii. The Company has made and maintained the accounts and records prescribed by the Central Government under Section 209 (1) (d) of the Act and we have broadly reviewed the same.
- ix. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, VAT, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.