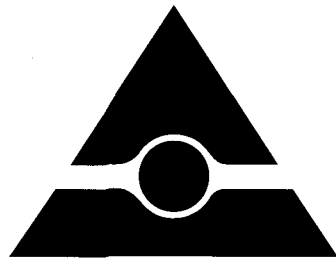


Axles India Limited



THIRTIETH ANNUAL REPORT
31ST MARCH 2012

Registered Office

21, Patullos Road
Chennai 600 002
Phone: 2852 2745

Factories

Singaperumal Koil Road
Sriperumbudur, Tamil Nadu 602 105
Phone No. 37101773, 37101775

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 0395, 2846 0390
Fax: 2846 0129
E-mail : investor@cameoindia.com

Board of Directors

S Ram (*Chairman*)
M K Surendran (*Managing Director*)
Srivats Ram
Andreas Weller
Rafael Aquique
Saket Sapra

Audit Committee

S Ram (*Chairman*)
M K Surendran
Saket Sapra

Auditors

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

Financial Controller

Y Krishnamoorthy

Secretary

T V Venkata Subramanyam

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Thirtieth Annual Report

Notice to Shareholders

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Company will be held on Wednesday the 29th August 2012 at Mini Hall, Narada Gana Sabha, TTK Salai, Chennai – 600 018 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 2012 and the Report of the Directors and the Auditors thereon.
2. To elect a Director in the place of Mr. S 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. Saket Sapra 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. Andreas Weller 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. Rafael Aquique be and is hereby appointed as a Director of the Company.

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. M.K.Surendran be and is hereby appointed as a Director of the Company.

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

RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof, for the time being in force, the Company accords its approval and consent for the appointment of Mr. M.K Surendran, as Managing Director of the Company for a period of 5 (Five) years with effect from 01.04.2012, on the terms and conditions including remuneration as set out hereunder:

Salary: Rs.2,20,000 per month. Annual increase will be effective 1st April of every year and the quantum of increase will be decided by the Board.

Commission: As may be decided by the Board and Computed in the manner laid down in the Companies Act, 1956.

Perquisites:

Housing: House rent allowance not exceeding 50% of salary.

Other Perquisites: Provision of Company car, payment/ reimbursement of medical expenses (for self and family), payment / reimbursement of driver expenses, telephones, payment of medical and personal accident premium, leave travel assistance and such other allowances/perquisites/benefits and amenities.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost.

Payment of Company's contributions to Provident Fund / Pension Fund / Superannuation Fund / Gratuity Fund and encashment of leave (at the end of the tenure). These payments and contributions shall not be included in the computation of remuneration.

Minimum Remuneration: In the event of loss or inadequacy of profits, the remuneration payable by way of salary and perquisites to Mr. M.K. Surendran, Managing Director shall be as approved by the Board within the limits laid down in Schedule XIII and subject to compliance of other provisions / procedures prescribed in this regard in the Companies Act, 1956.

Regd. Office:
21, Patullos Road
Chennai 600 002
Date: 25th June 2012

By order of the Board
S RAM
Chairman

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 19th August 2012 to 29th August 2012 (both days inclusive).
4. In terms of Section 205 A read with Section 205C of the Companies Act, 1956, the dividend declared by the Company, which remains unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF). Members who have not encashed their interim dividend warrants for the years 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.

Thirtieth Annual Report

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

SPECIAL BUSINESS

ITEM 4

Mr. Saket Sapra was appointed as an Additional Director at the Board meeting held on 21st December 2011 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.Saket Sapra as a Director of the Company.

The Board of Directors recommends the above resolution for the approval of the shareholders.

Except Mr.Saket Sapra, none of the other Directors are interested or concerned in the resolution.

ITEM 5

Mr. Andreas Weller was appointed as an Additional Director at the Board meeting held on 21st December 2011 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.Andreas Weller as a Director of the Company.

The Board of Directors recommends the above resolution for the approval of the shareholders.

Except Mr. Andreas Weller, none of the other Directors are interested or concerned in the resolution.

ITEM 6

Mr. Rafael Aquique was appointed as a Director at the Board meeting held on 21st December 2011 in place of Mr. Michael Campbell 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.Rafael Aquique as a Director of the Company.

The Board of Directors recommends the above resolution for the approval of the shareholders.

Except Mr.Rafael Aquique, none of the other Directors are interested or concerned in the resolution.

ITEM 7

Mr. M.K.Surendran was appointed as an Additional Director at the Board meeting held on 28th March 2012 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.M.K.Surendran as a Director of the Company.

The Board of Directors recommends the above resolution for the approval of the shareholders.

Except Mr.M.K.Surendran, none of the other Directors are interested or concerned in the resolution.

ITEM 8

The Board of Directors at its meeting held on 28th March 2012 appointed Mr.M.K.Surendran as Managing Director for a period of five years effective from 1st April 2012.The appointment of Mr.M.K.Surendran as Managing Director requires the approval of the Members in General Meeting under Section 269 read with Schedule XIII of the Companies Act, 1956. Mr. M.K.Surendran will draw remuneration as mentioned in the resolution. The Directors recommend the above resolution for the approval of the shareholders.

Except Mr. M.K.Surendran, none of the other Directors are interested in the above resolution.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors present the Thirtieth Annual Report of the Company along with the audited accounts for the year ended 31st March 2012.

WORKING RESULTS

The turnover during the year 2011-12 was ₹516 crores against ₹487 crores in 2010-11.

	(₹ in lakhs)	
	2011-12	2010-11
Profit before depreciation	2090.69	1685.31
Profit on sale of Drive Head Division	4088.95	-
Depreciation	(955.89)	(1056.15)
Profit for the year	5223.75	629.16
Less: Tax provision		
Current Tax	1045.26	126.00
MAT - Credit entitlement	(247.53)	(126.00)
Deferred Tax	457.50	209.00
Net profit for the year	3968.52	420.16
Preference Dividend paid and tax thereon	342.29	-
Balance carried from last year	371.01	(49.15)
Balance carried to Balance Sheet	3997.24	371.01

PROSPECTS

Indian economic growth was expected to be 7% in 2012-13. With adverse developments in the global market and persisting inflation near 7% in India, growth is likely to be lower.

The Medium and Heavy Truck and Bus markets growth rate dropped from 30% in 2010-11 to 8% in 2011-12. There is a possibility of price adjustment for Diesel which is an important cost element for Road transport. With manufacturing activity slowing down, together with lower start – up of infrastructure projects, it is likely that the demand for the Medium and Heavy CV market will likely be flat or marginally lower.

In the year 2011-12 your Company's business included Drive Head and Axle housing from April to June 2011 and there after Axle Housing only.

Axle Housing sales in 2011-12 was 313,000 nos value of ₹490 crores compared to 277,000 nos and ₹384 crores in 2010-11. Drive Head sales in 2011-12 was 7700 nos and ₹26 crores. The sale of Drive Head business to Dana India was completed in June 2011.

In the year 2012-13 new business related to Bharath Benz. Commencement of production will contribute to your company's sale of Axle Housing. With the market uncertainty, your Company is looking on cost savings measures to maintain profitability.

DIVIDEND

Your Board of Directors deliberated on the need to start paying dividends after a gap of four years. Considering the uncertainty in the near term, demand for Medium and Heavy Vehicles, the Board considered it prudent to defer the payment of dividend for the year 2011-12.

Thirtieth Annual Report

DEPOSITS

The deposits from public and shareholders as on 31st March 2012 were ₹ 1033.68 lakhs.

DIRECTORS

Mr. Kevin Biddle, Mr. Greg DiMarco and Mr. Michael Campbell resigned from the Board. The Board wishes to place on record its appreciation for the contributions of these Directors during their tenure on the Board.

Mr. Saket Sapra, Mr. Andreas Weller and Mr. M.K. Surendran have been appointed as Additional Directors. They hold office till the ensuing Annual General Meeting.

Mr. Rafael Aquique was appointed as Director in place of Mr. Michael Campbell and will hold office till the ensuing Annual General Meeting.

Notices have been received proposing their appointment as Directors of the Company under Section 257 of the Companies Act, 1956. The Board is pleased to recommend their appointment as Directors at the Annual General Meeting.

Mr. M.K. Surendran has been appointed as Managing Director of the Company, subject to the approval of the Members at the Annual General Meeting, for a period of five years with effect from 1st April 2012, by the Board of Directors at its meeting held on 28th March 2012.

Mr. S 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.

Chennai
Date : 25th June 2012

For and on behalf of the
Board of Directors
S RAM
Chairman

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 2012 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 : 25th June 2012

For and on behalf of the
Board of Directors
S RAM
Chairman

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 has capability to design and test Axle Housings that perform satisfactorily under Indian Operating conditions. Axle Housings that are exported are made to customer designs.

Foreign Exchange earnings and outgo

Foreign Exchange used	₹ 3,049.65 lakhs
Foreign Exchange earned	₹16,462.52 lakhs

Chennai
Date : 25th June 2012

For and on behalf of the
Board of Directors
S RAM
Chairman

Thirtieth Annual Report

Report of the Auditors to the Shareholders

We have audited the attached Balance Sheet of Axles India Limited as at 31st March 2012 and also the statement of Profit and Loss 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 statement of Profit and Loss and Balance Sheet dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the statement of Profit and Loss 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, 2012 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 2012
 - b) In the case of the statement of Profit and Loss, 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 : 25th June 2012