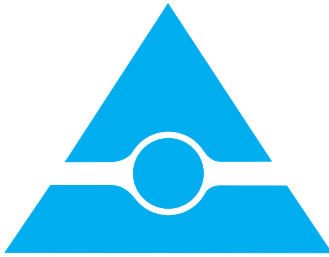


Axles India Limited



THIRTYFIRST ANNUAL REPORT
31ST MARCH 2013

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
Rafael Aquique
Saket Sapra

Audit Committee

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

Remuneration Committee

S Ram (*Chairman*)
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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Thirty First Annual Report

Notice to Shareholders

NOTICE is hereby given that the Thirty First Annual General Meeting of the Company will be held on Thursday the 19th September 2013 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 2013 and the Report of the Directors and the Auditors thereon.
- 2 To declare dividend for the year ended 31st March 2013.
- 3 To elect a Director in the place of Mr. Srivats Ram who retires by rotation and being eligible offers himself for re-election.
- 4 To elect a Director in the place of Mr. Rafael Aquique 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.

Regd. Office:
21, Patullos Road
Chennai 600 002
22nd June 2013

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 9th September 2013 to 19th September 2013 (both days inclusive).
 - 4 Divided, as recommended by the Board of Directors, if declared at the meeting, shall be paid to those members whose name(s) appear in the Register of Members of the Company as on 19th September 2013. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per the details furnished by the depositories for this purpose.
 - 5 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 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. It may also be noted that once the unclaimed dividend is transferred to the Government, as above, no claim shall lie against the Fund or the Company in respect of such amount.
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Report of the Directors to the Shareholders

Your Directors present the Thirty First Annual Report of the Company along with the audited accounts for the year ended 31st March 2013.

WORKING RESULTS

The turnover during the year 2012-13 was ₹ 410 crores against ₹ 516 crores in 2011-12.

	(₹ in lakhs)	
	2012-13	2011-12
Profit before depreciation	1433.40	2090.69
Depreciation	(1098.11)	(955.89)
Exceptional item – Profit on sale of Drive Head Division	-	4088.95
Profit before tax for the year	335.29	5223.75
Profit after tax for the year	190.98	3968.52

PROSPECTS

Indian economy faced a difficult year. In 2012-13, inadequate rains affected agriculture. Without Government policy clearance and difficult fiscal position, investment on infrastructures and other major projects slowed down. This resulted in growth in GDP at 5% level, lower than rates at which Indian economy grew in the last five years.

The Commercial vehicle segment, especially the Medium and Heavy vehicle sales dropped 23%. With the introduction of Multi Axle rigid trucks above 30 Ton GVW the build up in Haulage capacity has been substantial, especially relating to that playing on the national highway trucks route. This is having an impact on demand for Heavy trucks.

In 2012-13, your company sold in the domestic market 167,000 numbers Axle Housing compared to 200,000 in 2011-12, a drop of 16%. Your Company exported 89,000 numbers in 2012-13 compared to 113,000 in 2011-12 because of drop in the overseas market demand.

Due to inadequate grid power supply, your Company had to resort to DG set power. Energy cost increased by 18% affecting our manufacturing costs. Cost of steel used in product remained stable during the year.

In the Coming year 2013-14, we expect domestic medium and heavy vehicle demand to remain flat for the reasons mentioned before. In the export market we expect the demand to be marginally lower.

DIVIDEND

Your Board of Directors decided to recommend, out of the profits of the current year, a dividend of ₹ 0.45 per share on the paid up capital of the Company as at 31st March 2013. The dividend will be paid to all the shareholders whose name appears in the Register of Members as on the Book closure date.

If the dividend recommended is approved at the Thirty First Annual General Meeting, a sum of ₹ 1,14,67,984.50 will become payable. A dividend tax of 16.995% (including surcharge) will be paid on the dividend declared.

Thirty First Annual Report

DEPOSITS

The deposits from public and shareholders as on 31st March 2013 were ₹ 780.25 lakhs.

DIRECTORS

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

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

Mr. Andreas Weller resigned from the Board. The Board wishes to place on record its appreciation for his contribution during his tenure on the Board.

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.

COST AUDITORS

Pursuant to the Circular dated 24th January 2012 of the Ministry of Corporate Affairs, your Company has appointed M/s. Geeyes & Co., Cost Accountants, Chennai (Firm Registration No. 00044), as the Cost Auditor for the year 2012-13, with the consent of Central Government, for audit of cost accounts maintained by the Company.

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 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
22nd June 2013

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 2013 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
22nd June 2013

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	₹ 2,906.83 lakhs
Foreign Exchange earned	₹14,453.30 lakhs

Chennai
22nd June 2013

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

Thirty First Annual Report

Independent Auditors' Report on the Financial Statements

To the Members of Axles India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of AXLES INDIA LIMITED, which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- (b) in the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India, in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
- 2 As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March 2013, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Sundaram & Srinivasan
Chartered Accountants
(Registration No. 004207S)
K Srinivasan
Partner
Membership No.5809

Chennai
22nd June 2013