

Axles India Limited



THIRTY SECOND ANNUAL REPORT
31ST MARCH 2014

Registered Office

21, Patullos Road
Chennai 600 002
Phone: 2852 2745
CIN : U27209TN1981PLC008630

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
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

Chief Financial Officer

Y Krishnamoorthy

Secretary

T V Venkata Subramanyam

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Thirty Second Annual Report

Notice to Shareholders

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Company will be held on Tuesday the 23rd September 2014 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 financial statements of accounts for the year ended 31st March 2014 and the Report of the Directors and the Auditors thereon.
- 2 To declare dividend for the year ended 31st March 2014.
- 3 To elect a Director in the place of Mr. S Ram (DIN 00018309) who retires by rotation and being eligible offers himself for re-election.
- 4 To elect a Director in the place of Mr. Saket Sapra (DIN 05154694) who retires by rotation and being eligible offers himself for re-election.
- 5 Appointment of Auditors

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution

RESOLVED THAT M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (ICAI Registration No.004207S), the retiring auditors, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that the Statutory Auditors be paid an audit fee of ₹10.00 Lakhs (excluding service tax and reimbursement of out of pocket expenses)

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution

RESOLVED THAT in supersession of the resolution passed at the Extraordinary General Meeting of the Company held on 14th July 2009 and in accordance with the provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create / modify any mortgage, hypothecation or other charge or encumbrance from time to time, on such terms as it may think fit, over the whole or substantially whole of the Company's undertaking, including all present and future immovable and movable properties of the Company, wherever situate, in favour of banks, financial institutions, mutual funds or any other party for securing term loans, deferred payment credits, guarantees or other facilities provided or to be provided by them to the Company or to secure debentures issued or to be issued by the Company whether by way of private placement or otherwise, which borrowings and facilities together with the existing ones, shall not exceed an aggregate limit of ₹ 100 Crores (Rupees One Hundred Crores Only) apart from security created / to be created for borrowing for working capital purposes.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to this resolution

Regd. Office:
21, Patullos Road
Chennai 600 002
30th June 2014

By order of the Board

S RAM
Chairman
DIN 00018309

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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 13th September 2014 to 23rd September 2014 (both days inclusive).
5. Dividend, 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 23rd September 2014. 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.
6. Members holding shares in demat form are hereby informed that bank particulars registered against their accounts will be used by the Company for payment of Dividend. Changes in bank details are only to be advised to the Depository Participants by the Members. Members who are holding shares in physical form and desirous of registering or changing bank particulars already registered against their respective folios are requested to write to the Company.
7. In terms of Section 205 A read with Section 205 C 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 year 2007-08 and final dividend for 2012-13 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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EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

SPECIAL BUSINESS

Item No. 6

Section 180 of the Companies Act 2013 has been notified with effect from September 12, 2013 which corresponds to Section 293 of the Companies Act 1956. Ministry of Corporate Affairs vide its General Circular no. 04 / 2014 dated 25.03.2014 have clarified that the resolution passed under Section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to creation of security on the assets of the Company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act 2013 for a period of one year from the date of notification of Section 180 of the Act. Further the new section requires the approval of the members by Special Resolution as against Ordinary Resolution under earlier section.

At present the Board of Directors are empowered to mortgage / hypothecate the assets of the Company as security for the borrowings (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) up to ₹ 100 crores vide resolution passed by the members u/s sec. 293(1) (a) of the Companies Act, 1956 at the Extraordinary General Meeting held on 14.07.2009.

Accordingly, the resolution as set out in the Notice are submitted to the Members for consideration to mortgage / hypothecate the assets of the Company up to ₹100 crores

None of the Directors are interested or concerned in the above said resolution. None of the Key Managerial Personnel of the Company either directly or through the relatives are in any way concerned or interested whether financially or otherwise in this resolution.

Report of the Directors to the Shareholders

Your Directors present the Thirty Second Annual Report of the Company along with the audited accounts for the year ended 31st March 2014.

WORKING RESULTS

The turnover during the year 2013-14 was ₹ 330 crores against ₹ 410 crores in 2012-13.

	(₹ in lakhs)	
	2013-14	2012-13
Profit before depreciation	1367.75	1433.40
Depreciation	(1059.84)	(1098.11)
Profit before tax for the year	307.91	335.29
Profit after tax for the year	197.37	190.98

PROSPECTS

In the financial year 2013-14 Indian economy's growth was 4.7%. This was the second year in succession where the economic growth was below 5%. In order to restrict fiscal deficit, Government restricted funding for infrastructure projects.

The marginal growth of 4.7% during the year resulted from slow down in manufacturing. Road transport to a large extent depend on manufacturing activity. Production and sales of medium and heavy commercial vehicles dropped by 24%, on top of a similar drop in the previous year. Axle housing sales to the domestic industry was 122,000 compared to last year's 167,000. Our export of housings to USA was 84,000 compared to last year's 89,000. Consequent to this our turnover dropped to ₹ 330 crores from ₹ 410 crores, a drop of 20%. Your company worked on cost saving measures to remain profitable in a difficult year.

After two years of reduced demand for CVs, there is now expectation of growth in second half of the current year.

DIVIDEND

Your Board of Directors decided to recommend, out of the profits of the current year, a dividend of ₹ 0.50 per share on the paid up capital of the Company as at 31st March 2014. 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 Second Annual General Meeting, a sum of ₹ 1,27,42,205/-will become payable. A dividend tax of ₹ 21,65,538/-(including surcharge) will be paid on the dividend declared.

DEPOSITS

The deposits from public and shareholders as on 31st March 2014 were ₹ 765.54 lakhs.

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DIRECTORS

Mr. S Ram (DIN 00018309) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Mr. Saket Sapra (DIN 05154694) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

AUDITORS

The Auditors of the Company, M/s. Sundaram and Srinivasan, Chartered Accountants, Chennai retire at the conclusion of the Thirty Second Annual General Meeting and are eligible for reappointment. The Company has received necessary certificate from the Auditors under Section 141 of the Companies Act 2013 to the effect that they satisfy the conditions under the Companies Act 2013 and the rules made there under for the above appointment. The Directors recommend their reappointment.

COST AUDITORS

The Report of M/s. Geeyes & Co., Cost and Management Accountants, Chennai, (Firm Regn. No. 00044) on the Cost Audit carried out for the financial year 2012-13 was filed with the Central Government on 22.10.2013 (due date being 180 days from the closure of the financial year).

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.

For and on behalf of the
Board of Directors

Chennai
30th June 2014

S RAM
Chairman
DIN 00018309

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 2014 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
30th June 2014

S RAM
Chairman
DIN 00018309

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	₹ 2,466.11 lakhs
Foreign Exchange earned	₹ 13,079.97 lakhs

For and on behalf of the
Board of Directors

Chennai
30th June 2014

S RAM
Chairman
DIN 00018309

Thirty Second 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 2014, 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.

Auditor's 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 2014;
- 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 2014, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014 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
30th June 2014