

# Axles India Limited



THIRTY THIRD ANNUAL REPORT  
31<sup>ST</sup> MARCH 2015

## Registered Office

21, Patullos Road, Chennai 600 002  
Phone: 2852 2745  
CIN : U27209TN1981PLC008630  
Website Address : [www.axlesindia.com](http://www.axlesindia.com)

## Factories

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

Cheyyar Taluk, Tiruvannamalai Dist.  
Tamil Nadu 604 410  
Phone No. 09789845439

## 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: 2846 0395, 2846 0390 Fax: 2846 0129  
E-mail : [investor@cameoindia.com](mailto:investor@cameoindia.com)

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## Board of Directors

S Ram (*Chairman*)  
M K Surendran (*Managing Director*)  
Srivats Ram  
Rafael Aquique  
Saket Sapra  
Sowmya Vencatesan (*From 26.03.2015*)  
Rakesh Chopra (*From 26.03.2015*)

## Audit Committee

Sowmya Vencatesan (*Chairman*)  
Rakesh Chopra  
M K Surendran

## Stakeholders Relationship Committee

S Ram (*Chairman*)  
M K Surendran  
Srivats Ram

## Nomination and Remuneration Committee

Rakesh Chopra (*Chairman*)  
S Ram  
Saket Sapra  
Sowmya Vencatesan

## Corporate Social Responsibility Committee

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

## Auditors

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

## Chief Financial Officer

Y Krishnamoorthy

## Secretary

T V Venkata Subramanyam

# Thirty Third Annual Report

## Notice to Shareholders

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NOTICE is hereby given that the Thirty Third Annual General Meeting of the Company will be held on Friday the 18<sup>th</sup> September 2015 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 31<sup>st</sup> March 2015 and the Report of the Directors and the Auditors thereon.
2. To record and confirm the interim dividend paid for the year ended 31<sup>st</sup> March 2015 as final dividend.
3. To elect a Director in the place of Mr Srivats Ram (DIN 00063415) who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in the place of Mr Rafael Aquique (DIN 05204786) 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 ₹12.50 Lakhs (excluding service tax and reimbursement of out of pocket expenses).

Regd. Office:

21, Patullos Road

Chennai 600 002

29<sup>th</sup> June 2015

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 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 carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

5. The Register of Members and Share Transfer Books of the Company will remain closed from 8<sup>th</sup> September 2015 to 18<sup>th</sup> September 2015 (both days inclusive).
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 bank particulars 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 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 final dividend warrants for the year 2012-13, 2013-14 and interim dividend warrants for the year 2014-15 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.
8. In accordance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, remote e-voting facility have been provided to the members. The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not cast their vote by remote e – voting shall be able to exercise their right at the meeting.
9. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. The details indicating the process and manner for voting by electronic means, the time schedule including the time period during which the votes may be cast by remote e – voting, the details of the login id, the process and manner for generating or receiving the password and for casting of vote in a secure manner are provided to the shareholders.
10. The Board of Directors have appointed Mr S Dhanapal, Partner, M/s.S Dhanapal & Associates, Practising Company Secretaries, Chennai, as the Scrutinizer, for conducting the e-voting process in a fair and transparent manner. The Company has engaged the services of Central Depository Services (India) Limited (“CDSL”) to provide e-voting facilities enabling the members to cast their vote in a secure manner. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link [www.evotingindia.com](http://www.evotingindia.com) during the following voting period: The e-voting period would commence on 15<sup>th</sup> September 2015 (9.00 am) and end on 17<sup>th</sup> September 2015 (5.00 pm).
11. During the above period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 11<sup>th</sup> September 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder cannot change it subsequently.
12. The procedure and instructions for e-voting is furnished in this notice as a separate annexure. The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the e-voting will be announced by the Company on its website - [www.axlesindia.com](http://www.axlesindia.com) within two days of the Annual General Meeting.

# Thirty Third Annual Report

## Report of the Directors to the Shareholders

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Your Directors present the Thirty Third Annual Report of the Company along with the audited accounts for the year ended 31<sup>st</sup> March 2015.

### Performance

The turnover during the year 2014-15 was ₹430 crores against ₹330 crores in 2013-14.

	(₹ in lakhs)	
	2014-15	2013-14
Profit before depreciation	2073.08	1367.75
Depreciation	(1084.83)	(1059.84)
Profit before tax for the year	988.25	307.91
Profit after tax for the year	594.49	197.37

### Prospects

Growth in Indian economy during 2014-15 on the new index basis was 7.6%. This level of growth is expected to be maintained in the current year 2015-16. Medium and Heavy Commercial vehicle production in 2014 -15 went up 15% compared to 2013-14. We expect this growth to continue above 10% rate in 2015-16. Your Company's sale of Axle Housing in the domestic market went from 122,000 numbers in 2013-14 to 163,000 numbers in 2014-15. We expect your Company will maintain growth at 10% in the domestic market.

Our export of Housings went up to 98,000 numbers from 84,000 numbers. We expect to maintain the growth in export in 2015-16. These exports go to USA.

### Dividend

Your Board of Directors had declared an Interim Dividend of ₹1.00 per share on the paid up capital of the Company at the meeting held on 26<sup>th</sup> March 2015. The Interim Dividend is confirmed as the final dividend.

### Deposits

Your Company has not accepted deposits with effect from 1<sup>st</sup> April 2014. Pursuant to and in accordance with the relevant provisions of the Companies Act, 2013 and the rules framed there under, the deposits that matured during the course of 2014-15 were repaid fully. Also, the deposits which did not mature before 31<sup>st</sup> March 2015 were repaid to the deposit holders along with proportionate interest.

### Particulars of Loans, Guarantees or Investments

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the investments made by the Company are given in the notes to the financial statements.

### Associate Companies

There are no Associate Companies as per the Companies Act, 2013. So relevant form AOC 1 is not applicable.

### Directors

Mr. Srivats Ram (DIN 00063415) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Mr. Rafael Aquique (DIN 05204786) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Ms. Sowmya Vencatesan (DIN 07108505) and Mr. Rakesh Chopra (DIN 00032818) were appointed as Independent Directors of the Company for a period of three years at the Extraordinary General Meeting held on 26<sup>th</sup> March 2015.

The Independent Directors have given declaration that they meet the Criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

## **Key Managerial Personnel**

During the year under review, the Board took on record Mr. M K Surendran – Managing Director, Mr. Y Krishnamoorthy – Chief Financial Officer and Mr. T V Venkata Subramanyam – Company Secretary as the Whole-time Key Managerial Personnel of the Company under Section 203 of the Companies Act, 2013.

## **Board Evaluation**

In order to improve the effectiveness of the Board and its Committees, as well as the effectiveness of each individual Director, the Board carried out an annual performance evaluation of its own performance and that of its Committees and the directors individually. The Criteria and manner in which the evaluation has been carried out are provided in Annexure 1 forming part of this Report.

## **Remuneration Policy**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for determining qualifications, positive attributes and independence of a Director. It has recommended to the Board a policy relating to the remuneration of the Managing Director and is provided as Annexure II forming part of this report.

## **Corporate Social Responsibility**

The Board of Directors of your Company has constituted the Corporate Social Responsibility Committee (CSR) to help the Company to frame, monitor and execute the CSR activities. The Board of your Company has further approved the CSR Policy of the Company to provide a guideline for CSR activities of the Company. The Committee defines the parameters and observes them for effective discharge of the social responsibility of your Company. The Constitution of the CSR Committee and the report as required under the 2013 Act, are provided as Annexure III forming part of this Report.

## **Risk Management**

Your Company recognizes that Risk Management is an integral part of good management practice. Risk Management is an essential element in achieving business goals and deriving benefits from market opportunities. Accordingly, the Board, have approved and adopted Risk Management Policy and implemented the above policy including identification of elements of risk. The Committee has constituted a Risk Management Committee with functional heads as members.

The purpose of the policy is to achieve the Company's objectives in a dynamic environment as well as to effectively manage the risks arising and associated with its business, to establish a structured Risk Management framework, covering various risks involved, and to ensure that the risks attributed to the Company are identified, analysed and managed.

## **Internal Control Systems and Audit**

Your Company has adequate system of internal control commensurate with its size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, safeguarding of assets of the Company, adhering to the management policies besides ensuring compliances.

# Thirty Third Annual Report

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Internal Audit plays a key role by providing an assurance to the Board of Directors and to the business operations. The Internal Auditors monitors the effectiveness of Controls and also provides an independent and objective assessment of the overall governance processes in the Company, including the application of risk management. Further, the Audit Committee reviews adherence to internal control systems and internal audit reports.

## **Vigil Mechanism**

In accordance with the requirements of the 2013 Act, your Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and Employees to report genuine concerns. The said policy meets the requirement of the Vigil Mechanism framework under the 2013 Act, and the members can view the details of the policy on [www.axlesindia.com](http://www.axlesindia.com).

## **Director's Responsibility Statement**

The Board of Directors acknowledges the responsibility of ensuring compliance with the provisions of Section 134(3) (c) of the 2013 Act. To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the 2013 Act:

- a. that in the preparation of the annual financial statements the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the 2013 Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper systems are in place so as to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **Related Party Transactions**

All Related Party Transactions that were entered into by the Company during the financial year 2014-15, were at an arm's length basis and were in the ordinary course of business. Material contracts or arrangement or transactions are at arm's length basis and disclosed in Form AOC-2 which is provided in Annexure IV forming part of this Report. All Related Party Transactions were placed before the Audit Committee. There are no materially significant related party transactions made by the Company with Promoters, Directors, and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

## **Meeting of the Board**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee meetings are circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The Board had met 5 times during the year under review i.e. on 30<sup>th</sup> June 2014, 16<sup>th</sup> September 2014, 17<sup>th</sup> December 2014, 25<sup>th</sup> February 2015 and 26<sup>th</sup> March 2015.

## **Audit Committee**

The Audit Committee has been constituted in accordance with the provisions of Companies Act, 2013 comprising of Ms. Sowmya Vencatesan - Chairman, Mr. Rakesh Chopra and Mr. M K Surendran as members.

## **Significant and Material Orders Passed by the Regulators or Courts**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. There are no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

## **Employees and details of Remuneration**

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under the Companies Act, 2013 and the rules framed thereunder. The net worth for the financial year 2013-14 is ₹6729.65 Lakhs and for 2014 -15 is ₹6969.11 Lakhs.

## **Auditors**

The Auditors of the Company, M/s. Sundaram and Srinivasan, Chartered Accountants, Chennai retire at the conclusion of the Thirty Third Annual General Meeting and are eligible for re-appointment. The Company has received necessary certificate from the Auditors under Sections 139 and 141 of the 2013 Act, to the effect that they satisfy the conditions under the 2013 Act and the rules made there under for the above re-appointment. The Directors recommend their re-appointment.

## **Secretarial Audit**

Pursuant to the provisions of Section 204 of the 2013 Act and the rules framed thereunder, the Company appointed M/s. S Dhanapal & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is given as an Annexure V and forms part of this Report.

## **Comments on Auditors' report**

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in Practice in their reports respectively. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

## **Extract of Annual Return**

The details forming part of the extract of the Annual Return in Annexure VI forms part of this Report.

## **General**

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo as required under Section 134(3)(m) of the 2013 Act, read with rule 8(3) of the Companies (Accounts) rules, 2014 are enclosed as Annexure VII and forms part of this report.

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

**S RAM**

*Chairman*

DIN 00018309

Chennai  
29<sup>th</sup> June 2015



## ANNEXURE I

### BOARD EVALUATION

The criteria for Evaluation were in accordance with the Nomination & Remuneration Policy adopted by the Company. The evaluation was under taken taking into account the following:-

Composition of the Board and availability of multi-disciplinary skills, Commitment to good corporate governance practices, Adherence to regulatory compliance, Grievance Redressal Mechanism, Track record of financial performance, Existence of integrated Risk Management system, Use of modern technology, Commitment to CSR.

In addition to the above the following were also considered:- Qualifications & experience, Leadership qualities, Standard of integrity, Understanding of Macro & Micro Economic and Industry trends, Public relations, Future Vision and Innovation, Attendance in Board Meetings/ Annual General meeting, Understanding of Company's business Value addition in Board Meetings and other parameters mentioned in the Policy.

## ANNEXURE II

### NOMINATION AND REMUNERATION POLICY

#### Preamble

The Company strongly believes that human resources which manage other resources is key to organizational effectiveness. We commit ourselves to integrate human resources with Organizational growth and development for mutual benefit.

#### Scope

This Nomination and Remuneration Policy has been formulated in compliance with Section 178 and other applicable provisions of the Companies Act, 2013 read with the applicable rules thereto.

#### Objective

- a. To carry out evaluation of performance of the Directors.
- b. To formulate criteria for determining qualification, positive attributes and independence of a Director.

#### A. Appointment

Appointment and Remuneration – Managing Director

The appointment, payment of remuneration to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013(as amended from time to time) read with the applicable Rules framed under the Companies Act, 2013.

#### Independent Directors

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, Corporate Governance, technical operations or other disciplines related to the Company's business and such other related areas as the Nomination and Remuneration Committee may in its absolute discretion deem fit.

#### B. Remuneration

Decision on structure of remuneration for other employees has been delegated to the Managing Director.

#### C. Evaluation

##### Executive Directors and Non – Executive Directors

The performance of the Board as a whole, of its Committees, and of its members shall be evaluated at least once a year keeping in view the objectives of the Company.

##### Independent Directors

The performance evaluation of Independent Directors shall be done by the Board of Directors, excluding the Director being evaluated.

**ANNEXURE III**

**ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2014-15**

1.	A brief outline of the Company's CSR Policy, including overview of project or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:	The CSR activities carried out by the Company are in accordance with the Policy, as laid down and approved by the Committee, duly approved by the Board. The CSR Policy is available in the Company's website <a href="http://www.axlesindia.com">www.axlesindia.com</a>
2.	The Composition of the CSR Committee	The Committee has Mr S Ram, as Chairman, Mr M K Surendran, Mr Saket Sapra and Mr Rakesh Chopra as other members
3.	Average net profits of the Company for last three financial years	₹592.52 Lakhs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹11.85 Lakhs
5.	Details of CSR spent during the financial year	a. Total amount to be spent for the financial year: ₹11.85 Lakhs b. Amount Unspent : ₹11.85 Lakhs
6.	In case the Company has failed to spend the two percent of the average net profits of the last three financial years or any part there of, the Company shall provide reasons for not spending the amount in its Board report:	The Board has sanctioned ₹11.60 Lakhs and the projects are being identified. The same will be spent during July 2015. This being the first year of CSR requirement, we have, during the year, put in place the necessary processes to identify the worthy causes, as well as to monitor the progress, with a view to ensuring that they are consistent with the policy, serve a larger public good, and are sustainable over an extended period.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:	We hereby state that implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

Chennai  
29<sup>th</sup> June 2015

**M K Surendran**  
Managing Director

**S RAM**  
Chairman - CSR Committee

**ANNEXURE IV**

**FORM NO. AOC - 2**

(Pursuant to clause (h) of Sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)  
Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis**

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis**

a.	Name(s) of the related party and nature of relationship	1. Dana India Private Ltd. 2. Dana Commercial Vehicle Mfg. LLC. Nature of relationship is related party as per Companies Act, 2013.
b.	Nature of Contracts / arrangements / transactions	Sale of axle housings
c.	Duration of contracts / arrangements / transactions	1. Dana India Private Ltd - 01.07.2011 to 30.06.2016. 2. Dana Commercial Vehicle Mfg. LLC – 01.03.2015 to 28.02.2017
d.	Salient features of the contracts or arrangements or transactions including the value, if any	Supply of axle housings as per agreement.
e.	Date(s) of approval by the Board, if any	30.06.2014
f.	Amount paid as advances, if any:	NIL

For and on behalf of the Board of Directors

Chennai  
29<sup>th</sup> June 2015

**S RAM**  
Chairman  
DIN 00018309