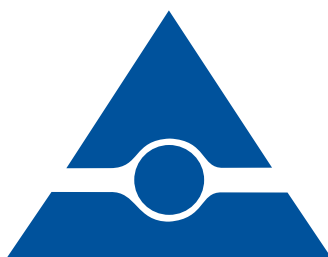


Axles India Limited



**THIRTY FOURTH ANNUAL REPORT
2015-16**



Thirty Fourth Annual Report

Registered Office

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

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Board of Directors

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

Audit Committee

Sowmya Vencatesan (*Chairperson*)
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

Notice to Shareholders

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Company will be held on Wednesday, the 14th September 2016 at 'Kasturi Srinivasan Building' (Mini Hall, The Music Academy), New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014 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 2016 and the Report of the Directors and the Auditors thereon.
2. 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.
3. 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.
4. 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).

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 160 of the Companies Act, 2013, Mr Jamie Martel (DIN 07260954) be and is hereby appointed as a Director of the Company.

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

RESOLVED THAT pursuant to the provisions of Section 160 of the Companies Act, 2013 Mr V Madhavan (DIN 07548156) be and is hereby appointed as a Director of the Company.

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

RESOLVED THAT in accordance with the provisions of Section 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof, for the time being in force and subject to the approval of the members in the General Meeting, the approval of the Board be and is hereby accorded for the appointment of Mr V Madhavan (DIN 07548156), as Managing Director of the Company for a period of 5 (Five) years with effect from 6th July 2016 on the terms and conditions including remuneration as set out hereunder:

Salary: ₹2,50,000 per month.

Commission: 0.50% of the profits of the Company as per the provisions of Companies Act, 2013



Perquisites:

House Rent Allowance not exceeding 60% of Salary.

Provision of company owned and maintained car

Reimbursement of medical expenses (for self and family- actual subject to maximum of one month's basic salary)

Reimbursement of driver pay

Residence telephones

Leave travel assistance of ₹1 lakh per annum.

Group Personal Accident Insurance Policy as per Company rules.

Annual increase and quantum of increase will be decided by the Nomination and Remuneration Committee constituted for this purpose.

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 cost.

Payment of Company's contribution to Provident Fund / Pension Fund / Superannuation Fund / Gratuity Fund and encashment of leave (at the end of 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 V Madhavan (DIN 07548156), Managing Director shall be as approved by the Board within the limits laid down in Schedule V and subject to compliance of other provisions / procedures prescribed in this regard in the Companies Act, 2013.

Regd. Office:

21, Patullos Road

Chennai 600 002

29th June 2016

By order of the Board

S Ram

Chairman

DIN No.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 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 8th September 2016 to 14th September 2016 (both days inclusive).

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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. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, as amended, 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. Members intending to vote at the venue are requested to bring their photo identity card.
 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 N Ramanathan, 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 during the following voting period: The e-voting period would commence on 11th September 2016 (9.00 am) and end on 13th September 2016 (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 7th September 2016 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 within two days of the Annual General Meeting.

**SPECIAL BUSINESS****Item No.5**

Mr Jamie Martel (DIN 07260954), aged 42 years, is a Honours Bachelor of Commerce from Laurentian University in Ontario Canada. He is Director of Finance, North American Operations & Global Supply Chain, Commercial Vehicle Driveline Technologies, Dana Holding Corporation. Mr Jamie Martel (DIN 07260954) was appointed as an Additional Director at the Board meeting held on 18th September 2015 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 Jamie Martel (DIN 07260954) as a Director of the Company. The Board of Directors recommends the above resolution for the approval of the shareholders. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr Jamie Martel (DIN 07260954) is, in any way, interested or concerned, whether financially or otherwise, in this resolution. Mr Jamie Martel (DIN 07260954) does not hold any Equity Share in the Company. He is not related to any of the Directors of the Company.

Item No.6

Mr V Madhavan (DIN 07548156), aged 48 years, is an is an Engineering Graduate in Mechanical Engineering. His last position was as Senior Vice President Operations in one of the leading auto component manufacturers. Mr V Madhavan (DIN 07548156) was appointed as a Director at the Board meeting held on 29th June 2016 in place of Mr M K Surendran (DIN 05225035) 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 V Madhavan (DIN 07548156) as a Director of the Company. The Board of Directors recommends the above resolution for the approval of the Shareholders. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr V Madhavan (DIN 07548156), is in any way, interested or concerned, whether financially or otherwise, in this resolution. Mr V Madhavan (DIN 07548156) does not hold any Equity Share in the Company. He is not related to any of the Directors of the Company.

Item No.7

The Board of Directors at its meeting held on 29th June 2016 appointed Mr V Madhavan (DIN 07548156) as Managing Director for a period of five years effective from 6th July 2016. The appointment of Mr V Madhavan (DIN 07548156) as Managing Director requires the approval of members in General Meeting under Section 196 read with Schedule V of the Companies Act, 2013. Mr V Madhavan (DIN 07548156) will draw remuneration as mentioned in the resolution. The Directors recommend the above resolution for the approval of the shareholders. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr V Madhavan (DIN 07548156), is in any way, interested or concerned, whether financially or otherwise, in this resolution.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors present the Thirty Fourth Annual Report of the Company along with the audited accounts for the year ended 31st March 2016.

Performance

The turnover during the year 2015-16 was ₹494 crores against ₹430 crores in 2014-15.

	(₹ in lakhs)	
Particulars	2015-16	2014-15
Profit before depreciation	2821.36	2073.08
Depreciation	(898.25)	(1084.83)
Profit before tax for the year	1923.11	988.25
Profit after tax for the year	1250.53	594.49

Prospects

Indian economy is estimated to have grown at 7.6% in 2015-16, compared to 7.2% in the previous year. The country's economic fundamentals strengthened with a narrowing current account deficit. The Indian vehicle industry saw 28% growth in the medium and heavy commercial vehicle segment, following healthy growth in the previous year. The Indian Commercial Vehicle industry is expected to grow for the third successive year with the impacts from road building and other infrastructure projects. There is a continuing trend to replace trucks of higher payload capacity. Your company expects domestic sales of Axle Housings to improve as in the previous year. Due to product changes and market demand Axle Housing export to Dana USA is expected to drop to 50,000 nos. from last year's 100,000 nos.

Your Company's sale of Axle Housing in the domestic market was 205,000 nos. compared to last year's 163,000 nos. Our export of Housings was 100,000 nos. compared to last year's 98,000 nos.

Dividend

The Directors deliberated on payment of dividend for 2015-16. The Directors felt that the Company need to invest in new machine tools and equipment to improve productivity and quality. With the uncertainty of export market, they felt that the Company defer dividend for 2015-16.

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 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.

Mr Jamie Martel (DIN 07260954) was appointed as an Additional Director at the meeting of the Board of Directors held on 18th September 2015. He holds office till the ensuing Annual General Meeting. Notice has been received proposing his appointment as a Director of the Company under Section 160 of the Companies Act, 2013. The Board is pleased to recommend his appointment as Director at the Annual General Meeting.

Mr V Madhavan (DIN 07548156) was appointed as a Director in place of Mr M K Surendran (DIN 05225035) and will hold office till the ensuing Annual General Meeting. Notice has been received proposing his appointment as a Director of the Company under Section 160 of the Companies Act, 2013. The Board is pleased to recommend his appointment as Director at the Annual General Meeting.

The Independent Directors, Ms Sowmya Vencatesan (DIN 07108505) and Mr Rakesh Chopra (DIN 00032818), 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

Mr M K Surendran (DIN 05225035), Managing Director, at the meeting of the Board of Directors held on 29th June 2016, has retired from service with effect from the closing hours of 5th July 2016. Mr V Madhavan (DIN 0758156) was appointed as Managing Director at the meeting of Board of Directors held on 29th June 2016.

Board Evaluation

Pursuant to the provisions of Section 134(3) (p), Section 149(8) and Schedule IV of the Act, Annual Performance Evaluation of the Board, the Directors as well as Committees of the Board have been carried out. The Criteria and manner in which the evaluation has been carried out are provided in Annexure - I 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

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken various projects in accordance with Schedule VII of the 2013 Act. The Board of Directors of your Company has constituted the CSR Committee 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 guidelines 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 Company has spent ₹21.56 lakhs during the year. 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, Internal Financial Control Systems and Audit

Your Company has formulated a Risk Management policy. The policy provides for identification of risks and mitigation measures.

Your Company maintains an adequate and effective Internal Control System commensurate with its size. The Internal Control system provides a reasonable assurance to the effect that the transactions are executed with the authorisations and are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets are secured and safeguarded against any misuse or loss. The internal control system is supplemented through an extensive internal audit programme and periodic review by the Management and Audit Committee. The Company has in place adequate internal financial Controls and no reportable material weakness was observed.

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.

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, 2016 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 2015-16 were in compliance of section 188 of the 2013 Act and rules framed there under. Related party transaction 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 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 4 times during the year under review on 29th June 2015, 18th September 2015, 17th December 2015 and 10th March 2016.

Directors	Attendance at Board Meetings		Attendance at AGM held on 18.09.2015
	Held	Attended	
Mr S Ram	4	4	Yes
Mr M K Surendran	4	4	Yes
Mr Srivats Ram	4	4	Yes
Mr Saket Sapra	4	4	Yes
Mr Rafael Aquique**	4	1	No
Ms Sowmya Vencatesan**	4	2	No
Mr Rakesh Chopra**	4	2	Yes
Mr Jamie Martel*	2	0	Not Applicable

* Appointed at the meeting of Board of Directors on 18.09.2015 and Participated through teleconference at the meeting held on 17th December 2015 and 10th March 2016.

** Participated in the remaining meetings of the Board through teleconference.