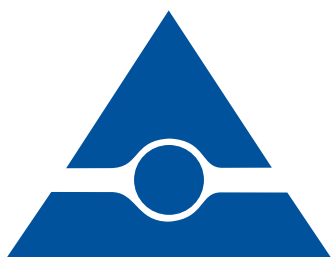


# **Axles India Limited**



**THIRTY FIFTH ANNUAL REPORT  
2016-17**



## Thirty Fifth 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. 9600931735

Cheyyar Taluk, Tiruvannamalai Dist.  
Tamil Nadu 604 410  
Phone No. 9789845439

### 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*) upto 05-07-2016  
V Madhavan (*Managing Director*) from 06-07-2016  
Srivats Ram  
Rafael Aquique  
Saket Sapra  
Sowmya Vencatesan  
Rakesh Chopra  
Jamie Martel

### Audit Committee

Sowmya Vencatesan (*Chairperson*)  
Rakesh Chopra  
V Madhavan (*from 06-07-2016*)

### Stakeholders Relationship Committee

S Ram (*Chairman*)  
V Madhavan (*from 06-07-2016*)  
Srivats Ram

### Nomination and Remuneration Committee

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

### Corporate Social Responsibility Committee

S Ram (*Chairman*)  
V Madhavan (*from 06-07-2016*)  
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

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NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the Company will be held on Friday, the 22<sup>nd</sup> September 2017 at “Kasturi Srinivasan Building” (Mini Hall, The Music Academy), New No. 168 (old No. 306), T.T.K Road, Royapettah, Chennai 600 014 at 10.25 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 2017 and the Report of the Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividend for the financial year 2016-17 and to declare a Final Dividend for the financial year 2016-17.
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. Price Waterhouse & Co Chartered Accountants LLP (ICAI Registration No. FRN 304026E / E-300009) be and are hereby 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 ₹15.00 lakhs (excluding applicable tax and reimbursement of out of pocket expenses).

By order of the Board

Regd. Office:  
21, Patullos Road  
Chennai 600 002  
28<sup>th</sup> June 2017

**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 16<sup>th</sup> September 2017 to 22<sup>nd</sup> September 2017 (both days inclusive).
6. Final 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 22.09.2017. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
7. 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.
8. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, as amended, dividend declared which remain unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the dividend warrant (s) so far for the above financial year or any subsequent financial year are requested to make their claim to the Secretarial Department of the Company at Singaperumal Koil Road, Sriperumbudur 602105. Hence shareholders are requested to claim the dividend.
9. 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.
10. 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.
11. 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](http://www.evotingindia.com) during the following voting period: The e-voting period would commence on 19<sup>th</sup> September 2017 (9.00 am) and end on 21<sup>st</sup> September 2017 (5.00 pm).
12. 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 15<sup>th</sup> September 2017 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.
13. The route map for the venue of the Annual General Meeting, 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.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

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Your Directors present the Thirty Fifth Annual Report of the Company along with the audited accounts for the year ended 31<sup>st</sup> March 2017.

### Performance

The turnover during the year 2016-17 was ₹414 crores against ₹486 crores in 2015-16.

	(₹ in lakhs)	
Particulars	2016-17	2015-16
Profit before depreciation	3293.39	2821.36
Depreciation	(1001.24)	(898.25)
Profit before tax for the year	2292.15	1923.11
Profit after tax for the year	1500.99	1250.53

### Prospects

Indian economy registered GDP growth at 7.1%, in 2016-17 helped by good agricultural growth and services sector growth. Major changes in indirect tax regime is being introduced from July 2017. This will reduce the cascading effect of indirect taxes and the interstate sales tax. In 2017-18 economic growth is expected to be maintained near 7% level.

In the Commercial vehicle segment, new emission norms were mandated from April 2017. In expectation of vehicle price increase, there was pre-buy in 2016-17. The heavy CV market is expected to be lower than last year in the first half and sales going up in the second half. There is good demand for Tipper Trucks 4 x 2 and 6 x 4 driven by Highway projects and port projects. The lighter end of the CV market is expected to grow, in the heavy haulage segment there could be a flattering out of demand with higher GVW 8 x 2 and 10 x 2 rigid replacing medium 4 x 2.

Your Company's sale of Housings to domestic market increased marginally in 2016-17 compared to previous year, but export sales to Dana USA dropped to 42,500 numbers from 100,000 numbers in 2015-16. Your Company has started some exports of Axle Housing to Thailand and to Japan.

### Dividend

Your Board of Directors had declared an Interim Dividend of ₹1/- per share (10%) on 13<sup>th</sup> September 2016 and Interim Dividend of ₹0.50 per share (5%) on 15<sup>th</sup> December 2016 on the paid up capital of the Company which was paid to the shareholders. Your Directors recommend a final dividend of ₹1.80 per equity share (18%) for the year ended 31<sup>st</sup> March, 2017. The final dividend recommended, if approved at the Thirty Fifth Annual General Meeting, will be paid to all the shareholders whose name appears in the Register of members as on the book closure date.

### 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.



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## **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.

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.

## **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 Performance Evaluation of the Independent Directors was done by the entire Board and that of the Chairman and Non Independent Directors by the Independent Directors. 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 an initiatives under Corporate Social Responsibility (CSR), in accordance with Schedule VII of the 2013 Act, your Company constituted the CSR Committee under the Board. This Committee is to frame, monitor and execute the CSR activities. The Board has approved the CSR policy and guidelines for implementation. The Committee effectively supervises the programmes. The Company has spent ₹5.80 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

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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](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, 2017 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 2016-17, were in compliance of Section 188 of the 2013 Act and rules framed there under. Related party transactions 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 29<sup>th</sup> June 2016, 13<sup>th</sup> September 2016, 15<sup>th</sup> December 2016 and 22<sup>nd</sup> March 2017.

Directors	Attendance at Board Meetings		Attendance at AGM held on 14.09.2016
	Held	Attended	
Mr S Ram	4	4	Yes
Mr M K Surendran ( <i>Upto 05.07.2016</i> )	1	1	Not Applicable
Mr V Madhavan ( <i>From 06.07.2016</i> )	3	3	Yes
Mr Srivats Ram	4	4	Yes
Mr Saket Sapra*	4	3	No
Mr Rafael Aquique*	4	2	No
Mr Sowmya Vencatesan	4	4	Yes
Mr Rakesh Chopra	4	4	Yes
Mr Jamie Martel*	4	2	No

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

## Audit Committee

The Audit Committee comprises of Ms Sowmya Vencatesan, Chairperson, Mr Rakesh Chopra and Mr M K Surendran (upto 05.07.2016) / Mr V Madhavan (from 06.07.2016) as members. The Committee had met on 29<sup>th</sup> June 2016, which was attended by all the members of the committee.

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr Rakesh Chopra, Chairman, Mr S Ram, Mr Saket Sapra and Ms Sowmya Vencatesan as members. The Committee had met on 29<sup>th</sup> June 2016, which was attended by all the members of the committee except Mr Saket Sapra.

## Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Mr S Ram, Chairman, Mr M K Surendran (upto 05.07.2016) / Mr V Madhavan (from 06.07.2016) and Mr Srivats Ram as members. The Committee had met 5 times during the year under review on 29<sup>th</sup> June 2016, 13<sup>th</sup> September 2016, 12<sup>th</sup> November 2016, 15<sup>th</sup> December 2016 and 9<sup>th</sup> February 2017.

All the Directors except Mr Srivats Ram attended the Stakeholders Relationship Committee meetings.



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## **Corporate Social Responsibility**

The Corporate Social Responsibility Committee comprises of Mr S Ram, Chairman, Mr M K Surendran (upto 05.07.2016) / Mr V Madhavan (from 06.07.2016), Mr Saket Sapra and Mr Rakesh Chopra as members. The Committee had met on 29<sup>th</sup> June 2016, which was attended by all the members of the committee except Mr Saket Sapra.

## **Independent Directors' Meeting**

During the year under review, the Independent Directors met on 15<sup>th</sup> December 2016 inter alia, to evaluate the performance of Non-Independent Directors, Chairman and the Board of Directors as a whole. Evaluation was done on the basis of attendance, quality of discussion in the meetings, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the meeting.

## **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 there under.

## **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, there were no cases filed pursuant to the above Act.

## **Auditors**

As per Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the term of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai as the Statutory Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company.

The Board of Directors of the Company at their meeting held on 28.06.2017, on the recommendation of Audit Committee, have made its recommendation for appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP (ICAI registration number FRN 304026E / E-300009) as the Statutory Auditors of the Company subject to the approval of the Members at the 35<sup>th</sup> Annual General Meeting of the Company.



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Accordingly, a resolution, proposing appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP as the Statutory Auditors of the Company forms part of the Notice of the 35<sup>th</sup> Annual General Meeting of the Company.

The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and the rules framed there under. The Directors recommend their appointment.

The Board place on record its appreciation for the services rendered by M/s. Sundaram & Srinivasan, Chartered Accountants, as the Statutory Auditors of the Company.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the 2013 Act and the rules framed there under, 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

28<sup>th</sup> June 2017