

# **Axles India Limited**



**THIRTY SIXTH ANNUAL REPORT  
2017-18**



## Thirty Sixth Annual Report

### Registered Office

21, Patullos Road, Chennai 600 002  
CIN : U27209TN1981PLC008630  
Website Address : www.axlesindia.com

### Factories

Singaperumal Koil Road  
Sriperumbudur, Tamil Nadu 602 105

Cheyyar Taluk, Tiruvannamalai Dist.  
Tamil Nadu 604 410

### 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

### Board of Directors

S Ram (*Chairman*)  
V Madhavan (*Managing Director*)  
Srivats Ram  
Rafael Aquique  
Saket Sapra  
Jamie Martel  
Sowmya Vencatesan (*upto 25-03-2018*)  
Rakesh Chopra (*upto 25-03-2018*)  
Radha Unni (*from 28-06-2018*)  
Jason Miller (*from 28-06-2018*)

### Audit Committee

S Ram (Chairman)  
V Madhavan  
Saket Sapra  
Jamie Martel

### Stakeholders Relationship Committee

S Ram (*Chairman*)  
V Madhavan  
Srivats Ram

### Corporate Social Responsibility Committee

S Ram (*Chairman*)  
V Madhavan  
Saket Sapra

### Auditors

Price Waterhouse & Co Chartered Accountants LLP  
Chartered Accountants  
8<sup>th</sup> Floor, Prestige Palladium Bayan  
Greens Road, Chennai 600 006

### Chief Financial Officer

Y Krishnamoorthy

### Secretary

T V Venkata Subramanyam

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## Notice to Shareholders

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NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Company will be held on Thursday, 27<sup>th</sup> September 2018 at Mini Hall, Narada Gana Sabha, 314, TTK Salai, Alwarpet, Chennai 600 018 at 10.30 a.m. 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 2018 and the Report of the Directors and the Auditors thereon.
2. To Declare Dividend for the financial year 2017-18
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 pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including any statutory enactment or modification thereof, M/s. Price Waterhouse & Co Chartered Accountants LLP (ICAI Registration No. FRN 304026E / E-300009) be and is hereby appointed as the Statutory Auditor of the Company from the 36<sup>th</sup> Annual General Meeting of the Company until the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors in consultation with the Auditors excluding applicable Goods and Service tax and reimbursement of out of pocket expenses incurred by them for the purpose of audit.

RESOLVED FURTHER THAT the appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP (ICAI Registration No. FRN 304026E / E-300009) at the 35<sup>th</sup> Annual General Meeting for the financial year 2017-18 be treated as part of the initial term of 5 consecutive years.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized for and on behalf of the Company to take all steps and to do all such acts, deeds, matters and things which may be necessary in this regard.

### 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 pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the Articles of Association be amended so as to replace the expression ‘Sundaram Finance Limited’ by the expression ‘Sundaram Finance Holdings Limited’ wherever the said expression appears in the Articles of Association.



RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts and deeds, matters and things as may be deemed necessary to give effect to this resolution.

- 7 To Consider and if thought to 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, Mrs. Radha Unni (DIN 03242769) be and is hereby appointed as a Director of the Company.

8. To Consider and if thought to 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. Jason Miller (DIN 0008168554) be and is hereby appointed as a Director of the Company

By order of the Board

Regd. Office:

21, Patullos Road

Chennai 600 002

28<sup>th</sup> June 2018

**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 21<sup>st</sup> September 2018 to 27<sup>th</sup> September 2018 (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 20.09.2018. 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.

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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) 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 24<sup>th</sup> September 2018 (9.00 am) and end on 26<sup>th</sup> September 2018 (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 20<sup>th</sup> September 2018 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 the page no. 80 of this report. 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.



## **Annexure to the Notice**

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### **Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013**

#### **Special Business**

##### **Item No. 6**

Sundaram Finance Ltd had a shareholding of 38.82% as a promoter in our Company. Sundaram Finance Ltd has undertaken a composite scheme of arrangement which has resulted in the vesting of shares to M/s. Sundaram Finance Holdings Ltd. The scheme was sanctioned by the Hon'ble National Company Law Tribunal, Chennai. Consequently, the Articles of Association of our Company needs to be amended by inserting a new clause 1 (x). The Board of Directors recommends the above resolution for the approval of the shareholders. 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 their relatives are in any way concerned or interested, whether financially or otherwise in this resolution.

##### **Item No. 7**

Mrs. Radha Unni (DIN 03242769), aged 69 years, is an M.A. Graduate from Delhi University. She worked in State Bank of India for 36 years and retired as Chief General Manager in 2008. Post retirement, Mrs. Radha Unni (DIN 03242769) is offering advisory services to Banks. Mrs. Radha Unni (DIN03242769) was appointed as an Additional Director at the Board meeting held on 28<sup>th</sup> June 2018 and she will hold office till the ensuing Annual General Meeting. Notice has been received from a Member of the Company proposing the appointment of Mrs. Radha Unni (DIN 03242769) 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 Mrs. Radha Unni (DIN 03242769) is, in any way, interested or concerned, whether financially or otherwise, in this resolution. Mrs. Radha Unni (DIN 03242769) does not hold any Equity Share in the Company. She is not related to any of the Directors of the Company.

##### **Item No. 8**

Mr. Jason Miller (DIN 0008168554), aged 45 years, is a Graduate from Oakland Community College, USA. He is the Vice President, North American Operations and Global Heavy Manufacturing Operations. Mr. Jason Miller (DIN 0008168554) was appointed as an Additional Director at the Board meeting held on 28<sup>th</sup> June 2018 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. Jason Miller (DIN 0008168554) 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. Jason Miller (DIN 0008168554) is, in any way, interested or concerned, whether financially or otherwise, in this resolution. Mr. Jason Miller (DIN 0008168554) does not hold any Equity Share in the Company. He is not related to any of the Directors of the Company.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

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Your Directors present the Thirty Sixth Annual Report of the Company along with the audited accounts for the year ended 31<sup>st</sup> March 2018.

### Performance

The turnover (net of excise duty) during the year 2017-18 was ` 475 crores against ` 414 crores in 2016-17.

The Ministry of Corporate Affairs vide its notification dated 16.02.2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of this notification, the Company adopted Ind AS with effect from 01.04.2017. The Company's financial results for the previous year ended 31.03.2017 had also been recast in accordance with Ind AS.

The financial results of your Company are as below:

Particulars	(` in lakhs)	
	2017-18	2016-17
Profit before depreciation	<b>4307.54</b>	3279.03
Depreciation	<b>(889.33)</b>	(1001.24)
Profit before tax for the year	<b>3418.21</b>	2277.79
Profit after tax for the year	<b>2231.36</b>	1491.63
Total Comprehensive Income	<b>2182.89</b>	1500.86

### Prospects

The Indian economy registered GDP growth at 6.7%, a slowdown of 0.5% from the previous year, as government reform with the introduction of GST temporarily affected economic activity. The growth momentum in the Indian economy is expected to see GDP grow at 7.4%.

In the latter part of the year under review, we had resurgence in demand for light commercial vehicles post-GST implementation. In the coming year, we expect the growth in the commercial vehicle segment to continue as BS VI engines are to be introduced in 2020. The high cost of the vehicles due to BS VI could dampen demand post introduction of BS VI emission standards.

Your Company's sale of Housings to domestic market increased to 219,000 numbers in 2017-18 from 205,000 numbers in 2016-17. The export sales to Dana USA increased marginally and export to Thailand and Japan increased to 4600 numbers during 2017-18 from 550 numbers in 2016-17.

### Dividend

Your Directors recommend a final dividend of `3/-per equity share (30%) for the year ended 31<sup>st</sup> March 2018. The final dividend recommended, if approved at the Thirty Sixth 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. 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.

The Independent Directors, Ms. Sowmya Vencatesan (DIN 07108505) and Mr. Rakesh Chopra (DIN 00032818), were appointed at the Extraordinary General Meeting held on 26<sup>th</sup> March 2015 for a period of three years. Our Company, being an unlisted joint venture Company, is entitled to benefit under Rule 4(2) of the Companies (Appointment and Qualification of Directors) Amendment Rules 2017 and is not required to appoint Independent Directors.

The Board places on record its appreciation of the valuable services rendered by Ms. Sowmya Vencatesan (DIN 07108505) and Mr. Rakesh Chopra (DIN 00032818) during their tenure of office. The Committees of the Board were reconstituted accordingly.

Mrs. Radha Unni (DIN 03242769) was appointed as an Additional Director at the meeting of the Board of the Directors held on 28<sup>th</sup> June 2018. She holds office till the ensuing Annual General Meeting. Notice has been received proposing her appointment as a Director of the Company under Section 160 of the Companies Act, 2013. The board is pleased to recommend her appointment as Director at the Annual General Meeting.

Mr. Jason Miller (DIN 0008168554) was appointed as an Additional Director at the meeting of the Board of the Directors held on 28<sup>th</sup> June 2018. 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.

## **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 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.



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## **Corporate Social Responsibility**

As an initiative under Corporate Social Responsibility (CSR), in accordance with Schedule VII of the 2013 Act, your Company constituted the CSR Committee under the Board. The 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 ` 20 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](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, 2018 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 2017-18, 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 28<sup>th</sup> June 2017, 27<sup>th</sup> September 2017, 14<sup>th</sup> December 2017 and 14<sup>th</sup> March 2018.

Directors	Attendance at Board Meetings		Attendance at AGM held on 22.09.2017
	Held	Attended	
Mr. S Ram	4	4	Yes
Mr. V Madhavan	4	4	Yes
Mr. Srivats Ram	4	4	Yes
Mr. Saket Sapra	4	4	No
Mr. Rafael Aquique*	4	1	No
Ms. Sowmya Vencatesan	4	3	Yes
Mr. Rakesh Chopra*	4	3	No
Mr. Jamie Martel*	4	1	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. V Madhavan as members. The Committee had met on 28<sup>th</sup> June 2017, which was attended by all the members of the Committee.