AUTOMOTIVE AXLES LIMITED

30th August 2016

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

Attn: Department of Corporate Services

Dear Sirs,

Sub : Submission of Annual Report for the FY 2015-16
Ref : Scrip Code 505010

Pursuant to Regulation 34(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 we herewith enclose a soft copy of the Annual Report for the FY 2015-16.

The said Report has been duly approved and adopted by the Members in the 35th Annual General Meeting of the Company held on 12th August, 2016 at the registered office of the Company at Hootagaali Industrial Area, Off Hunsur Road, Mysore.

Kindly take the same on your record.

Thanking you,

Yours truly,
For Automotive Axles Limited

Ranganathan S
Chief Financial Officer

Encl: Annual Report for FY 2015-16

Regd. Office & Mysuru Unit :
Hootagalli Industrial Area, Off Hunsur Road, Mysuru - 570 018, Karnataka, India.
Telephone : 91-821-719 7500, Fax : 91-821-2402451
Email : info@autoaxle.com, Website : www.autoaxle.com
CIN : L51909KA1981PLC004198

Register Firm
ISO/TS 16949 : 2002
ISO 14001 : 2004

35th Annual Report 2015-16

GROWTH AND PERFORMANCE... THROUGH TECHNOLOGY AND TEAMWORK

KALYANI

Automotive Axles Limited

MERITOR

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Dr. Babasaheb N Kalyani, Chairman Mr. Joseph A Plomin, Director Mr. Bhalachandra B Hattarki, Indepedent Director Mr. B C Prabhakar, Indepedent Director Mr. Satish Sekhri, Indepedent Director Ms. Supriti Bhandary, Indepedent Director Dr. N Muthukumar, Whole-time Director
KEY MANAGERIAL PERSONNEL	Dr. N Muthukumar, President & Whole-time Director Mr. Ranganathan S, Chief Financial Officer
STATUTORY AUDITORS	Deloitte Haskins and Sells (Chennai), Bengaluru
INTERNAL AUDITORS	Price Waterhouse & Co Bangalore LLP, Bengaluru
BANKERS	HDFC Bank Limited Kotak Mahindra Bank State Bank of India
REGISTRAR & SHARE TRANSFER AGENTS	Integrated Enterprises (I) Limited #30, Ramana Residency, 4th cross Sampige Road, Malleshwaram Bengaluru Ph: 080-23460815-818; E-mail: irg@integratedindia.in
REGISTERED OFFICE	Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570018. Ph: 0821-7197500 Website: www.autoaxle.com Email: sec@autoaxle.com
WORKS	1. **Mysuru** Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570018 2. **Rudrapur** 6 Km Stone, Kichha Road, Village Shimla Pistor, Rudrapur, Udham Singh Nagar, Uttarakhand – 263153 3. **Jamshedpur** Old Khakripara, Vill & Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand – 831015

CHAIRMAN'S INSIGHT

Dear Shareholders,

It is heartening to note that global economic recovery continued in 2015, despite challenges. The pace of recovery was rather sluggish and fragile. The big picture has not changed dramatically since my last communication to you. Overall, businesses and governments have rather reconciled themselves to the fact that global economic activity will not be consistent in the short to medium term; headwinds will come and go, but the road ahead has to be charted, despite unpredictable scenarios. Challenges will be there, but as in sports winning is the only option. Strategies may differ, but the objective is to clinch the best bargain in a slow-growth world.

In advanced economies the recovery was modest and largely uneven. The US economy demonstrated resilience undoubtedly, supported by relatively easy financial conditions with strengthening housing and labour markets. In the Euro area, robust private consumption, supported by lower oil prices and easy financial conditions outweighed a weakening in net exports.

The scenario for emerging markets and developing economies is not uniform. The collapse of Brazilian economy, slowdown and rebalancing of the Chinese economy, low commodity prices and geopolitical tensions in West Asia continued to weigh on growth prospects.

India's position is relatively better, but it can't afford to be complacent. Corporate balance sheets are to a very large extent overleveraged, manufacturing is passing through challenging phases of either slow growth or contraction, based on volatile demand; and inadequate rainfall and drought-like scenario is hurting agricultural growth and rural income. However, low interest rates, lower oil prices, fiscal deficit does not look threatening and inflation is within manageable limits. These are definite positives.

The government is also focusing on across-the-board reforms and big-ticket public investments (especially in the infrastructure sector) as India continues to be one of the bright spots in a slow-growth regime. Besides, India is reaping significant gains from the commodity cycle, which can be channelised for building infrastructure and grow sustainably.

The Government of India (GoI) has set an ambitious target of increasing the contribution of manufacturing output to 25% of GDP by 2025, from 16% through the 'Make in India' initiative. Interestingly, FDI into the country has increased by 37% after the launch of 'Make in India' programme till February 2016.

During 2015-16, we registered sales of ₹ 10,875 million, growing 30% from ₹ 8,345 million during previous 12 months.

INDIAN AUTOMOBILE SECTOR PROGRESS

India's automobile sector production during April-March, 2016 grew marginally by 2.58%. Passenger vehicle segment grew by 5.97% and commercial vehicle segment grew by 12.10% over the last year owing to growth in the passenger vehicles and commercial vehicles segments. Overall, automobile exports grew by 1.91% during the same period. (Source: SIAM)

India's auto-components industry has experienced sustainable growth in the last few years on account of high demand from end-user market, improved consumer sentiment and rising vehicle demand. The country has become an automobile component sourcing hub for major OEMs and exports to five continents. Europe accounts for the largest share, followed by Asia and North America. With global auto component players adopting a dual-shore manufacturing model, India is poised to emerge as an outsourcing hub.

Going forward, India's auto-components industry is set to become the world's third largest by 2025. The country's auto-component makers are well positioned to benefit from this sector's globalisation as the exports potential could be increased by up to four times to US$ 40 billion by 2020.

The country's working population is likely to help stimulate the growing market for private vehicles. Moreover, rising affordability, growing urbanisation and easier accessibility to finance are expected to positively affect vehicle consumption.

OUR BUSINESS PERFORMANCE

Our performance has been encouraging throughout the year. During the period, we registered sales of ₹ 10,875 million, growing 30% from ₹ 8,345 million during previous 12 months. Our EBITDA was ₹ 973 million, increasing by 38% from ₹ 707 million during previous 12 months. Profit after tax was ₹ 348 million rising 74% from ₹ 200 million during previous 12 months. Subsequently, our earnings per share stood at ₹ 23.01. Our consistent drive to grow in the existing vertical and increased customer penetration, new product developments in existing and new verticals and enhanced cost optimisation has facilitated the growth paradigm.

We continue to work on new product development, while driving down costs and serving the needs of a large customer base. Our wide portfolio comprises auto components and designs efficient engineering modules or systems with high-efficiency gearing, integral brake to axle design, weight option designs and driver-operated differential locks.

We continued to work on the concept of Built in Quality (BIQ) to achieve high standards of advanced manufacturing architecture across all our plants. This initiative will ensure that quality is ascertained by each and every operator by following a procedure to eliminate defects.

We expanded our manufacturing scale with a new plant in Jamshedpur, which will primarily manufacture brakes and trailer axles. Moreover, we commissioned a specialty axles unit in our Mysuru plant as a part of our new product development strategy. The plant can currently manufacture 300 sets of Hub Reduction Axles per month and going forward, we will enhance the capacity to 600 sets.

We ensure quality products are delivered to our customers, every time. Our quality performance stood at 100 PPM for domestic customers and 80 PPM for overseas customers. Our production facilities were developed consistently with the installation of flexible output endo gas generator and robotic gear quenching to reduce gas consumption by 20%.

We have launched a new initiative called Mission 18 to drive revenue growth across all segments and cost savings across all areas.

We have built an ecosystem encompassing integrated sustainable practices. We contribute to environmental wellbeing by using rainwater harvesting for manufacturing processes; recharging systems; and participating in green nurturing programmes, among others.

SUSTAINABLE PRACTICES

We have built an ecosystem encompassing integrated sustainable practices. We contribute to environmental wellbeing by using rainwater harvesting for manufacturing processes; recharging systems; and participating in green nurturing programmes, among others. Moreover, we have introduced induction lamps for shop floor, solar roof panels and energy-efficient motors. We are effectively utilising the power bidding scheme to reduce energy consumption.

OUR TEAM

On behalf of my colleagues on the Board of Management, I would like to take this opportunity to thank our dedicated employees whose expertise and reliability drive the Company's consistent growth. We are encouraging a progressive, high-performing and inclusive culture that recognises and rewards talent, enhances transparency and stimulates open communication.

We would also like to thank our valued customers, shareholders, suppliers and business associates for the confidence they have reposed in our Company.

Warm regards,

Dr. B N Kalyani
Chairman

BOARD'S REPORT

To the Members,

Your Directors have the pleasure in presenting the 35th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the financial period ended 31st March 2016:

FINANCIAL HIGHLIGHTS:

Particulars	2015-2016 (12 months)	2014-2015 (6 months)
Total Revenue	10,875.44	4,617.03
Profit before depreciation & tax	919.94	338.03
Less : Depreciation, amortization & Loss on assets discarded	404.70	173.21
Provision for Taxation	167.50	59.40
Profit After Tax	347.74	105.42
Balance of Profit from Previous Year	2,298.81	2,223.20
Profit available for appropriation	2,646.55	2,328.62
Appropriations :		
Dividend for the year	83.12	15.11
Tax on dividend	16.98	4.16
Transfer to General Reserve	-	10.54
Surplus retained in Profit & Loss Account	2,546.45	2,298.81

DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 5.50 per equity share of face value of ₹ 10/- each for the period ended 31st March 2016 aggregating to ₹ 83.12 million, excluding Dividend Distribution Tax.

The Dividend, subject to the approval of Members at the Annual General Meeting to be held on 12th August 2016, will be paid within 30 days from the date of declaration of dividend to the Members whose names appear in the Register of Members, as on the date of book closure, i.e. from 10th August 2016 to 12th August 2016 (both days inclusive).

In terms of the provisions of the Companies Act, a sum of ₹ 304,635/- of unpaid/unclaimed dividends was transferred during the year to the Investor Education and Protection Fund.

PERFORMANCE OF THE COMPANY

The Sales and other income for the financial period (12 months) under review was ₹ 10,875.44 Million as against ₹ 4,617.03 Million for the previous financial year (6 months). The Profit before tax (PBT) of ₹ 515.24 Million and the Profit after tax (PAT) of ₹ 347.74 Million for the financial period under review, as against ₹ 164.82 Million and ₹ 105.42 Million respectively for the previous financial year.

The Company in its journey towards world class manufacturing has further improved the quality standards towards Zero Chips, Oil & Coolant (COC) initiatives implemented last financial year in all plants, to make it clean from Chips, Oil and Coolant on floor. Further, to improve the standards of Organisation Health and Safety, your organisation implemented OHSAS 18001 and was certified for OHSAS 18001 2007 which is valid for three years.

BOARD OF DIRECTORS

Ms.Sudhasri.A resigned from the Board due to other pressing engagements effective 10th February 2016. The Board places its appreciation for her valuable contributions made during her tenure.

Pursuant to Sections 149 and 152 of the Companies Act, 2013 and in terms of Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors has at its meeting held on 10th February 2016, appointed Ms.Supriti Bhandary as an additional director, who

is being proposed to be appointed as an Independent Director with effect from the date of ensuing Annual General Meeting. The requisite resolution for approval of her appointment as Independent Director is being proposed in the notice of the meeting for the approval of the members.

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Joseph A Plomin, Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

FIXED DEPOSITS

Your Company has not accepted any Public Deposits under Chapter V of Companies Act, 2013, during the year.

POLICY ON NOMINATION & REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) & OTHER EMPLOYEES

The Company has framed a policy on Nomination & Remuneration of Directors, KMP & other employees as per the requirement of the Companies Act, 2013 which formulates the criteria for determining qualifications, positive attributes & independence of a director and their remuneration. The Nomination and Remuneration Policy is annexed herewith as **Annexure – A** to this report.

AUDITORS & AUDITORS' REPORT

The report given by the Statutory Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

M/s. Deloitte Haskins & Sells (Chennai), Bengaluru were appointed as Statutory Auditors of your Company in the Annual General Meeting held on 5th February 2015 for a term of three consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

No frauds have been reported by the Auditors in their reports.

The Secretarial Audit Report for 2015-16 in form MR-3 is annexed to this Report under **Annexure – B**

Explanation for observations made by the Company Secretary in Practice :

The compliances under Secretarial Standards on meetings of the Board of Directors have been largely met with but for certain minor improvements which would be complied henceforth.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under and based on the recommendation from the Audit Committee, CS. Pracheta M, Practicing Company Secretary has been appointed by the Board to conduct the secretarial audit of Company's secretarial and related records for the financial year 2016-17.

CORPORATE GOVERNANCE

Your Company is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on transparency, accountability and integrity.

The Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR Regulations) have strengthened the governance regime in the Country. Your Company is in compliance with the governance requirements provided under the new law and has proactively adopted many provisions of the new law, ahead of time. Your Company is committed to embrace the new law in letter and spirit. In line with the requirements of new law, your Company has constituted Board Committees. Your Company has in place all the statutory committees required under the law. Details of Board Committees along with their terms of reference, composition and meetings of the Board and Board Committees held during the year, are provided in the Corporate Governance Report.

A Certificate from an Independent Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Regulation 34(3) (Schedule V(E)) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is attached to the Corporate Governance Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided as **Annexure - C** to this report.

ANNUAL RETURN 2015-16

The extract of annual return in MGT – 9 is annexed under **Annexure - D**

RELATED PARTY TRANSACTIONS (RPT)

In line with the requirements of the Companies Act, 2013 and LODR Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at www.autoaxle.com/Policy.aspx. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on annual basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length.

All Related Party Transactions entered during the year were in ordinary course of the business and on arm's length basis. The particulars on RPTs in AOC 2 is annexed to the Report as **Annexure E**

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Disclosure on CSR has been annexed to the Report under **Annexure F**

PARTICULARS OF REMUNERATION OF DIRECTORS & CERTAIN SPECIFIED EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of certain employees, who are covered by the said rules, are set out in the **Annexure G** to the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) we have prepared the annual accounts on a going concern basis; and

(e) we have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

(f) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RISK MANAGEMENT SYSTEM AND ITS POLICY

Your Company introduced the Risk Management System almost a decade back and it has attained the maturity whereby the Enterprise-wise Risk-log-cum-register is being maintained by the departmental head and is being periodically reviewed

for adequacy and effectiveness by the Audit Committee and the Board. The Company's Risk Management Committee is being assisted by Chief Risk-Coordinator. The Risk Management policy developed by the Company aims to cover all the business and other risks, which are revisited at reasonable intervals.

The Board level Committee on Risk Management is formed with the following directors as its members:

(a) Mr. B C Prabhakar, Chairman
(b) Dr. N Muthukumar, Member

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Regulation 34(2)(e) of LODR Regulations, the Management Discussion and Analysis Report is presented in a separate section forming part of the Annual Report.

BOARD ANNUAL EVALUATION

The Nomination & Remuneration Committee arranges for a performance evaluation of the Board, its Committees and its individual Directors on an annual basis. The Committee will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively.

The review will include:

(a) comparing the performance of the Board with the requirements of the Act;

(b) examination of the Board's interaction with management;

(c) the nature of information provided to the Board by management; and

(d) management's performance in assisting the Board to meet its objectives.

A similar review will be conducted for each Committee by the Board with the aim of assessing the performance of each Committee and identifying areas where improvements can be made. The Nomination & Remuneration Committee will oversee the performance evaluation of the Senior Management Team. This evaluation is based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved and the development of management personnel.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the positive co-operation received from the Central Government, the Government of Karnataka, Financial Institutions and the Bankers. The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers, workers and staff of the Company resulting in the successful performance of the Company during the year.

Your Directors wish to place on record their appreciation for the continued co-operation and support received from the Kalyani Group, Pune, and Meritor Inc., USA

For and on behalf of the Board of Directors

Place: Pune
Date: 10th May 2016

Dr. B.N. Kalyani
Chairman

ANNEXURE A

NOMINATION AND REMUNERATION POLICY

The Board of Directors of Automotive Axles Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on April, 29 2014 with immediate effect.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, as amended from time to time, read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015. The Key Objectives of the Committee would be:

1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as "KMP") and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.

1.4. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity.

1.7. To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2. Board means Board of Directors of the Company.

2.3. Directors mean Directors of the Company.

2.4. Key Managerial Personnel (KMP) means

2.4.1. Whole-time Directors;

2.4.2. Chief Financial Officer; and

2.4.3. Company Secretary;

2.5. Listing Agreement means Agreement, as amended from time to time, executed with Stock Exchanges for Listing of Securities of the Company.

2.6. Senior Management means personnel of the Company who are members of its core management team being functional heads not below grade of Senior Vice President.

3. ROLE OF COMMITTEE

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise

ANNEXURE A

and experience possessed by a person are sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

d) The Committee shall decide on whether to extend or continue the term of appointment of Independent director, on the basis of the report of performance evaluation of Independent directors.

3.2.2. Term / Tenure

a) Whole-time Director:
The Company shall appoint or re-appoint any person as its Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:
An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

3.2.3. Evaluation

The Committee shall carry out yearly evaluation of performance of every Director, KMP and Senior Management Personnel as per the performance evaluation policy of the Company.

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the Whole-time / Executive Director, KMP and Senior Management Personnel

3.3.1. General:

a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

ANNEXURE A

e) In case any difficulty or doubt arises in the interpretation or implementation of this Policy, the decision of the Chairman of the Company shall be final. In exceptional circumstances, the Chairman shall be authorized to exercise functions vested in the committee in so far as these relate to Key Managerial Personnel covered under Clauses 2.4.3, 2.4.4 and the Senior Management; provided however that such actions taken by the Chairman shall be placed before the Committee for ratification in the succeeding meeting.

3.3.2. Remuneration to Whole-time / Executive Director, KMP and Senior Management Personnel:

a) Fixed pay:
The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:
If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:
The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees:
The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹1,00,000/- (Rupees One Lac Only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:
Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

4. MEMBERSHIP

4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

ANNEXURE A

5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

10.4 Determining the appropriate size, diversity and composition of the Board;

10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.7 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.8 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

10.9 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.10 Recommend any necessary changes to the Board; and

10.11 Considering any other matters, as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

11.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

11.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 to consider any other matters as may be requested by the Board.

11.5 Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

ANNEXURE B

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March 2016
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Automotive Axles Limited
CIN: L51909KA1981PLC004198

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AUTOMOTIVE AXLES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Automotive Axles Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Automotive Axles Limited for the financial year ended on 31st March 2016 according to the provisions of:

A. The Companies Act, 2013 (the Act) and the rules made thereunder;

B. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

D. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

E. following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   f. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee

ANNEXURE B

Stock Purchase Scheme) Guidelines, 1999; (Not applicable since no ESOPs or ESPS are issued)

g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable since no Debt securities are issued)

h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - (Not applicable since the Company is not a Registrar and Share transfer agent)

i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable since the Company has not applied for delisting); and

j. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable since the Company has not bought back any securities).

The Company has identified the following laws as specifically applicable to the Company:

a) Hazardous Wastes (Management & Handling) Rules, 1989

b) Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989

c) Explosives Act, 1884

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by the Institute of Company Secretaries of India and notified by the Central Government.

ii. The listing Agreements entered into by the Company with the BSE Limited and the National Stock Exchange of India Limited and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015, wherever applicable; and noted the following:

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except for certain compliances under Secretarial Standards on meetings of the Board of Directors.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, *except in some cases where the Agenda and detailed notes on agenda were sent in lesser duration than the specified seven days' time period* and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that based on the compliance mechanism at the Company and based on the quarterly compliance report of the management to the Board, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

ANNEXURE B

The Company has responded to notices, demands, claims, penalties etc. levied by various statutory/regulatory authorities and initiated necessary corrective actions.

I further report that during the audit period, there are no specific events/actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines etc., referred to above.

Pracheta M
Company Secretary in practice
Place: Mysuru ACS No.: A22452
Date: 10th May 2016 C P No.: 9838

Note: My report is to be read along with the Annexure of the even date annexed to this report

To,
The Members of
Automotive Axles Limited

My Secretarial audit report of even date is to be read along with this letter.

1. The maintenance of Secretarial records is the responsibility of the management of the Company. Further, the Company is also responsible for devising proper systems and processes to ensure the compliance of the various statutory requirements and Governance systems.

2. It is the responsibility of the management of the Company to ensure that the systems and processes devised are operating effectively and efficiently.

3. My responsibility is to express an opinion on these secretarial records based on our audit.

4. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed provide a reasonable basis for my opinion.

5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company and hence unable to comment on the compliance with the fiscal laws.

6. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

7. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.

8. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Pracheta M
Company Secretary in practice
Place: Mysuru ACS No.: A22452
Date: 10th May 2016 C P No.: 9838

ANNEXURE C

Information as per Section 134(3)(m) of the Companies Act, 2013, r.w.t Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

(a)	The steps taken or impact on conservation of energy	1. Installation of 30 kWp Roof top Solar Power Plant for Brakes Plant 2. Installation and Commissioning of 150W Induction lamp in place of 250W Metal Halide Lamp for shop floor 3. Replacing 400W focus lamp with 120W LED lamp for Peripheral area 4. Canteen Peripheral Lighting are illuminated with Solar Power and 9W LED Lights 5. Installation Eclipse make Burner and Recuperators for Sealed Quench Furnace and Pusher furnace
(b)	The steps taken by the Company for utilising alternate sources of energy & Capital investment on energy conservation equipment	1. Installation of 150W Induction Lamp lights for shop Floor area in place of 250W MH lamps to reduce energy, Eco friendly and improve life – ₹ 9.0 Mn 2. Installation of LED lights for shop office area in place of Fluorescent lamps to reduce energy and improve life – ₹ 0.6 Mn 3. Installation of 30kWp Solar plant for Brakes Plant – ₹ 2.2 Mn 4. Installation of Biogas plant Capacity- 150Kg/Day – ₹ 0.5 Mn 5. Installation of 120W LED lights for peripheral area to reduce energy and improve life – ₹ 0.5 Mn 6. Power purchase through Indian energy exchange -0.13 Mn 7. Installation of VFD panel for Heat treatment cooling Tower – ₹ 0.6 Mn 8. Endo gas generator -3.0 Mn 9. Switch over from LPG operated Fork Lift to Rental Battery operated fork Lift for material Handling - 0.8 Mn

B. I. RESEARCH AND DEVELOPMENT (R & D)

1.	the efforts made towards technology absorption:	» Tridam Drive head product specifications & drawings received from Meritor for localisation. » TLB Axle product specifications received from Meritor to develop drawings for customisation & localisation. » Optimised product specifications for Wheel end design received for Development of MT 846 axle.
2.	the benefits derived like product improvement, cost reduction, product development or import substitution	1. As a Cost reduction program Forged Brake web development initiated in place of stamped web to improve material yield. 2. As a reliability improvement on 1495 Tandem axle Carrier to Housing fastening design upgraded. 3. Product Development : a) Axle development for New Generation School Bus for Ashok Leyland. b) 13X axle development for Product validation as well Prototype axles developed for c) Prototype axle developed & Supplied for TELCON 100 Tonne Dump Truck.
3.	in case of imported technology (imported during the last 3 years) :	NIL
4.	Expenditure on R & D a. Capital b. Recurring c. Total d. Total R & D expenditure as a percentage to total turnover	 Nil Nil Nil Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

(a)	Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans	NIL
(b)	Total Foreign Exchange used and Earned: Used Earned	 ₹ 226.49 Million Nil, as all the sales for export are routed through Meritor HVS (India) Ltd., Mysuru in INR.

For and on behalf of the Board of Directors

Place: Pune
Date: 10th May 2016

Dr. B.N. Kalyani
Chairman

ANNEXURE D

FORM NO. MGT-9

Extract of Annual Return as on the Financial year ended on 31st March 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L51909KA1981PLC004198
ii.	Registration Date	21.04.1981
iii.	Name of the Company	Automotive Axles Limited
iv.	Category / Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018 Ph : 0821-7197500 email : sec@autoaxle.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited #30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru, Karnataka Ph:080-23460815

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Rear Drive Axles	87085000	70
2	Brakes	87083000	20
3	Other Parts	87085000	10

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1		Nil			

ANNEXURE D

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	5,367,806	-	5,367,806	35.52	5,367,806	-	5,367,806	35.52	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	**5,367,806**	**-**	**5,367,806**	**35.52**	**5,367,806**	**-**	**5,367,806**	**35.52**	**Nil**
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	5,367,275	-	5,367,275	35.52	5,367,275	-	5,367,275	35.52	Nil
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	**5,367,275**	**-**	**5,367,275**	**35.52**	**5,367,275**	**-**	**5,367,275**	**35.52**	**Nil**
Total Shareholding (A) = (A)(1)+(A)(2)	**10,735,081**	**-**	**10,735,081**	**71.04**	**10,735,081**	**-**	**10,735,081**	**71.04**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1,950,239	938	1,951,177	12.91	2,341,239	938	2,342,177	15.50	2.59
b) Banks / FI	1,137	-	1,137	0.01	-	-	-	-	(0.01)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Cap. Fund	-	-	-	-	-	-	-	-	-
f) Insurance Cos.	-	-	-	-	-	-	-	-	-
g) FIIs	20,534		20,534	0.14	27,664	-	27,664	0.18	0.05
h) FV Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	**1,971,910**	**938**	**1,972,848**	**13.05**	**2,368,903**	**938**	**2,369,841**	**15.68**	**2.63**
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	1,314,468	114	1,314,582	8.70	988,302	114	988,416	6.54	(2.16)
(ii) Overseas	-	-	-	-	-	-	-	-	-
(i) Individuals holding shares upto ₹ 1 lakh	601,142	127,789	728,931	4.82	781,167	122,885	904,052	5.98	1.16
(ii) Individuals holding shares in excess of ₹ 1 lakh	328,263	-	328,263	2.17	-	-	-	-	(2.17)
a) Others (Specify)									
(i) NRI	20,506	100	20,606	0.14	22,217	100	22,317	0.15	0.01
(ii) Clearing Member	11,664	-	11,664	0.08	92,268	-	92,268	0.61	0.53
Sub-total (B)(2)	**2,276,043**	**128,003**	**2,404,046**	**15.91**	**1,883,954**	**123,099**	**2,007,053**	**13.28**	**(2.63)**
Total Shareholding (B)=(B)(1)+ (B)(2)	**4,247,953**	**128,941**	**4,376,894**	**28.96**	**4,252,857**	**124,037**	**4,376,894**	**28.96**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**14,983,034**	**128,941**	**15,111,975**	**100**	**14,987,938**	**124,037**	**15,111,975**	**100**	**-**

ANNEXURE D

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Co.	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Co.	%of Shares Pledged / encumbered to total shares	
1.	BF Investment Limited	5,367,806	35.52	-	5,367,806	35.52	-	No Change
2.	Meritor HVS LLC, USA	5,367,275	35.52	-	5,367,275	35.52	-	No Change
	Total	**10,735,081**	**71.04**	**-**	**10,735,081**	**71.04**	**-**	

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	10,735,081	71.04	10,735,081	71.04
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	No change			
At the End of the year	10,735,081	71.04	10,735,081	71.04

iv. Shareholding pattern of top ten shareholders (other than Directors & Promoters)

Sl No.	Top 10 Shareholders during the year	Holdings as on 1st April 2015		Increase / Decrease in Shareholding during the year	Reasons for increase / decrease*	Holdings as on 31st March 2016	
		No. of shares	% of total shares of the Co.			No. of shares	% of total shares of the Co.
1	Reliance Capital Trustee Company Limited A/c Reliance Vision Fund	1,063,912	7.04	(152,905)	2	911,007	6.03
2	Bajaj Allianz Life Insurance Co. Ltd.,	532,712	3.53	41,770	1	574,482	3.80
3	UTI-MID Cap Fund	136,000	0.9	235,678	1	371,678	2.46
4	Reliance Capital Trustee Co. Ltd., A/c Reliance Tax Saver Fund	372,601	2.47	(6,316)	2	366,285	2.42
5	M3 Investment Private Limited	500,000	3.31	(328,111)	2	171,889	1.14
6	UTI Transportation & Logistics Fund	81,504	0.54	75,417	1	156,921	1.04
7	Birla Sun Life Trustee Co. Pvt. Ltd., A/c Birla Sun Life Division	136,161	0.9	(7,312)	2	128,849	0.85
8	Reliance Capital Trustee Co. Ltd.,. A/c Reliance Regular Savings Fund	-	-	-	1	114,019	0.75
9	Birla Sun Life Trustee Co. Pvt. Ltd., A/c Birla Sun Life Infra	84,764	0.56	(350)	2	84,414	0.56
10	Arun Nahar	70,851	0.47	-	3	70,851	0.47
11	Kokila D Ambani	150,000	0.99	-	2	-	-

*Reasons for Change
1 Bought from Secondary Market
2 Sold in Secondary Market
3 No Change

ANNEXURE D

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Particulars of each Director & KMP	Holding as on 31st March 2016		Cumulative holding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	**B N Kalyani (DIN - 00089380)**				
	At the beginning of the year	126	0	126	0
	Increase / Decrease during the year	0	0	0	0
	At the End of the year	126	0	126	0
2	**Satish Sekhri (DIN - 00211478)**				
	At the beginning of the year	10	0	10	0
	Increase / Decrease during the year	0	0	0	0
	At the End of the year	10	0	10	0
3	**B C Prabhakar (DIN - 00040052)**				
	At the beginning of the year	575	0	575	0
	Increase / Decrease during the year	0	0	0	0
	At the End of the year	575	0	575	0

V. INDEBTEDNESS

Particulars	Secured Loans excl. deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of FY				
i) Principal Amount	505,026,067	100,000,000	-	605,026,067
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,012,876	-	-	2,012,876
Total (i+ii+iii)	**507,038,943**	**100,000,000**	**-**	**607,038,943**
Change during the FY				
- Addition	-	4,450,000,000	-	4,450,000,000
- Reduction	218,616,827	4,550,000,000	-	4,768,616,827
Net Change	(218,616,827)	(100,000,000)	-	(318,616,827)
Indebtedness at the end of the FY				
i) Principal Amount	288,422,116	-	-	288,422,116
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**288,422,116**	**-**	**-**	**288,422,116**

VI. REMUNERATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl.No.	Particulars of Remuneration	Dr. N Muthukumar-WTD
1.	**Gross salary**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,139,995
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	-
5.	**Total (A)**	**10,139,995**
	Ceiling as per the Act	26,270,000

ANNEXURE D

B. Remuneration to other directors

Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
Independent Directors	B B Hattarki	Prabhakar B.C	Satish S	Sudhasri A	Supriti B	
- Sitting Fee	160,000	160,000	120,000	60,000	20,000	520,000
- Commission & others	-	-	-	-	-	-
Total (1)	160,000	160,000	120,000	60,000	20,000	520,000
Other Non-Executive Directors	B N Kalyani	Joseph A.P	-	-	-	
- Sitting Fee	60,000	-				60,000
- Commission & others	-	-				-
Total (2)	60,000	-				60,000
Total (B)=(1+2)						580,000
Total Managerial Remuneration						580,000
Overall Ceiling as per the Act						57,790,000

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD

Particulars of Remuneration	S.Ramkumar CFO & CS *
1. Gross salary	
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,291,161
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2. Stock Option	-
3. Sweat Equity	-
4. Commission & Others	-
5. Total (A)	8,291,161

* Ceased to be associated with the Company effective 30th April 2016 on attaining superannuation.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company Penalty Punishment Compounding			Nil		
B. Directors Penalty Punishment Compounding			Nil		
C. Other Officers In Default Penalty Punishment Compounding			Nil		

ANNEXURE E

FORM AOC - 2

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

Sl. No.	Related Party	Nature of Relationship	The nature of contract	Duration of the contract	Salient terms of the contracts or arrangements or transactions	Approval by Board On	Approval by Shareholders On	Value (₹)	Any advance paid or (received) (₹)
1	Bharat Forge Limited	Enteprises having common control	Purchase	Mutual	Regular Commercial Contracts	13th May 2015	N.A	193,369,087	9,370,000
2	Bharat Forge Limited		Services	Mutual		13th May 2015		144,484,161	
3	Bharat Forge Limited		Purchase of toolings	Mutual		10th May 2016		36,239,230	
4	Meritor HVS (India) Limited, Mysuru		Sales	Mutual		N.A	5th February 2015 - at AGM	9,871,769,554	(5,252,661)
5	Meritor HVS (India) Limited, Mysuru		Services	Mutual				84,146,449	
6	Meritor HVS (India) Limited, Pune		Purchase	Mutual				1,554,838	
7	Meritor HVS LLC, Morristown	Entities having substantial influence	Purchase	Mutual		5th August 2015	N.A.	21,635,691	No
8	Meritor Inc., Troy, USA		Purchase	Mutual		5th August 2015		804,691	No
9	Meritor HVS, Sweden	Enterprise having common control	Purchase	Mutual		13th May 2015		29,290,651	No
10	Meritor H.V.S Cameri Spa, Italy		Purchase	Mutual		13th May 2015		11,052,662	No
11	Fonderie Venissieux, France		Purchase	Mutual		13th May 2015		16,032,781	No
12	Meritor Automotive Inc, Fletcher, USA		Purchase	Mutual		13th May 2015		116,211	No
13	Meritor, Brazil		Purchase	Mutual		13th May 2015		15,853	No
14	Meritor H V S LLC, Maxtown		Purchase	Mutual		13th May 2015		40,547	No
15	Meritor HVS Florence		Purchase	Mutual		13th May 2015		549,100	No
16	Sistemas Automotrices, Mexico		Purchase	Mutual		13th May 2015		377,670	No
17	Meritor Xozhou Axle Co. Ltd., China		Purchase	Mutual		13th May 2015		2,583,087	(2,700,000)
18	Meritor CVS (India) Pvt. Ltd, B'lore		Purchase	Mutual		10th May 2016		16,753	No

For and on behalf of the Board of Directors

Place: Pune
Date: 10th May 2016

Dr. B.N. Kalyani
Chairman

ANNEXURE F

CORPORATE SOCIAL RESPONSIBILITY

Information as per Section 135 of the Companies Act, 2013 & Companies (CSR Policy) Rules, 2014 :

1 COMPANY'S CSR POLICY, OVERVIEW OF PROJECTS PROPOSED TO BE UNDERTAKEN

At AAL, CSR has evolved over decades on minimal scale with the simple objective of "improving the community at vicinity of the Company". Now, we wish to scale-up our CSR activities through the initiatives aimed at improving a lot for needy, deprived and marginalised sections of the society including economically deprived children, women and senior citizens as well as the overall welfare of the community and make a difference in living standards so that they can be an integral part of the mainstream of growth and development. The Company's policy can be accessed at: www.autoaxle.com/Policy.aspx

2. COMPOSITION OF THE CSR COMMITTEE

The Board Committee of CSR comprises of :

(a) Mr. B. C. Prabhakar, Chairman (Independent Director)
(b) Ms. Supriti Bhandary, Member (Independent Director)
(c) Dr. N Muthukumar, Member

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS: ₹ 236.09 Mn

4. PRESCRIBED CSR EXPENDITURE: ₹ 4.72 MN

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

(a) Total amount to be spent for the financial year: ₹ 4.72 Mn
(b) Amount unspent, if any: ₹ 2.38 Mn

c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
S.No	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs at**	**Amount outlay (budget)**	**Amount spent on the projects (₹)**	**Cumulative expenditure**	**Amount spent Directly or through Implementing agency**
1	Prasanna Trust ®	Education	Mysuru, Karnataka	50,000	50,000	50,000	Direct
2	Swachh Bharat Abhiyan**	Health Care	Mysuru, Karnataka	4,650,000	2,318,875	2,318,875	Direct
3	LED Bulbs to Schools	Education	Mysuru, Karnataka	15,000	15,000	15,000	Direct
				Total	**2,383,875**	**2,383,875**	

** The Company is taking active part in the Prime Minister's Swach Bharat Abhiyan in association with Confederation of Indian Industry (CII) by building Eco-public convenience room (Drinking Water, Public Toilet with accessibility to physically challenged & Childcare) at Chamundi Hills, Mysuru. The project is expected to be completed by 30th June 2016. Provision has been made in the books as on 31st March 2016 for spending the balance budget amount of ₹ 2.24 Mn.

6. CSR COMMITTEE RESPONSIBILITY STATEMENT: The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 10th May 2016

Dr . N Muthukumar
President & Whole-time Director

B.C.Prabhakar
Chairman of the CSR Committee

ANNEXURE G

Statement of Disclosure of Remuneration U/s 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

I.	(i)	the ratio of the remuneration of Whole Time Director, Dr. N Muthukumar to the median remuneration of the employees of the Company for the financial year;	23:1
	(ii)	the percentage increase in remuneration of :	
		(a) Whole-time Director	10%
		(b) CFO & CS;	3%
	(iii)	the percentage increase in the median remuneration of employees in the financial year;	12%
	(iv)	the number of permanent employees on the rolls of company as on 31st March 2016;	360(Management Staff)
	(v)	the explanation on the relationship between average increase in remuneration and company performance;	The reward philosophy of the Company is to provide market competitive total rewards opportunity that has a strong linkage to and drives performance culture. Every year, the salary increment is decided based on the basis of a benchmarking exercise that is undertaken within a similar sectoral organisations. The final increment is based on Company's market competitiveness in this comparator group as well as overall business affordability. During the year, similar approach was followed to establish the increments to the Employees. Variable compensation is an integral part of our total reward package and is directly linked to an individual performance rating and business performance. Increments during the year were in line with Company's performance as well as per Company's market competitiveness.

ANNEXURE G

(vi)	comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	In line with Company's reward policy, merit increases and annual bonus pay-outs of its Employees including KMP are directly linked to individual performance as well as that of the business. Given the superior business performance and the performance rating of the KMP, appropriate reward by way of merit increase or variable pay has been awarded to the KMP for the current year. This was duly reviewed and approved by the Nomination & Remuneration Committee of the Company. During the year, the Company's Domestic Consumer business grew by 23% with 24% underlying volume growth. Profit before interest and tax (PBIT) grew by 32% and PAT grew by 43%.
(vii)	the key parameters for any variable component of remuneration availed by the Whole Time Director;	Variable compensation is an integral part of our total reward package for all Employees including Whole Time Director. Annual Bonus is directly linked to an individual performance rating and business performance. At the beginning of the year, every Employee (including Whole Time Director), have key targets assigned for the year in addition to their job fundamentals. These are drawn from the organisational strategic plan and are then reviewed for consistency and stretch. Business targets are a combination of goals such as Underlying Volume Growth, Underlying Sales Growth, Core Operating Margin etc.
(viii)	the ratio of the remuneration of the Whole Time Director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	There is no employee receiving remuneration in excess of the highest paid director
It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.		

ANNEXURE G

II. Information required pursuant to Section 197(12) of the Companies Act, 2013 read with the Rule 5(2) of the Companies (Appointment and Remuneration to Managerial Personnel) Rules, 2014.

Name	Age	Qualification & Experience	Designation / Nature of Duties	Gross Remuneration (₹)	Date of commencement of Employment	Particulars of last Employment	
						Name of the organisation	Designation and period
Dr. N Muthukumar	51	Ph.d, M.Sc. & MBA – 29 years	President & Whole-Time Director	10,139,995	16.04.2008	TTK-LIG Limited, Chennai	Vice President (Operations), 6 years
Ramkumar S	59	B.Com, FCA, FCS, MBA - 34 years	Chief Financial Officer & Company Secretary	8,291,161	10.09.2010	Evam Paper & Board (I) Pvt. Ltd., Chennai	Executive Director - 3 years

Notes:

1. The nature of the employment is contractual
2. None of the employees mentioned above are related to Directors
3. None of the employees hold any share in the Company
4. Gross Remuneration includes Salary, Allowances and other perks like Leave Travel Allowance, Security, Medical reimbursement, and Company's contribution towards Provident Fund, Gratuity and Superannuation.

For and on behalf of the Board of Directors

Place: Pune
Date: 10th May 2016

Dr. B.N. Kalyani
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY

The Indian economy maintained its growth graph, during a time of subsiding global demand, falling commodity prices and weakening growth in emerging economies. India's GDP grew at 7.6% in 2015-16, compared to 7.4% in 2014-15, making it one of the world's fastest growing large economies. Continuing fiscal consolidation has reduced the Government of India's fiscal deficit to close to 4% of GDP (on a 12-month rolling basis), down from a peak of 7.6% in 2009. India remained on moderate growth radar owing to sharp reduction in crude oil prices, of which India is a major importer. Moreover, India's domestic economic parameters like inflation and fiscal as well as current account deficits continued to be moderate.

Indian GDP growth

(%)

Sectors	2013-14	2014-15	2015-16*
Agriculture, forestry & fishing	3.7	1.1	1.1
Industry	4.5	5.9	6.1
Services	9.1	10.6	10.9
GDP at market prices	6.9	7.4	7.6

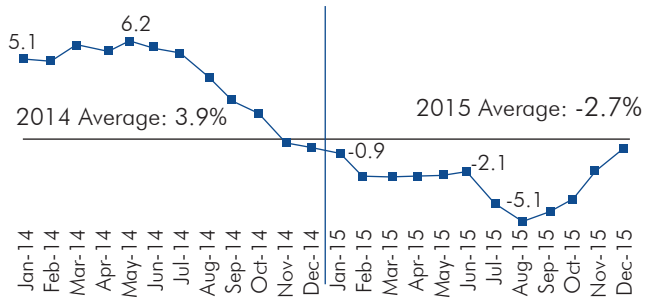
(Source: Advance CSO Estimates)

Wholesale Price Index (WPI)

WPI has remained firmly rooted in the negative territory in FY 2016 (till December). This could encourage the Reserve Bank of India (RBI) to maintain a dovish approach towards policy rates. Average WPI-based inflation was recorded at -2.7% in 2015, compared to 3.9% average in 2014. The continued decline in crude oil prices has largely contributed to India's declining inflation trend, as it constitutes one of the major components of India's import basket.

On account of inflation being in target range, the RBI has been able to reduce the repo rate by 125 basis points since January 2015.

WPI growth (Y-o-Y, %)

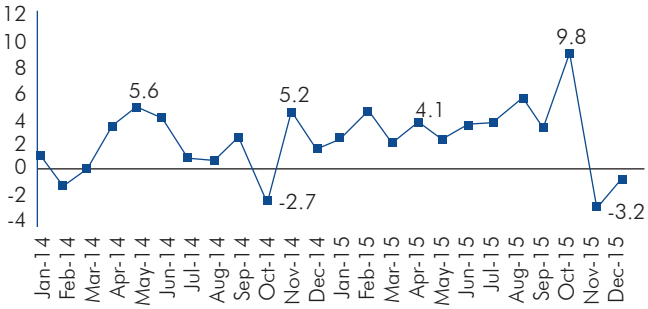


Source: 'Monthly Economic Report', Ministry of Finance, various issues, January 2014 to December 2015

Index of Industrial Production (IIP)

The Index of IIP witnessed lukewarm growth, throughout FY16. The muted growth could be attributed to low capacity utilisation in the manufacturing sector, along with a decline in domestic demand.

IIP growth (Y-o-Y, %)



Source: 'Monthly Economic Report', Ministry of Finance, various issues, January 2014 to December 2015

Outlook

India is poised for a long-term growth trajectory, if certain significant measures are adopted by the nation. Such measures comprise increasing spend on infrastructure development, providing a thrust to exports, revamping the banking sector, boosting rural economy and framing regulatory reforms.

INDIAN AUTOMOTIVE INDUSTRY

India is well positioned to cater to domestic demand, while leveraging export opportunities. A predicted increase in India's working-age population is likely to help stimulate the growing market for private vehicles. Rising affordability, growing prosperity and easier accessibility to finance are expected to positively impact the four-wheelers market. However, two wheelers will remain the preferred choice for a large section of people.

India's automobile industry is expected to become the world's third largest by 2016. The industry accounts for 7.1% of the country's GDP.

The industry produced 23,960,940 vehicles including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycle during April-March, 2016 as against 23,358,047 vehicles during the same time of the previous year. Therefore, it registered a marginal growth of 2.58% over the last year.

During April-March, 2016, overall automobile exports grew by 1.91%. Passenger vehicles, commercial vehicles, three-wheelers and two-wheelers registered a growth of 5.24%, 16.97%, -0.78% and 0.97%, respectively, in April-March 2016 over April-March 2015.

COMMERCIAL VEHICLE SEGMENT

The overall commercial vehicles segment registered 17.36% growth in April-March 2016, compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) registered a growth at 21.98% and Light Commercial Vehicles (LCVs) grew by 14.01% during April-March 2016 over the same period last year.

The recovery was driven by the continuation of healthy replacement-led demand in case of M&HCV (Trucks), renewal and fleet expansion by various SRTUs as well as some pick-up in demand from mining and construction driven sectors. The implementation of BS-IV emission norms also benefited the industry. It has become mandatory across North India and some other nearby regions since October 2015. The year also witnessed the implementation of Anti-Lock Braking Systems in M&HCVs and Uniform Bus Body Code in buses. These initiatives generated some pre-buying during the year.

PASSENGER VEHICLE SEGMENT

The sales of passenger vehicles grew by 7.24% during April-March 2016 over the same period of the last year. Within the passenger vehicles segment, passenger cars, utility vehicles and vans grew by 7.87%, 6.25% and 3.58%, respectively, during April-March 2016 over the same period last year.

The domestic passenger vehicle industry has remained mixed over last few months and utility vehicle segment witnessed strong double digit growth in backdrop of new launches.

TRACTORS

Tractor volumes continue to be sluggish with the industry showing little signs of any recovery so far. Though, some regions have recorded a marginal recovery in sales led by local factors. The demand in the market continues to be marred by weak farm sentiments owing to stressed farm incomes. This was on account of a modest increase in MSP's of various crops as well as crop failures for the second consecutive year as a result of weak south-west monsoon.

Additionally, a slow pick up in infrastructure activities has constrained demand arising for haulage purposes. Although the domestic demand has remained weak, demand from the US, nearby markets and parts of Africa have led to a moderate growth in export volumes; albeit on a small base.

GOVERNMENT INITIATIVES

The Government of India (GoI) encourages foreign investment in the automobile sector and allows 100% FDI under the automatic route. Some of the major government initiatives comprise:

- Mr Nitin Gadkari, Minister of Road Transport, Highways & Shipping, has announced plans to set up a separate and independent Department for Transport. It comprises experts from the automobile sector to resolve issues related to fuel technology, motor body specifications and fuel emissions, besides exports.

- The GoI aims to make automobiles manufacturing the key driver of 'Make in India' initiative. It expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.

- In the 2015-16 Union Budget, the GoI has declared to provide a credit of ₹ 850,000 crore (US$ 124.71 billion) to farmers. This initiative is expected to boost the sales in the tractors segment.

- The government plans to promote eco-friendly cars in the country i.e. CNG-based vehicle, hybrid vehicle, and electric vehicle; it has also been made mandatory to blend 5% ethanol with petrol.

- The government has formulated the Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020. This will encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.

- The AMP designed by the government for the period 2006–2016 is aimed to accelerate and sustain this sector's growth. Besides, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

INDIAN AUTO COMPONENT INDUSTRY

The Indian auto components industry has experienced healthy growth over the last few years. Factors like – a buoyant end-user market, improved consumer sentiment and return of adequate liquidity in the financial system contributed to this growth.

The Indian auto components industry can be broadly classified into the organised and unorganised sectors. The organised sector caters to the original equipment manufacturers (OEMs), consisting of high-value precision instruments. On the other hand, the unorganised sector comprises low-valued products and primarily caters to the aftermarket category.

Over the last decade, the automotive components industry has scaled three times to US$ 40 billion in 2015, while exports have grown even faster to US$ 11 billion. Strong growth in the domestic market along with increasing globalisation (including exports) of several Indian suppliers has accelerated this industry's position. According to the Automotive Component Manufacturers Association of India (ACMA), the Indian auto components industry is expected to register a turnover of US$ 100 billion by 2020. This will be backed by strong exports, ranging between US$ 80 - US$ 100 billion by 2026, from the current US$ 11.2 billion.

Government Initiatives

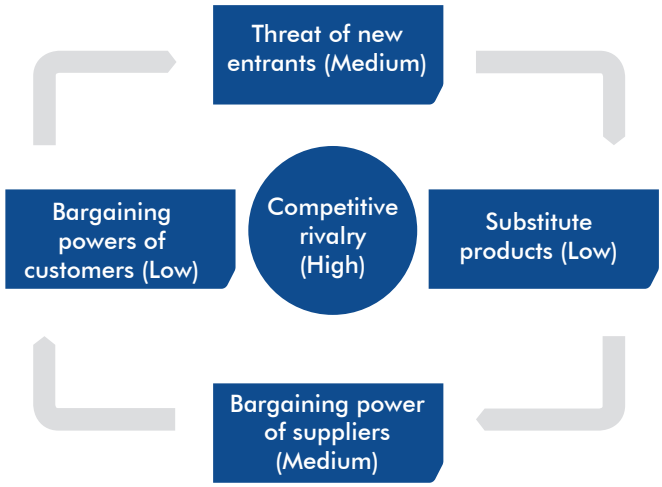
The GoI's AMP 2006–2016 has come a long way in ensuring growth for the sector. This sector's GDP is expected to reach US$ 145 billion in 2016 owing to the government's focus on exports of small cars, multi-utility vehicles (MUVs), two and three-wheelers and auto components. Besides, the deregulation of FDI in this sector has also helped foreign companies to make large investments in India.

Outlook

The rapidly globalising world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars. These are considered to be more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.

The Indian auto components industry is set to become the world's third largest by 2025. Indian auto-component makers are well positioned to benefit from the globalisation of the sector as exports potential could be increased by up to four times to US$ 40 billion by 2020.

Porter's Five Forces Analysis



1. Competitive rivalry

- Competition among industry players is intense as the government has already deregulated the sector
- Multiple foreign firms (Ford and Volkswagen, among others) are increasing their presence
- Cheaper imports of components from China is on rise

2. Threat of new entrants

- The threat level is medium, given the concentration of industry clusters in specific strategic centres
- Foreign firms are increasing their footprints in India

3. Substitute products

- Threat from substitute products remains low, as public transportation is underdeveloped in most cities
- Rapid growth in Indian economy has changed travel patterns

4. Bargaining power of suppliers

- Bargaining power of suppliers is medium, as there are a large number of steel and aluminium manufacturers (key raw material)
- Some of them have their own units which give them linkage power

5. Bargaining power of customers

- High demand from car manufacturers reduces the scope of bargaining
- Product differentiation is low

ABOUT AUTOMOTIVE AXLES LIMITED (AAL)

Established in 1981, Automotive Axles Limited is a joint venture of Meritor Inc., USA (formally the automotive division of Rockwell International Corporation) and the Kalyani Group, India. AAL is the pioneer in manufacturing automotive axles and at present, it is a market leader in this particular segment.

The Company is one of the largest manufacturers of rear drive axle assemblies in India. Besides, it also manufactures S-Cam actuated quick change air brakes and trailer axles for 10 tonnes to 13 tonnes Gross Vehicle Weight (GVW). With manufacturing plants at Mysore, Pantnagar and Jamshedpur, the Company supplies its components to customers across India, as well as international markets.

INFRASTRUCTURE

AAL's efficient manufacturing capability is the key to its operational success. Its infrastructural facilities comprise highly-advanced manufacturing processes comprising friction welding, flash butt welding, CO2 welding, CNC machining, flexible machine centres and specially built machines for producing axles and brakes.

Besides, the plants are also equipped with state-of-the-art Gleason Gear Manufacturing Equipment. It is backed by a modern Heat Treatment Shop, including continuous carburising and sealed quench furnaces.

PRODUCTS

We manufacture and supply a wide range of products, touching people's lives across the globe. Our products include:

- Drive Axles
- Front Steer Axles
- Defence Axles
- Off-Highway Axles
- Non-Drive Axles
- Drum Brake
- Disc Brake

BUSINESS DRIVERS

Rich experience: The Company has over 35 years of experience in axle-production and has technology leadership due to advanced gearing technology know-how from Meritor HVS (India) Ltd.

Efficient employees: The vast technical knowledge of AAL's employees has given the Company a competitive advantage to manufacture reliable and durable products.

Quality benchmark: AAL adheres to stringent principles to ensure its quality standard. The Company's Quality Management System has been certified with ISO/TS 16949:2009 standard and Environmental Management System is certified with ISO 14001:2004 standard.

Wide portfolio: The Company has a wide portfolio of auto components. Besides, it also designs efficient engineering modules or systems comprising high efficiency gearing, integral brake to axle design, weight option designs and driver operated differential locks.

AAL continues to work on product development, while driving down costs and serving the needs of a large customer base.

CLIENTELE

AAL has been manufacturing best-in-class and durable automotive axles for over 35 years. Over the years, the Company has developed long-term relationships with customers globally and positioned itself as a reliable partner owing to the scale, sophistication and strength of its products.

The Company's domestic OEM customers include Ashok Leyland, Daimler India, Man Trucks, Mahindra & Mahindra, Tata Motors, Volvo Eicher, Asia Motor Works and Indian Army, among others

AAL also exports its products to various countries including the US, France, Italy, China and Brazil. This strengthens the Company's position across the globe.

INFRASTRUCTURE

Smart and agile manufacturing is the key to the Company's operations. Infrastructural facilities comprise highly advanced manufacturing processes involving:

- Friction welding
- Robotic gear quenching
- CO_2 welding
- Robotic welding
- CNC machining
- Flexible machining centres and specially built machines for producing axles and brakes.

The plants are well equipped with state-of-the-art Gleason Gear Manufacturing Equipment, which is backed by a modern Heat Treatment Shop including continuous carburizing and sealed quench furnaces. One of such furnace has recently been equipped with robotic gear quenching facility to improve productivity and save energy.

We are Mysuru's first industry to have adopted LPG ground mounded bullet with a capacity of 30x2 metric ton. This helps in eliminating the safety hazard arising out of the storage of LPG, which is required for heat treatment process.

RECOGNITION

The Company has been recognised with the following quality awards and certifications:

- AAL's Quality Management System has been certified with ISO/TS 16949:2009 standard
- The Company's Environmental Management System has been certified with ISO 14001:2004 & OHSAS 18001:2007
- The Company is CQI 9 certified for its Heat-Treatment Process

OPERATIONAL HIGHLIGHTS 2015-16

The Company has continuously worked on the concept of Built in Quality (BIQ) to achieve world-class standards of manufacturing. This initiative has ensured that every operator maintains quality through following a procedure where – defects are not produced, not received and not passed on. The BIQ concept is now being used across the plant.

To improve safety, health and environment standards, the Company has enhanced its environment management system by adopting OHSAS 18001 system. AAL has successfully completed the assessment audit and has been recommended for OHSAS certification.

The Company has continued with improvement in production facilities. Besides, AAL also introduced flexible output endo gas generator and robotic gear quenching to reduce gas consumption by 20%. The Company made all possible efforts to deliver quality products to customers, every time. This is demonstrated by supplying the correct value of part per million to customers, which is to the tune of 100 PPM for domestic deliveries and 80 PPM for exports.

During the year, the Company took various other initiatives, including:

- Contributed to environmental wellbeing by using rainwater harvesting for manufacturing processes, recharging systems and participating in green nurturing programmes, among others. These initiatives have resulted in the reduction of raw-water consumption by 40%, over a span of four years.

- Installed bio gas plant; and the generated gas is used for the purpose of cooking

- Launched Mission 18 team initiative to drive organisation-wide improvement and align it to the objective of revenue growth and cost savings

- Undertook various energy conservation initiatives like: introduction of induction lamps for lighting shop floor, installation of solar-roof panels for lighting peripherals, introduction of energy-efficient motors and effective utilisation of the power bidding scheme which aims to reduce power consumption

Financial highlights 2015-16

(₹ in Million)

Key highlights	2015-16	2014-15 (6 months)	2013-14	2012-13	2011-12
Total Revenue	10,875.44	4,617.04	6,825.77	6,114.65	9,426.70
Profit before Depreciation & Tax	909.66	338.03	553.40	470.87	939.63
Profit After Tax	347.74	105.42	181.79	126.98	450.18
Earnings Per Share (₹)	23.01	6.98	12.03	8.40	29.79

Key financial ratios

(%)

Key highlights	2015-16	2014-15 (6 months)	2013-14	2012-13	2011-12
PBT / Total Income	4.74	3.57	3.79	2.88	7.06
PAT / Total Income	3.20	2.28	2.66	1.97	4.78
Return on Capital employed	10.31	3.32	5.65	4.02	13.77
Return on Net Worth	10.63	3.47	6.09	4.53	16.59
Dividend Payout Ratio	28.79	17.20	24.32	27.85	39.01

EXTENSIVE CAPABILITIES

AAL has over 35 years of experience in axle-production and has technology leadership owing to advanced gearing technology know-how from Meritor HVS (India) Ltd. Our employees possess extensive technological expertise to produce world-class quality products with the validation and confirmation of safety performance to meet international testing standards. This gives the Company a competitive advantage to manufacture reliable and durable heavy-duty drive axles, while meeting the steer, drive and trailer axle requirements of customers satisfactorily.

The Company's constant endeavour has been to work on product development, cut down costs and serve the needs of a large customer base. AAL provides a wide portfolio of auto components and also designs efficient engineering modules or systems including high-efficiency gearing, integral brake to axle design, weight option designs and driver operated differential locks.

EXCELLENCE IN INFORMATION TECHNOLOGY

IT plays an important role in executing the Company's operations efficiently. The Company's initiatives in IT include:

- **Traceability and barcoding through SAP:** After implementation of SAP, the Company felt the necessity of integrating it with ERP, which provides enhanced operation control and better user interfacing. Therefore, the project was taken up and launched successfully on 1st January 2016. It has reduced Zero KM Customer Complaint by 50% and customer visits for Customer Complaint Correction by 50%. Besides, it has also decreased our WIP inventory from 25 Million to 15 Million.

- **Email spam filtering:** The Company has implemented new Symantec e-mail spam filtering, configured for incoming e-mail traffic. This helps minimise network

downtime and preserve employee productivity. It chooses the most effective anti-spam software, which responds to new spam threats and blocks mass, bulk, junk, and inappropriate email. It also filters messages content to remove spam, blocks malware and protects against leakage of intellectual property and other confidential data.

- **Supply Chain Collaboration Solution (Vendor Portal):** AAL decided to connect with its suppliers to improve business transactions. This will help the suppliers in providing information, meeting requirements and keeping updated about developments and applications. Therefore, it will empower the suppliers to do business with the Company more seamlessly. To achieve this, the Company has implemented vendor portal integrated with SAP.

NURTURING HUMAN CAPITAL

Capital means asset. And, human capital is the sum total of a person's knowledge and skills that is needed by a company to further its goals. Thus a company's prerequisite is to develop its human resource as per the changes in the external environment. AAL focuses to bring talent on board and nurture their talent through required training.

The Company is aware of the importance of engaging with clients to drive business value. AAL believes in diversity of workforce and values its people and their thought. Accordingly, it has designed a *diversity and inclusion awareness programme*, where employee teams discuss what inclusion means to them, and how it impacts their day-to-day work. The programme also includes discussions on global cultural consciousness, cultural awareness, gender equality and working in virtual teams.

The Company provides a progressive, high performing and inclusive culture that recognises and rewards strengths, restores empowerment (dignity), improves communication and reduces conflict. It also drives respect for ethnicity, gender, culture, work styles and generations, while completely understanding the impact of perception, judgmental behaviours and prejudices.

Working in a global organisation requires flexibility to work in a matrix team and often with team members not physically in the same location. Working in virtual teams requires understanding diverse perspectives, recognising the challenges and benefits and identifying the expectations as well as responsibilities of each team member.

The Company recognises the creative power of employees that is developed by encouraging collaboration and innovation among a team of knowledgeable experts. AAL's unique energy is its competitive advantage in the world marketplace. Everyone contributes to the Company's success and can take advantage of growth opportunities to enhance one's career. AAL's talent management processes helps identify, develop and promote high calibre individuals to support the organisation's future leadership needs. The Company empowers teams of talented and diverse individuals to make sound business decisions that drive AAL's success. In return, the organisation provides them with numerous opportunities for personal and professional growth at multiple locations in India.

The Company believes that its human capital is the most valuable asset, and nurturing and investment in high performing teams helps it to meet the evolving customer needs and remain competitive. During FY 2015-16, AAL successfully rolled out key HR Initiatives and talent management processes, including:

- Employees are treated with respect/ dignity
- They are motivated to give quality output
- They have a sense of belongingness
- They have the freedom to suggest and participate

The highlights of aforesaid key HR initiatives and talent management processes include:

- **Communication:** The Company has successfully implemented a clear and transparent communication system, which is implemented across all levels. Some examples include quarterly and monthly town hall gatherings, group meetings and meeting of women employees once in a quarter. Besides, AAL also organises quality & customer feedback meeting, one-on-one discussions with key employees and group meetings to focus on top talent, among others.

- **In-house Magazine:** The Company publishes a quarterly In-house magazine called 'Parivarthane'. It covers various events including, sports, cultural activities, new product launches, important visits to

the Company, awards and accolades received by the Company and management messages to employees.

- **Rewards and recognitions:** The Company acknowledges employee achievements to motivate them and promote their interest towards the organisation. It felicitates employees for their suggestions, long service as well as special achievements and honours best employees of the year. Besides, AAL rewards the children of its employees to encourage meritocracy.

- **Employee engagement:** The Company encourages employees to willingly contribute and work as one team. To achieve that, it has launched local employee satisfaction surveys, and action plans are under progress. It also carries out various activities, involving employees and their families like family day, sports day, festival celebrations, summer camps, annual sports and cultural activities, among others. The Company encourages participation in external events such as inter-company best safety worker competition, safety skits, Kaizen competitions and cricket tournaments, among others. Various competitions like essay writing and slogan writing are organised during National Safety Day or World Environment Day. International Women's Day is celebrated every year at AAL.

- **Talent Identification (TI) & Succession Process (SP) and driving high performance culture:** The Company focuses on strategic people development through its Talent Identification & Succession Process (TI & SP) and capability development programmes. TI & SP's primary objective is to identify successors for leadership positions, focus on talent across the organisation and identify career development opportunities for employees. The Company periodically does TI & SP talent reviews with the top management to ensure fast track growth, stretch assignments and development opportunities for potential management staff. As a part of TI & SP process and employee development, the Company focuses on learning and development by rolling out various specific and customised training programmes. The Company runs approximately 75% technical programmes, 15% soft/ behavioural programmes and 10% common programmes. It also invests in high performing teams by facilitating robust awareness and implementing a performance management system with 80% weightage on performance and 20% weightage on leadership behaviour.

- **Diversity and Inclusion:** The Company is building a diverse and inclusive culture through improvement in employee retention, transfers/promotions, job rotations (inter and intra department / business unit), resource re-deployment and talent acquisition.

SAFETY, HEALTH AND ENVIRONMENT (SHE) MANAGEMENT

Protecting the health, safety and environment of the Company's employees, customers and communities are among the key priorities. AAL undertakes various initiatives to take this vision forward.

Safety

The Company's safety and health management is built on teamwork and employee contribution. It adheres to the management principle of preventing accidents and protecting employee safety and health along with the Company's asset. An overview of improved safety and health practices during FY 2015-16 is given below:

- On the occasion of 45th National Safety Day, the Company's employee was awarded as Best Safe Employee 2016 in major hazardous industries category

- Successfully completed OSHAS 18001:2007 certification audit by DQS/UL and has been cleared for awarding certification

- Celebrated 45th National Safety day by taking safety oath with all employees; displayed posters, banners and safety information videos to create awareness

- Participated in the Safety Skit Competition during 45th National Safety Day Celebration organised by Joint Director of Factories and Boilers, Bangalore

- Carried out Aspect /Hazard Identification and Risk Assessment for all departments and identified significant aspect/risk subsequently implementing risk strategies

- Conducted on-site emergency preparedness, mock drill, for the bulk LPG storage system in the presence of the Deputy Director of Factories, Mysuru on Chemical Disaster Prevention Day

- Prepared onsite emergency plan and response for the mounded bullet and submitted to Joint Director of Factories and Boilers, Bangalore
- Prepared Emergency Exit Plan and displayed it across the plant; it was communicated to all the employees
- Carried out safety audit across the plant
- Executed periodical inspections of pressure vessels, lifting tools and tackles

Health

- Periodical inspection was carried out by a doctor in shop floor to identify the health hazards in work place
- Imparted monthly training under the guidance of external doctors regarding common urological problems
- Introduced a register for monitoring consumption of medicines in first aid box
- Conducted pre-employment medical check-up for all new entrants and annual check-up for regular employees and trainees
- Carried out hazardous work-wise segregation of employees to monitor their health
- Listed possible hazards, emission of gases during welding, phosphating for taking suitable action
- Gave training to the emergency rescue team regarding sudden out-break of communicable diseases like madras eye, bird-flu, encephalitis and herpes

Environment

AAL recognises the impact of its activities on the people as well as the environment. The Company is committed to maintain its standards to improve the environment, and provide a safe and healthy workplace.

- Prepared the integrated environmental, occupational health and safety policy and the same has been communicated to all the employees through the distribution of EOHS hand book
- Celebrated World Environment Day 2015 by planting over 750 saplings in the office campus, showed video clippings and displayed banners across the plant
- Facilitated energy conversion by replacing 250W MH lamps to 150W induction lamps for shop floor area
- Enabled natural resources utilisation by introducing solar power plant
- Encouraged HOSA BELAKU government scheme inside our plant /premises by distributing 9W LED bulbs to our employees for domestic usage
- Gave over 500 tree guards to the forest department to protect roadside plants
- Indoor & outdoor air quality monitoring is carried and action taken for analysis report.
- Completed re-boring for the existing bore well to improve ground water yield.
- Encouraged the children of our four adopted GNP government schools to celebrate festivals in a eco-friendly way
- ISO 14001:2004 EMS surveillance audit was carried out by DQS/UL and the certification has been renewed up until 2018

QUALITY MANAGEMENT SYSTEM (QMS) AND LEAN MANAGEMENT SYSTEM (LMS)

Around 65% of the Company's operations have matured through the Built in Quality Concept (BIQ) for manufacturing processes and is synergised with the Auto Axle Production Systems (APS). Implementation of Gemba and 5S principle has helped in the visual transformation of the plant and significantly improved the process robustness.

To further enhance the quality and reliability of products, the Company has taken up the following initiatives:

- **Robust Quality & Environmental system supporting Built in Quality:** The Company has implemented robust quality systems such as CQI9 standard for heat treatment process, CQI15 welding process standards and OHAS for the Environmental Occupational, Health & Safety Management System.

- **Six Sigma:** The Company's five engineers are certified for level two Six Sigma black belt and 77 engineers are certified for level one black belt.

- **End-to-end Product Performance Monitoring:** The Company has placed a team of engineers, supported by its key customers, who are stationed at strategic locations to capture and improve end-to-end product performance and reliability.

- **Product Service training:** Customers and their end users are being provided with hands-on training on our products/performance to trouble shoot and reduce down time.

INTERNAL CONTROL SYSTEMS

The Company implements a comprehensive internal control system, corresponding to its nature of business and the size of its operations. The Company's internal control reviews all assets that are protected and are not subjected to any volatility. AAL also ensures that assets are accounted for and transactions are authorised, recorded and reported accurately. The Internal Audit team checks all internal controls regularly and audits are executed by Price Waterhouse & Co. Bangalore LLP, Bengaluru to ensure autonomy of the auditing body. The Audit Committee of the Board, led by an Independent Director, monitors the internal audit reports on a regular basis and enforces the auditors' recommendations across the organisation.

CAUTIONARY STATEMENT

Statements in this management discussion and analysis describes the Company's objectives, and uses projections, estimates and expectations that may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect AAL's operations includes a downslide in the automobile industry – global or domestic or both, cogent changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relation and interest costs.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Automotive Axles believes that there is no compromise to adopt transparent accounting policies, appropriate disclosure norms, best-in-class board practices and consistent high standards of corporate conduct towards its stakeholders.

Our Company has adopted practices mandated in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges and has established procedures and systems to be fully compliant with the Regulations.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

The Company's policy is to maintain an optimum combination of Executive, Non-Executive & Independent Directors. As on 31st March 2016 Automotive Axles' Board comprises of seven (7) Directors. The Board consists of one (1) Executive Director and six (6) Non-executive Directors, four (4) of whom are independent.

Number of Board Meetings

In FY 2015-16 (Apr'15-Mar'16), the Board met four (4) times on 13th May 2015, 5th August 2015, 5th November 2015 and 10th February 2016. The maximum gap between any two Board Meetings was less than one hundred and twenty days.

Directors' Attendance Record and Directorship

Director	Category	No. of Board meetings attended out of 4	Attendance in last AGM	Nos. of Directorships and Committee Memberships in Indian public companies***		
				Directorships	Committee Memberships	Committee Chairmanships
Dr. B N Kalyani	Promoter, Non-Executive	3	No	7	3	2
Mr. Joseph A. Plomin	Promoter, Non-Executive	2	Yes	1	Nil	Nil
Mr. B B Hattarki	Independent	4	Yes	9	3	4
Mr. B C Prabhakar	Independent	4	Yes	3	2	1
Mr. Satish Sekhri	Independent	3	No	5	8	Nil
Ms. Supriti Bhandary*	Independent	1	NA	2	1	Nil
Dr. N Muthukumar	Executive	4	Yes	1	1	Nil
Ms. Sudhasri A**	Independent	3	Yes	Nil	Nil	Nil

*Appointed effective 10th February 2016

**Resigned effective 10th February 2016

***Directorships do not include alternate directorships, directorships of private limited companies, companies under section 8 of the Companies Act, 2013 and of companies incorporated outside India. In accordance with Regulation 26 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships of only the Audit Committee and Stakeholders Relationship Committee in all public limited companies (including Automotive Axles Limited) have been considered.

Note :

(a) None of the Directors are related to each other.

(b) The familarisation program imparted to the independent directors can be viewed by clicking at www.autoaxle.com/Downloads/familiarisation_program_for_ids.pdf

Code of Conduct

The Company has adopted a code of conduct for the Board of Directors and the Senior Management of the Company. It is available on Company's website www.autoaxle.com/Conduct_code.aspx. The code is regularly reviewed and updated as necessary to ensure that it reflects the highest standard of behavior and professionalism. An affirmation as to compliance with the code of conduct is obtained from all the Directors and the Senior Management Personnel annually in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Information supplied to the Board

The Board is provided with all the information necessary for decision making. Detailed notes, as necessary, are

presented well in advance of the meeting along with the agenda. The following is the list of some of the information provided regularly to the Board of Directors:

- Annual Operating Plan
- Capital budgets
- Quarterly results of the Company and its Operating Divisions
- Minutes of meetings of Audit and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Materially important issues, disputes with the Government Authorities on show cause notices, demands, prosecutions and penalty notices.
- Fatal or serious accidents or dangerous occurrences
- Any material default in financial obligations to and by the Company
- Significant development in human resources and industrial relations front.
- Sale of assets of material nature, not in normal course of business
- Quarterly update on Risk Management System
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement;
- Making of loans and investments, if any.
- Compliance Certificate with respect to all the laws as applicable to the Company.

Committees of the Board

As on 31st March 2016 the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board Committees are set up under the formal approval of the Board to carry out respective roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board meeting for perusal and noting. The Company Secretary acts as the secretary of all Committees.

AUDIT COMMITTEE

The Audit Committee of your Board consists of Mr.B.B.Hattarki (Chairman), Mr.B.C.Prabhakar and Mr.Satish Sekhri. All the members of the Audit Committee possess accounting, economic and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Audit Committee assists the Board in its responsibility to oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance and remuneration of the Statutory Auditors, including the Secretarial Auditor and Internal Auditors of the Company.

The committee met four (4) times during the year on 13th May 2015, 4th August 2015, 4th November 2015 and 10th February 2016

Attendance record of Audit Committee members for FY 2015-16

Director	Category	Status	Meetings	
			Held	Attended
Mr. B. B. Hattarki	Independent	Chairman	4	4
Mr. Prabhakar B.C	Independent	Member	4	4
Mr. Satish Sekhri	Independent	Member	4	3
Mr. Joseph Plomin*	Non-Executive	Member	3	2

*Ceased to be a member of the committee effective 4th November 2015

The meetings of the Audit Committee are also attended by the Executive Director, Chief Financial Officer, Statutory Auditors, Internal Auditors and other Management representatives as special invitees.

The terms of reference of Audit Committee consist of review and recommendation to the Board certain matters including the following:

- Review of Management discussion and analysis of financial condition and results of operations.
- Oversight of Company's financial reporting system
- Review of the annual financial statements, before submission to the Board, focusing primarily on changes if any, in the accounting policies or practices, compliance of accounting standards, qualifications, related party transactions, Directors' responsibility statement etc.,.
- Reviewing with the management the quarterly financial statements before submission to the board for approval.
- Reviewing the adequacy of internal control systems with the management, statutory and internal auditors.
- Evaluation of internal financial controls and risk management systems.
- Review and monitor the auditor's independence and performance effectiveness of audit process;
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors, scope and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Review of Management letters/letters of internal control weaknesses issued by the Statutory Auditors.
- The appointment, removal and terms of remuneration of the Internal Auditors.
- Reviewing the effectiveness and adequacy of internal audit function and discussion with internal auditors for any significant findings and follow up there on.
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of CFO or any other person heading the finance function after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out such other functions, as may be specifically referred to the Committee by the Board of Directors and or other Committees of Directors of the Company.

NOMINATION AND REMUNERATION COMMITTEE

The Committee consists of Mr. B.C.Prabhakar, Chairman, Mr. Satish Sekhri and Ms. Supriti Bhandary.

Terms of Reference

- To identify qualified persons to become directors and senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance.

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees; and
- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising policy on Board diversity
- To act in terms of any consequent statutory modification(s) /amendment(s) / revision(s) to any of the applicable provisions to the said Committee.
- To decide on terms of appointment/re-appointment of Independent Director based on the performance evaluation report received.

The committee met three (3) times during the year on 5th August 2015, 4th November 2015 and 10th February 2016

ATTENDANCE RECORD OF THE COMMITTEE MEMBERS FOR FY 2015-16

Director	Category	Status	Meetings	
			Held	Attended
Mr. B. C. Prabhakar	Independent	Chairman	3	3
Mr. Satish Sekhri	Independent	Member	3	2
Ms. Supriti Bhandary*	Independent	Member	1	1
Mr. Joseph Plomin**	Non-Executive	Member	1	1

*Ms.Supriti Bhandary was appointed member of the Committee effective 10th February 2016
**Mr.Joseph A Plomin ceased to be the member of Committee effective 4th November 2015

Performance evaluation criteria for independent directors:

a) Attendance and participation in the meetings and timely inputs on the minutes of the meetings
b) Adherence to ethical standards and code of conduct of company and disclosure of non-independence, as and when exists and disclosure of interest
c) Raising of valid concerns to the Board and constructive contribution to resolution of issue at meetings
d) Interpersonal relations with other Directors & Management
e) Objective evaluation of Board's performance, rendering independent, unbiased opinion
f) Understanding of the Company and the external environment in which it operates and contribution to strategic direction
g) Safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information

Remuneration of Directors

The details of remuneration to Directors, their relationship with each other and Equity Shares held as on 31st March 2016 are presented below:

Directors	Relationship with other Directors	Equity Shares held	Audit Committee Meetings Sitting Fees (₹)	Board Meeting Sitting Fees (₹)	Salaries, performance bonus and perquisites (₹)	Total (₹)
Dr. B N Kalyani	None	126	N.A.	60,000	Nil	60,000
Mr. Joseph A Plomin*	None	Nil	Nil	Nil	Nil	Nil
Mr. B B Hattarki	None	Nil	80,000	80,000	Nil	1,60,000
Mr. B C Prabhakar	None	575	80,000	80,000	Nil	1,60,000
Mr. Satish Sekhri	None	10	60,000	60,000	Nil	1,20,000
Ms. Supriti Bhandary	None	Nil	NA	20,000	Nil	20,000
Dr. N Muthukumar**	None	Nil	NA	NA	10,139,995	10,139,995
Ms. Sudhasri A	None	Nil	NA	60,000	Nil	60,000

* Joseph A Plomin does not claim any sitting fee, being in conformity with Meritor's Policy for such nominees for attending the meetings.
** The employment of the Executive Director is contractual.

Remuneration break-up of Whole-time Director Dr. N Muthukumar (Apr'15-Mar'16)

Elements of remuneration	INR
Basic	3,740,000
House Rent Allowance	1,496,000
Education Allowance	180,000
Medical Allowance	311,668
Special Allowance	1,094,620
Contribution to Provident Fund	448,800
Contribution to Super-Annuation Fund	561,000
Contribution to Gratuity Fund	181,390
Others	16,517
Performance linked Bonus (for calendar year 2015)	2,110,000
Total paid during the year	**10,139,995**

Note: All the above elements are fixed component but for the Performance linked Bonus

Directors with materially significant pecuniary transaction or relationship with the Company

There was no materially significant pecuniary transaction or relationship between the Company and any of the Directors during the year as contemplated under relevant guidelines of the SEBI/Stock Exchanges.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Committee's composition and the terms of reference meet with the requirements under the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

The Committee consists of Mr. B.C. Prabhakar, Chairman, Mr. Satish Sekhri & Dr. N Muthukumar.

Terms of Reference inter alia include the following:

- To specifically look into the redressal of grievances of shareholders and other security holders, if any.
- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
- To act in terms of any consequent statutory modification(s) / amendment(s) / revision(s) to any of the applicable provisions to the said Committee.

Compliance Officer:

During FY 2015-16, Mr. S. Ramkumar, Chief Financial Officer & Company Secretary and Compliance Officer was responsible for complying with requirements of Securities Laws and Listing Agreements with Stock Exchanges.

The status on complaints is reported to the Board of Directors by the Company Secretary and the status for the year under report is given below:

Nature of Complaint	No. of Complaints Received	No. of Complaints Redressed
Non receipt of Dividend	Nil	Nil
Issue of Duplicate certificates/ Share certificates	Nil	Nil
Non receipt of Annual Report	Nil	Nil
Total	**Nil**	**Nil**

There are no outstanding complaints as on 31st March 2016.

Mr. S Ramkumar, Chief Financial Officer & Company Secretary and Compliance Officer separated from the Company on 30th April 2016 on attaining superannuation.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Committee consists of Mr. B C Prabhakar, Chairman, Dr. N Muthukumar & Ms. Supriti Bhandary.

Terms of reference inter alia includes the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy in terms of Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To review the Corporate Social Responsibility Policy of the Company from time to time; and

- To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy.

Secretarial Audit for Reconciliation of Share Capital

As mandated by the SEBI (Depositories and Participants) Regulations, 1996 – Regulation 55A quarterly Secretarial Audits are carried out to verify if the total issued/ paid-up capital is in agreement with the aggregate of the total number of the shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

GENERAL BODY-MEETINGS

Date, time and venue for the last three Annual General Meetings are given below:

Financial Year	Date	Time	Venue
2012-13	10th February 2014	12.30 p.m.	Regd. Office of the Company
2013-14	5th February 2015	12.30 p.m.	Regd. Office of the Company
2014-15	5th August 2015	12.30 p.m.	Regd. Office of the Company

On 5th August 2015, there were no special resolutions passed in the Annual General Meeting through e-voting, postal ballot & physical voting mechanism. There were two (2) special resolutions in the earlier AGM held on 5th February 2015. The voting mechanism was conducted by an Independent Practising Company Secretary, CS. Pracheta. M as per the Scrutiniser appointment made by the Board. At the ensuing Annual General Meeting, no resolution is proposed to be passed as Special resolution. As per the requirement of the Companies Act, 2013 the items of the agenda of the notice of the AGM shall be conducted through remote e-voting and poll. The procedure for the same is provided in the notice of the AGM.

No Extraordinary General Meeting of the Members was held during FY 2015-16.

Related Party Transactions:

During the year under review, no transaction of material nature has been entered in to by the Company with its promoters, the directors, key managerial personal, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the Company. The quarterly related party transaction is being placed before the board for its review.

The Particulars of transactions between the Company and its related parties as per Accounting Standards 18 (AS-18) are set out at Para 33 of Notes Forming part of Financial Statements to the Balance Sheet as at 31st March 2016.

A Policy on Related Party Transactions is being uploaded in the website of the Company @ www.autoaxle.com/Policy.aspx

Management Discussion & Analysis:

This Annual Report has a detailed chapter on Management Discussion and Analysis and includes discussion on various matters specified under Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Whistle Blower Mechanism

The Board has formulated a Whistle Blower Policy for directors and employees of the Company. The policy comprehensively provides an opportunity for an employee/ Director to report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and /or laws applicable to the Company and seek redressal. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been communicated to the employees and also posted on Company's website. The Whistle Blower Policy complies with the requirements of Vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The details of establishment of Whistle Blower Policy/Vigil Mechanism have been disclosed on website of the Company @ www.autoaxle.com/Policy.aspx. No personnel have been denied access to audit committee.

During the year under review, no complaints received or registered under the legislation "Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act 2013"

Compliances by the Company

The Company has complied with all the requirements of regulatory authorities and no non-compliance on matter related to capital market has been reported during the year under review and hence no penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market during the year.

During the past previous year, there was delay in receipt of Annual Report for 2013-14 by the Stock Exchanges by 8 days for which the Company paid applicable penalty. This apart, there are no other instances of non-compliances with respect to capital market during the last three years.

Means of Communication:

The unaudited Financial Results for every Quarter and the Annual Audited Results of the Company, in the prescribed format are taken on record by the Board and are submitted to the stock exchanges. The same are published within 48 hours in "The Financial Express" and "Andolana".

The quarterly/annual results are also uploaded on the Company's website at www.autoaxle.com/Financial_reports.aspx

Compliance with Mandatory & Non-Mandatory Requirements:

The Company has complied with the applicable mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulation 27(1)).

Modified Opinion(s) in Audit Report

The Company is in the regime of financial statements with unmodified audit opinion.

Separate posts of Chairman and CEO

The Company has appointed separate persons to the post of the Chairman and the CEO (designated as the President & Whole-time Director).

Reporting of Internal Auditor

The Internal auditor may report directly to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION

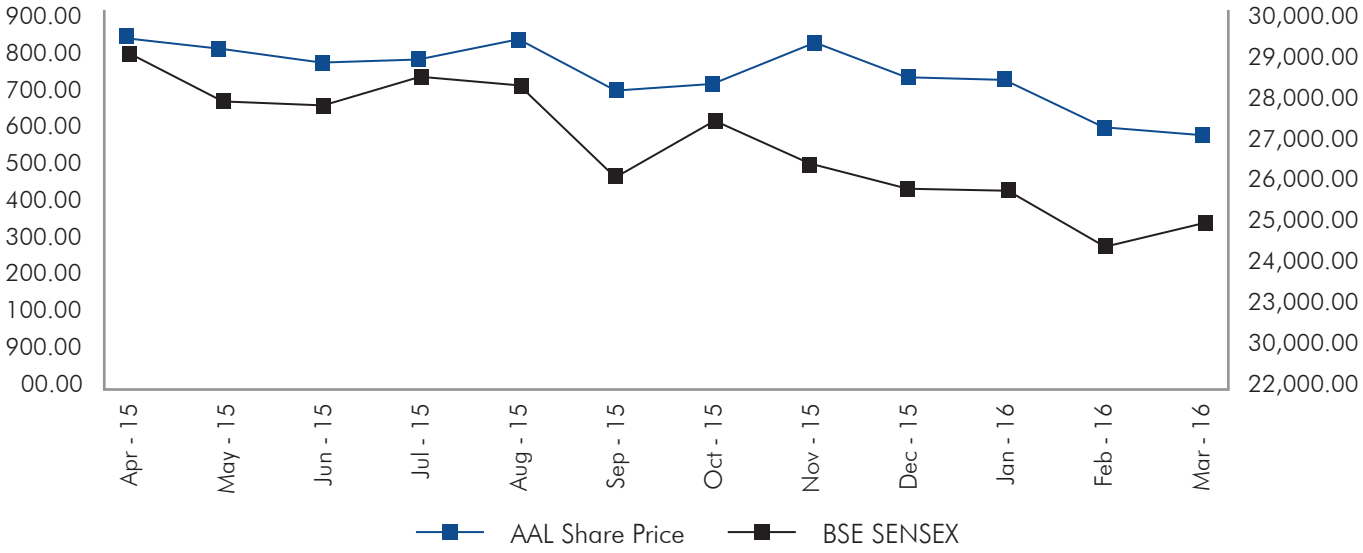
Annual General Meeting	Date & Time	:	12th August 2016 at 12.30 PM
	Venue	:	Registered Office @ Hootagalli Industrial Area Off Hunsur Road, Mysuru
CIN	L51909KA1981PLC004198		
Financial Year	1st April 2015 to 31st March 2016		
Record & Book Closure Dates	10th August 2016 to 12th August 2016 (both days inclusive)		
Dividend Payment Date	09th September 2016		
Plant Locations	Mysuru Plant : Hootagalli Industrial Area, Off Hunsur Road, Mysuru - 570018. Rudrapur Plant : 6 Km Stone, Kichha Road, Village Shimla Pistor, Rudrapur, Udham Singh Nagar, Uttarakhand - 263 153 Jamshedpur Plant : Old Khakripara, Vill & Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand - 831 015		
Securities Listing	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001		
	National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai-400 051.		
	The Company confirms that the annual listing fee for the year 2016-17 have been paid to both the stock exchanges.		
Stock Codes	BSE – 505010 NSE-AUTOAXLES		
	Demat ISIN Number: INE449A01011		

Stock Data

Monthly High and Low price at which the shares of the Company were traded at the BSE and NSE are given below:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of Shares Traded	High (₹)	Low (₹)	No. of Shares Traded
April 2015	830	710	34,373	834	700	33,643
May 2015	805	706	38,933	837	709	50,615
June 2015	774	618	56,702	770	620	66,790
July 2015	780	635	71,041	785	623	79,077
August 2015	827	600	40,401	820	596	70,776
September 2015	710	641	290,483	715	642	1,24,790
October 2015	720	651	8,322	725	646	1,61,830
November 2015	817	626	34,681	790	626	1,46,510
December 2015	744	676	32,573	746	674	1,00,508
January 2016	730	575	60,878	733	575	81,397
February 2016	620	510	3,755	621	505	34,922
March 2016	600	540	6,989	608	528	81,322

AAL Share Price v/s BSE 500 Series



Share Transfer System & Share Transfer Agents	In compliance with the SEBI circular dated 27th December 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, the Company has appointed Integrated Enterprises (I) Limited, Ramana Residency, 4th Cross, Malleshwaram, Bengaluru 560 003, as its Registrar and Share Transfer Agents. Company's shares are traded on the Stock Exchanges compulsorily in demat mode.

Shareholding pattern as on 31st March 2016 :

Pattern of Shareholding by ownership			Pattern of shareholding by share class			
Ownership	No. of Shares held	Share holding %	Category	No. of Share holders	No. of Shares held	Share holding %
Promoters	10,735,081	71.04	=/< 500	8,102	483,842	3.20
Non Promoter (Public)			501-1000	122	94,344	0.62
Bodies Corporate	988,416	6.54	1001-2000	70	99,254	0.65
FIIs	27,664	0.18	2000-3000	18	41,828	0.28
NRI's	22,317	0.14	3001-4000	8	28,811	0.19
Mutual Funds	2,342,177	15.50	4001-5000	9	41,675	0.28
Others	996,320	6.60	5001-10000	14	103,740	0.69
Total	**15,111,975**	**100.00**	> 10000	32	14,218,481	94.09
			Total	**8,375**	**15,111,975**	**100.00**

Dematerialisation	The Company's Equity Shares are under compulsory demat trading. As on 31st March 2016, dematerialised shares accounted for 99.18% of total equity.
Audit Qualification	There is no audit qualification in the financial Statements of the Company for the year ended 31st March 2016

Investor Grievance Correspondence :

Company	**Share Transfer Agents**
Secretarial Dept., Automotive Axles Limited	Integrated Enterprises (I) Limited
Hootagalli Industrial Area,	Ramana Residency, 4th Cross
Off Hunsur Road, Mysuru - 570 018	Sampige Road, Malleshwaram, Bengaluru – 560 003
Phone : 0821-7197500	Phone: 080-23460815-818
Fax : 0821-2402451	Fax : 080-23460819
Email : sec@autoaxle.com	E-mail : irg@integratedindia.in

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, Dr. N Muthukumar, President & Whole-time Director of Automotive Axles Limited hereby declare that all the Board Members and Senior Managerial Personnel have affirmed for the year ended 31st March 2016 compliance with the Code of Conduct of the Company laid down for them.

Place: Bengaluru
Date: 10th May 2016

Dr. N Muthukumar
President & Wholetime Director

TO THE BOARD OF DIRECTORS OF AUTOMOTIVE AXLES LIMITED

Certification by Chief Executive Officer and Chief Financial Officer of the Company

We, Dr. N Muthukumar, President & Whole time Director and Ranganathan S, Chief Financial Officer of Automotive Axles Limited as required under the Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the best of our knowledge and belief, certify with respect the financial results for the financial year ending 31st March 2016 as follows:

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee:

   1) significant changes in internal control over financial reporting during the year;

   2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Bengaluru
Date: 10th May 2016

Dr. N Muthukumar
President & Whole-time Director

Ranganathan S
Chief Financial Officer

CERTIFICATE OF THE COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT/ SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015

Registration No. of the Company: L51909KA1981PLC004198
Nominal Capital: ₹ 250,000,000/-

To,
The Members of
Automotive Axles Limited

I have examined the compliance of the conditions of Corporate Governance by Automotive Axles Limited (hereinafter referred to as 'Company'), for the financial year ended 31st March 2016, as stipulated under Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges / SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred to LODR Regulations)

The compliance with the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof by the Company. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanations and information furnished to me by the Company, I certify that the Company has complied with the mandatory conditions of Clause 49 of the Listing agreement/ LODR Regulations.

CS. Pracheta. M
Practising Company Secretary
C.P.No.9838

Place: Mysuru
Date: 10th May 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
AUTOMOTIVE AXLES LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of AUTOMOTIVE AXLES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

5. Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration
No.008072S

S.Ganesh
Partner
Membership No. 204108

Place : Bengaluru
Date:10th May 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 5(1)(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

1. Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of AUTOMOTIVE AXLES LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

2. Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

3. Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

4. Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

5. Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration
No.008072S

S.Ganesh
Partner
Membership No. 204108

Place : Bengaluru
Date:10th May 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 5(2) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)	Amount Unpaid (₹)
Central Excise Act, 1985	Excise Duty	Custom Excise & Service Tax Appellate Tribunal	June 2010- Jan-2011	3,615,620	3,615,620

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised or as per purposes revised with appropriate approvals, other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration
No.008072S

S.Ganesh
Partner
Membership No. 204108

Place : Bengaluru
Date:10th May 2016

BALANCE SHEET as at 31st March 2016

₹ in Millions

Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	151.12	151.12
(b) Reserves and surplus	4	3,120.86	2,873.22
		3,271.98	**3,024.34**
2 Non-current liabilities			
(a) Long-term borrowings	5	-	25.01
(b) Deferred Tax (Net)	36	66.92	111.72
(c) Long-term provisions	6	34.35	10.44
		101.27	**147.17**
3 Current liabilities			
(a) Short-term borrowings	7	288.42	540.82
(b) Trade payables	8		
(i) Total outstanding dues of micro enterprises and small enterprises		55.13	43.49
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,315.98	1,294.79
(c) Other current liabilities	9	86.02	129.79
(d) Short-term provisions	10	148.72	28.15
		1,894.27	**2,037.04**
Total		**5,267.52**	**5,208.55**
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11(a)	1,679.31	1,759.55
(ii) Intangible assets	11(b)	4.55	8.01
(iii) Capital work-in-progress		89.07	168.80
		1,772.93	**1,936.36**
(b) Long-term loans and advances	12	84.89	74.22
		1,857.82	**2,010.58**
2 Current assets			
(a) Inventories	13	1,105.76	1,158.38
(b) Trade receivables	14	1,980.07	1,755.20
(c) Cash and cash equivalents	15	2.52	35.78
(d) Short-term loans and advances	16	311.63	239.63
(e) Other current assets	17	9.72	8.98
		3,409.70	**3,197.97**
Total		**5,267.52**	**5,208.55**
See accompanying notes forming part of the financial statements	1 - 41		

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

S. Ganesh
Partner

Place : Bengaluru
Date : 10th May, 2016

For and on behalf of the Board of Directors

Dr. B. N. KALYANI
Chairman

Dr. N. MUTHUKUMAR
President & Whole time Director

RANGANATHAN S
Chief Financial Officer

Place : Bengaluru
Date : 10th May, 2016

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2016

₹ in Millions

	Particulars	Note No.	For the year ended 31st March 2016	For the period ended 31st March 2015
1	Revenue from operations (gross)		12,058.44	5,084.81
	Less : Excise duty		(1,198.77)	(493.04)
	Revenue from operations (net)	18	**10,859.67**	**4,591.77**
2	Other income	19	15.77	25.26
3	**Total revenue (1+2)**		**10,875.44**	**4,617.03**
4	**Expenses**			
	(a) Cost of materials consumed	20.a	7,787.66	3,244.39
	(b) Changes in inventories of finished goods and work-in-progress	20.b	25.03	31.45
	(c) Employee benefits expense	21	798.22	369.70
	(d) Finance costs	22	53.54	40.83
	(e) (i) Depreciation / amortisation expenses	11 (a) & (b)	394.42	173.21
	(ii) Loss on assets discarded		10.28	-
	(f) Other expenses	23	1,291.05	592.63
	Total expenses		**10,360.20**	**4,452.21**
5	**Profit before tax (3 - 4)**		515.24	164.82
6	**Tax expense:**			
	(a) Tax expenses for the current year		212.30	53.20
	(b) Tax expenses relating to prior years		-	3.70
	(c) Deferred tax		(44.80)	2.50
	Total tax expense:		**167.50**	**59.40**
7	**Profit for the year (5 - 6)**		**347.74**	**105.42**
8	**Earnings per share of ₹10/- each:**			
	Basic & Diluted	35	23.01	6.98
	See accompanying notes forming part of the financial statements	1 - 41		

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants

S. Ganesh
Partner

Place : Bengaluru
Date : 10th May, 2016

For and on behalf of the Board of Directors

Dr. B. N. KALYANI
Chairman

Dr. N. MUTHUKUMAR
President & Whole time Director

RANGANATHAN S
Chief Financial Officer

Place : Bengaluru
Date : 10th May, 2016

CASH FLOW STATEMENT for the year ended 31st March 2016

₹ in Millions

Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
Net profit before extraordinary items and tax	515.24	164.82
Adjustments for		
Add :		
Depreciation and amortisation expenses	394.42	173.21
Provision for doubtful trade and other receivables, loans and advances	1.70	0.80
Loss on fixed assets sold/ scrapped / written off (Net)	0.36	-
Interest expense	53.54	40.83
Loss on assets discarded	10.28	-
	975.54	**379.66**
Less :		
Profit on sale of assets	-	(0.01)
Unrealized Exchange Gain	(0.02)	(0.15)
Liabilities / provisions no longer required	(2.41)	-
Interest Income	(5.95)	(1.21)
Operating profit before working capital changes	**967.16**	**378.29**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets		
Inventories	52.62	(15.80)
Trade receivables	(226.57)	(35.04)
Short-term loans and advances	(72.00)	127.40
Long-term loans and advances	0.96	(3.65)
Other current assets	(0.73)	0.57
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	35.26	423.16
Other current liabilities	(37.92)	108.12
Other long-term liabilities	-	4.05
Short-term provisions	4.06	(2.27)
Long-term provisions	23.91	(0.64)
Cash generated from operations	**746.75**	**984.19**
Advance Tax (Net of refunds)	(177.70)	(67.11)
Net cash from / (used in) operating activities	**569.05**	**917.08**
B) CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Capital expenditure on fixed assets (including capital work-in-progress and capital advances)	(282.60)	(192.76)
Proceeds from sale of assets	23.74	0.17
Amounts placed in fixed deposit	-	5.16
Interest received	5.95	2.43
Cash flow from / (used in) investing activities	(252.91)	(185.00)

CASH FLOW STATEMENT for the year ended 31st March 2016

₹ in Millions

Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
C) CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Inflow		
Proceeds from borrowings	4,441.14	1,706.04
	4,441.14	**1,706.04**
Outflow		
Repayment of borrowings	(4,716.80)	(2,319.54)
Dividend and tax on dividend	(18.19)	(45.34)
Movement in unpaid dividend account	0.11	-
Interest paid	(55.55)	(44.38)
	(4,790.43)	**(2,409.26)**
Cash flow from / (used in) financing activities	(349.29)	(703.22)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(33.15)	28.86
Cash and cash equivalents at the beginning of the year	33.68	4.82
Cash and cash equivalents at the end of the year	**0.53**	**33.68**
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents (Refer Note 15)	2.52	35.78
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
(a) In earmarked accounts		
Unpaid dividend accounts	(1.92)	(2.03)
In deposit accounts - Under lien for bank guarantee	(0.07)	(0.07)
	0.53	**33.68**

These earmarked account balances with banks can be utilised only for the specific identified purposes.

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

S. Ganesh
Partner

Dr. B. N. KALYANI
Chairman

Dr. N. MUTHUKUMAR
President & Whole time Director

RANGANATHAN S
Chief Financial Officer

Place : Bengaluru
Date : 10th May, 2016

Place : Bengaluru
Date : 10th May, 2016

NOTES forming part of the financial statements

1. CORPORATE INFORMATION

Automotive Axles Limited (AAL) is a joint venture of Kalyani Group and Meritor Inc., USA (formerly the automotive division of Rockwell International Corporation) incorporated in 1981 under the Companies Act, 1956 with manufacturing facilities located at Mysuru, Rudrapur and Jamshedpur.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires that the management makes estimates & assumptions that affect the reported amount of assets & liabilities, disclosure of contingent liabilities as at the date of financial statements & reported amounts of revenue & expenses during the reported period. Actual results could differ from those estimates.

c) Inventories

Raw material, stores & spares, work-in-process and finished goods are valued at lower of cost and estimated realisable value. Cost of materials is determined on moving weighted average basis. In the case of work-in-process and finished goods, cost includes the cost of conversion. Closing stock of Finished Goods includes liability towards excise duty payable on clearance of goods. Imported materials in transit at the year-end are valued inclusive of customs duty. "Cost comprises all cost of purchase including duties and taxes other than those subsequently recoverable by the Company, freight inwards and other expenditure directly attributable to the acquisition."

d) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with a maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e) Cash flow Statement

Cash Flow Statement has been prepared under the "indirect-method" set out in Accounting Standard 3 as specified in Companies Accounting Standard Rules.

f) Fixed Assets and Depreciation

(i) Tangible Fixed Assets

Tangible assets are stated at cost (net of CENVAT) less accumulated depreciation. Cost includes all costs relating to the acquisition and installation of fixed assets including interest on borrowings for qualifying project / fixed asset till the date of Commercial Production / the assets are put in use. Expenditure on reconditioning of machinery is capitalised where such expenditure results in increase in the future benefits from the asset and / or results in an extension of the useful life of the asset based on technical assessment. As required by Schedule II to the Companies Act, 2013 ("the 2013 Act"), useful life and depreciation for significant components of assets have been determined separately.

(ii) Intangible Fixed Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefit

NOTES forming part of the financial statements

in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(iii) Depreciation / Amortisation

Depreciation on Buildings and Plant & Machinery is provided under the "Straight line method" and on other assets under the "Reducing balance method" at the rates specified in Schedule II to the Companies Act, 2013, based on technical estimates that indicate the useful lives would be comparable with or higher than those arrived at using these rates.

In cases where the useful lives based on technical estimates are lower than those considered in determining the useful lives specified in Schedule II, depreciation is provided under the Straight Line Method over the useful lives of the assets as follows:

Asset category	Useful lives
Reconditioned machinery and related expenditure	Ranging between 3 and 13 years
Tools, Jig and Fixtures and Measuring gauges	Ranging from 2 to 5 years.
Certain imported machinery	Ranging between 4 to 15 Years
Windmill and power generating equipments	9 years
Intangible assets - Software	3 years

g) Revenue Recognition

Sales: Sales are recognised on dispatch and transfer of underlying risk & rewards as per contracted terms and are recorded at invoice value, net of Sales Taxes, but including excise duties.

Export Incentives: Export Incentives are accounted for on accrual basis at the time of Export of Goods if the entitlements can be estimated with reasonable accuracy and conditions precedents to claim are fulfilled.

h) Foreign Currency Transactions

Transactions in foreign currency are recorded on the basis of the exchange rate prevailing as on the date of transaction. Monetary Assets & Liabilities denominated in foreign currency at the balance sheet date are translated into rupees at the exchange rate prevailing on that date. Gains or Losses arising on settlement/restatement are charged to the Statement of Profit and Loss. Premium in respect of Forward contract is accounted over the period of the contract.

i) Employee Benefits

(i) Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related employee service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits (such as medical care) for current employees are estimated and measured on an undiscounted basis.

(ii) Defined Contribution Plan

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund and Employee state insurance are recognised in the Statement of Profit and Loss.

(iii) Defined Benefit Plan

Liabilities for gratuity funded in terms of a scheme administered by a fund manager are determined by an independent actuarial valuation made at the end of each financial year. Provision for liabilities pending remittance to the fund is carried in the Balance Sheet.

Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government

NOTES forming part of the financial statements

bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iv) Liability for Leave Encashment is provided based on accumulated leave credit outstanding to the employees as on the date of Balance Sheet.

j) Borrowing Cost

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

k) Leases

Assets taken on lease where the company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as secured loans. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

l) Earnings Per Share

In determining the earning per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

m) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes

NOTES forming part of the financial statements

on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

n) Research and Development

Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss in the year of incurrence.

o) Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case revalued assets such reversal is not recognised.

p) Provision & Contingencies

A Provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

r) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

NOTES forming part of the financial statements

NOTE 3 SHARE CAPITAL

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number of shares	₹ in Millions	Number of shares	₹ in Millions
(a) Authorised				
Equity shares of ₹10 /- each (PY : ₹ 10/- each) with voting rights	23,000,000	230.00	23,000,000	230.00
Preference shares of ₹10 /- each (PY : ₹ 10/- each)	2,000,000	20.00	2,000,000	20.00
(b) Issued, subscribed and fully paid up				
Equity shares of ₹10 /- each (PY : ₹ 10/- each) with voting rights	15,111,975	151.12	15,111,975	151.12
	15,111,975	**151.12**	**15,111,975**	**151.12**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31st March 2016		
- Number of shares	15,111,975	15,111,975
- Amount (₹ In Millions)	151.12	151.12
Year ended 31st March 2015		
- Number of shares	15,111,975	15,111,975
- Amount (₹ In Millions)	151.12	151.12

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March 2016		As at 31st March 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
BF Investments Ltd.,	5,367,806	35.520	5,367,806	35.520
Meritor Heavy Vehicle Systems, LLC USA	5,367,275	35.517	5,367,275	35.517
Reliance Capital Trustee Company Ltd., (A/C Reliance Vision Fund)	911,007	6.028	1,063,912	7.040

(iii) Right, preferences and restrictions attached to shares

The Company has issued only one class of equity share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting.

NOTES forming part of the financial statements

NOTE 4 RESERVES AND SURPLUS

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(a) Securities premium		
Opening balance	115.59	115.59
Closing balance	**115.59**	**115.59**
(b) General reserve		
Opening balance	458.82	452.52
Add : Additions during the year	-	10.54
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax)	-	4.24
Closing balance	**458.82**	**458.82**
(c) Surplus in statement of profit and loss		
Opening balance	2,298.81	2,223.20
Add : Profit for the year	347.74	105.42
Less : Transferred to general reserve	-	10.54
Less : Proposed dividend (₹ 5.50 per share) (Previous year ₹ 1.00 per share)	83.12	15.11
Less : Tax on dividend	16.98	4.16
Closing balance	**2,546.45**	**2,298.81**
Total	**3,120.86**	**2,873.22**

NOTE 5 LONG-TERM BORROWINGS

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(a) Term loans - secured		
From banks [Refer note (i) below]	-	14.74
(b) Long term maturity of finance lease obligations		
Unsecured [Refer note 34] and [refer note(c) below]	-	10.27
Total	**-**	**25.01**

Note (i)

Particulars	As at 31st March 2015		
	Current (Refer note 9)	Non Current	Total
Term loans from banks - Secured			
(i) HDFC Bank Limited [Refer note (a) below]	29.47	14.74	44.21
(ii) KOTAK Bank Limited [Refer note (b) below]	20.00	-	20.00
Total	**49.47**	**14.74**	**64.21**

NOTES forming part of the financial statements

Details of security provided for long term borrowings:

(a) The loan is secured by first pari-passu charge on all existing and future fixed assets excluding the Land and existing Building (both movable and immovable) of the Borrower, to be shared with existing term lenders. Mortgage by way of first pari-passu charge on the immovable properties being building (funded out of term loan) to be situated at Hootagalli Industrial Area, Mysuru. Repayable in 6 quarterly installments along with interest ranging from 10.95% to 11.25%

(b) The loan is secured by hypothecation of first pari-passu charge on all movable and immovable plant and machinery of the company both present and future. Repayable in 2 quarterly installments along with interest ranging from 10.95% to 11.50 %

(c) The unsecured finance lease is repayable in 8 quarterly installments along with interest ranging from 10% to 12%

NOTE 6 LONG TERM PROVISIONS

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
Provision - others:		
Provision for warranty [Refer note 37]	29.28	7.01
Deferred rent	5.07	3.43
Total	**34.35**	**10.44**

NOTE 7 SHORT-TERM BORROWINGS

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(a) Secured Working capital borrowings [refer note (i) below]		
From banks - Secured	288.42	440.82
Unsecured	-	100.00
Total	**288.42**	**540.82**

(i) Details of security for the secured short-term borrowings

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(i) Cash Credit Accounts [Refer note below]	288.42	440.82
(ii) Short term Borrowings	-	100.00
Total	**288.42**	**540.82**

Note: The above working capital borrowings are secured by first pari-passu charge on inventory, spares, packing material, receivables and the entire other current assets of the company (both existing and future).

NOTES forming part of the financial statements

NOTE 8 TRADE PAYABLES

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
Trade payables:		
(a) Total outstanding dues of micro enterprises and small enterprises	55.13	43.49
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	133.07	108.34
(ii) Other than acceptances	1182.91	1186.45
Total	**1371.11**	**1338.28**

NOTE 9 OTHER CURRENT LIABILITIES

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(a) Current maturities of long-term debt [Refer Note below a & b]	-	49.47
(b) Current maturities of finance lease obligations [Refer Note c below & Note 34]	10.66	9.25
(c) Interest accrued but not due on borrowings	-	2.01
(d) Unpaid dividends	1.92	2.03
(e) Other payables		
(i) Statutory remittances	39.58	17.68
(ii) Payables on purchase of fixed assets	6.06	11.65
(iii) Advance from customers	24.80	29.58
(iv) Gratuity payable [Refer note 31 (II)]	-	4.05
(v) Superannuation payable	1.70	-
(vi) Leave salary payable [Refer note 31 (III)]	1.30	4.07
Total	**86.02**	**129.79**

Details of security provided for long term borrowings:

(a) The loan is secured by first pari-passu charge on all existing and future fixed assets excluding the Land and existing Building (both movable and immovable) of the Borrower, to be shared with existing term lenders. Mortgage by way of first pari-passu charge on the immovable properties being building (funded out of term loan) to be situated at Hootagalli Industrial Area, Mysuru. Repayable in 6 quarterly installments along with interest ranging from 10.95% to 11.25%

(b) The loan is secured by hypothecation of first pari-passu charge on all movable and immovable plant and machinery of the company both present and future. Repayable in 2 quarterly installments along with interest ranging from 10.95% to 11.50 %

(c) The unsecured finance lease is repayable in 8 quarterly installments along with interest ranging from 10% to 12%

NOTES forming part of the financial statements

NOTE 10 SHORT-TERM PROVISIONS

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(a) Provision for employee benefits		
Provision for compensated absences	0.98	-
(b) Provision - others:		
Provision for taxation [Refer note (i) below]	34.60	-
Provision for warranty [Refer note 37]	13.10	10.02
Provision for proposed dividend	83.12	15.11
Provision for dividend distribution tax	16.92	3.02
Total	**148.72**	**28.15**

Note (i)

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
Provision for taxation	322.19	50.73
Less: Advance income tax	(287.59)	(50.73)
Net	**34.60**	**-**

NOTES forming part of the financial statements

NOTE 11 (a) FIXED ASSETS - TANGIBLE

₹ in Millions

Tangible Assets	Cost				Depreciation					Net Block	
Particulars	As at 1st April 2015	Additions during the Period	Deductions during the Period	As at 31st March 2016	Upto 1st April 2015	For the Period	On Deductions	Other adjustments / Transition adjustments	Upto 31st March 2016	As at 31st March 2016	As at 31st March 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land - Freehold	3.83	-	-	3.83	-	-	-	-	-	3.83	3.83
Land - Leasehold [Refer Note (a) below]	76.83	20.12	-	96.95	-	-	-	-	-	96.95	76.83
Building	338.38	40.25	-	378.63	122.33	24.59	-	-	146.92	231.71	216.05
Road	9.90	8.59	-	18.49	6.84	2.90	-	-	9.74	8.75	3.06
Plant & Machinery	3,711.48	262.41	55.99	3,917.90	2,312.14	338.11	31.98	(0.03)	2,618.24	1,299.66	1,399.34
Furniture & Fittings	36.48	-	-	36.48	20.78	4.52	-	0.01	25.31	11.17	15.70
Office equipments & Electricals	43.09	0.19	1.10	42.18	23.18	9.07	1.05	-	31.20	10.98	19.91
Computers & Data processing units											
Owned	24.39	2.56	3.83	23.12	21.08	2.01	3.79	0.01	19.31	3.81	3.31
Finance lease [Refer Note (b) below]	35.81	0.49	-	36.30	17.01	8.45	-	-	25.46	10.84	18.80
Vehicles	5.65	-	-	5.65	2.93	1.11	-	-	4.04	1.61	2.72
Total	**4,285.84**	**334.61**	**60.92**	**4,559.53**	**2,526.29**	**390.76**	**36.82**	**(0.01)**	**2,880.22**	**1,679.31**	**1,759.55**

NOTE 11 (b) FIXED ASSETS - INTANGIBLE

₹ in Millions

Intangible Assets	Cost				Amortisation					Net Block	
Particulars	As at 1st April 2015	Additions during the Period	Deductions during the Period	As at 31st March 2016	Upto 1st April 2015	For the Period	On Deductions	Other adjustments / Transition adjustments	Upto 31st March 2016	As at 31st March 2016	As at 31st March 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Software	56.04	0.20	-	56.24	48.03	3.66	-	-	51.69	4.55	8.01
Total	**56.04**	**0.20**	**-**	**56.24**	**48.03**	**3.66**	**-**	**-**	**51.69**	**4.55**	**8.01**

Note: -

(a) Lease hold land includes 41.50 acres of Land for 99 years irrevocable lease allotted by Government of Madhya Pradesh situated in Gram Salampur Tehsil Depalpur, Indore.

(b) The Company is having a finance lease for computer with IBM India Private Limited for a period of 5 years up to 31st March 2017.

NOTES forming part of the financial statements

NOTE 12 LONG-TERM LOANS AND ADVANCES

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
Unsecured, considered good		
(a) Capital advances	30.92	19.29
(b) Security deposits	30.04	29.95
(c) Loans and advance to employees	3.44	5.09
(d) Supplier advances	10.10	10.67
(e) Balances with Government authorities	0.14	0.14
(f) Advance tax [Refere note (i) below]	10.25	9.08
Total	**84.89**	**74.22**

Note (i)

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
Advance income tax	65.13	173.85
Less: Provision for taxation	(54.88)	(164.77)
Net	**10.25**	**9.08**

NOTE 13 INVENTORIES

(At lower of cost and net realisable value)

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(a) Raw materials and components	445.07	470.27
(b) Goods-in-transit - raw material	22.49	24.70
	467.56	**494.97**
(c) Work-in-progress (Refer note (i) below)	491.76	508.17
(d) Finished goods	75.20	67.00
(e) Stores and spares	88.06	88.24
Less: Provision for slow moving and non moving Items	(16.82)	-
	638.20	**663.41**
Total	**1105.76**	**1158.38**

Note (i): Details of inventory of work-in-progress

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
Brakes	33.55	44.98
Casting	27.37	31.44
Drive Head	26.30	22.93
Forging	64.12	63.39
Gear & Pinion	168.90	141.25
Housing	99.88	100.54
Others	71.64	103.64
	491.76	**508.17**

NOTES forming part of the financial statements

NOTE 14 TRADE RECEIVABLES

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	15.75	2.62
Doubtful	7.30	5.60
	23.05	**8.22**
Less: Provision for doubtful trade receivables	7.30	5.60
	15.75	**2.62**
Other trade receivables		
Unsecured, considered good	1,964.32	1,752.58
Doubtful	-	-
	1,964.32	**1,752.58**
Total	**1,980.07**	**1,755.20**

NOTE 15 CASH AND CASH EQUIVALENTS

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
A. Cash and cash equivalents		
(a) Cash on hand	0.21	0.03
(b) In current accounts	0.32	33.65
Total Cash and cash equivalents	**0.53**	**33.68**
B. Other bank balances		
(a) In earmarked accounts		
- Unpaid dividend accounts	1.92	2.03
- In deposit accounts - Under lien for bank guarantee	0.07	0.07
	1.99	**2.10**
Total	**2.52**	**35.78**

NOTE 16 SHORT-TERM LOANS AND ADVANCES

Unsecured considered good unless otherwise stated

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(a) Loans and advance to employees	7.43	7.55
(b) Prepaid expenses	18.22	31.06
(c) Balance with Government authorities	121.59	75.66
(d) Others - Advance to suppliers and others		
Unsecured, considered good- Related party	9.37	17.14
Unsecured, considered good- Others	155.02	108.22
Total	**311.63**	**239.63**

NOTES forming part of the financial statements

NOTE 17 OTHER CURRENT ASSETS

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
(a) Unbilled revenue	0.62	0.59
(b) Interest accrued on deposits	0.04	0.03
(c) Freight Receivable	0.70	-
(d) Other receivables		
Sale of asset	8.36	8.36
Total	**9.72**	**8.98**

NOTE 18 REVENUE FROM OPERATIONS

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(a)	Sale of products [Refer note (i) below]	12,026.64	5,079.54
	Less : Excise duty	(1,198.77)	(493.04)
		10,827.87	**4,586.50**
(b)	Other operating revenues [Refer note (ii) below]	31.80	5.27
	Total	**10,859.67**	**4,591.77**

Note	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(i)	**Sale of products comprises :**		
	Axle Housings	360.17	81.72
	Axles	8,000.29	3,594.03
	Break Assemblies	2,438.67	950.41
	Others	1,227.51	453.38
Total		**12,026.64**	**5,079.54**

Note	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(ii)	**Other operating revenue comprises :**		
	Tooling Income	20.79	2.25
	Income from wind power generation	11.01	3.02
Total		**31.80**	**5.27**

NOTES forming part of the financial statements

NOTE 19 OTHER INCOME

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(a)	Interest income (Refer Note (i) below)	5.95	1.21
(b)	Other non-operating income (Refer Note (ii) below)	7.41	21.29
(c)	Provision no longer required written back (Refer Note (iii) below)	2.41	2.76
	Total	**15.77**	**25.26**

Note	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(i)	**Interest income comprises:**		
	a) Interest on short term deposit	-	0.11
	b) Other interest	5.95	1.10
Total		**5.95**	**1.21**

Note	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(ii)	**Other non-operating income comprises:**		
	a) Profit on sale of fixed assets	-	0.11
	b) Miscellaneous income	6.28	1.55
	c) Export Incentive	1.13	19.63
Total		**7.41**	**21.29**

Note	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(iii)	**Provision / liabilities no longer required written back comprises:**		
	a) Warranty expenses provision	-	2.76
	b) Liabilities no longer required written back	2.41	-
Total		**2.41**	**2.76**

NOTE 20. a COST OF MATERIALS CONSUMED

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(a)	Opening stock	494.97	453.12
(b)	**Add** : Purchases	8,050.57	3,449.00
		8,545.54	**3,902.12**
(c)	**Less** : Closing stock	467.56	494.97
(d)	**Less** : Scrap sales and cash discount	290.32	162.76
Total		**7,787.66**	**3,244.39**

NOTES forming part of the financial statements

₹ in Millions

Note	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(i)	**Raw materials consumed comprises:**		
	Steel	1,142.03	627.06
	Castings	1,643.83	793.18
	Forgings	2,455.36	825.01
	Bought out finished (BOF)	1,814.40	854.76
	Others	732.04	144.38
Total		**7,787.66**	**3,244.39**

NOTE 20. b CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
	Inventories at the end of the year:		
(a)	Finished goods	75.20	67.00
(b)	Work-in-progress	491.76	508.17
	Less: Provision for slow moving and non moving Items	(16.82)	-
		550.14	**575.17**
	Inventories at the beginning of the year:		
(c)	Finished goods	67.00	95.53
(d)	Work-in-progress	508.17	511.09
		575.17	**606.62**
Net (increase) / decrease		**25.03**	**31.45**

NOTE 21 EMPLOYEE BENEFITS EXPENSE

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(a)	Salaries and wages	675.66	311.83
(b)	Contributions to provident and other funds [Refer Note 31 (I)]	55.53	28.67
(c)	Staff welfare expenses	67.03	29.20
Total		**798.22**	**369.70**

NOTE 22 FINANCE COSTS

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(a)	Interest on term loan	1.88	5.33
(b)	Interest on working capital borrowings	48.45	32.54
(c)	Interest on finance lease	1.69	1.18
(d)	Interest on others	1.52	1.78
Total		**53.54**	**40.83**

NOTES forming part of the financial statements

NOTE 23 OTHER EXPENSES

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(a)	Stores & spares consumed	281.22	120.68
(b)	Power & fuel	186.78	90.05
(c)	Increase /(decrease) in excise duty	(0.77)	(2.62)
(d)	Travelling expenses	18.35	7.78
(e)	Rent including lease rentals	14.89	8.00
(f)	Repairs and maintenance - buildings	1.01	0.39
(g)	Repairs and maintenance - plant & machinery	168.43	64.88
(h)	Repairs and maintenance - others	23.27	8.75
(i)	Rates & taxes	6.81	2.03
(j)	Insurance charges	7.38	4.03
(k)	Postage, telephone & telegram	2.16	2.14
(l)	Vehicle running expenses	0.66	0.32
(m)	Directors' sitting fees	0.59	0.24
(n)	Legal and professional charges	27.27	37.88
(o)	Auditors remuneration (Refer Note (i) below)	4.96	2.65
(p)	Technical fees	84.06	41.44
(q)	Bank charges / commission	3.09	0.53
(r)	Outside processing charges	358.02	173.38
(s)	Exchange loss	6.17	0.42
(t)	Product service	3.96	3.74
(u)	Warranty (net) (Refer note 37)	32.20	-
(v)	Freight charges	28.94	11.84
(w)	Loss on fixed assets sold/ scrapped/ written off	0.36	0.10
(x)	Provision for doubtful trade receivables (net)	1.70	0.80
(y)	CSR Expenses	4.67	-
(z)	Miscellaneous expenses	24.87	13.18
Total		**1,291.05**	**592.63**

₹ in Millions

Note	Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
		₹	₹
(i)	**Payments to the auditors comprises (net of service tax input credit):**		
	a) For statutory audit	4.40	2.20
	b) Reimbursement of expenses	0.56	0.45
Total		**4.96**	**2.65**

NOTE 24 COMMITMENTS

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
	₹	₹
Commitments		
Estimated amount of contracts remain to be executed and not provided for		
i) Tangible asset	120.87	89.11
ii) Intangible asset	2.10	-

NOTES forming part of the financial statements

NOTE 25 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

There are no Micro, Small and Medium Enterprises to whom the company owes dues which are outstanding for more than 45 days from the due date at the balance sheet date. The information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 regarding Micro and Small enterprises determined to the extent such parties have been identified on the basis of the information available with the company. This has been relied upon by the auditors.

NOTE 26 FOREIGN EXCHANGE EXPOSURE :

There is no outstanding forward exchange contract as at 31st March 2016. Currency exposure as on 31st March 2016 that have not been hedged by a derivative instrument or otherwise are given below:

₹ in Millions

Particulars	As at 31st March 2016			As at 31st March 2015		
	₹	Foreign Currency		₹	Foreign Currency	
Trade Payables	18.47	USD	0.28	17.04	USD	0.27
	2.62	EUR	0.03	20.81	EUR	0.30

NOTE 27 VALUE OF IMPORTS ON C.I.F. BASIS :

₹ in Millions

Particulars	For the Year Ended 31st March 2016	For the Period Ended 31st March 2015
	₹	₹
Raw Material	214.91	119.95
Consumable & Spares	7.03	18.18
Capital Goods	4.17	44.02
Total	**226.11**	**182.15**

NOTE 28 VALUE OF RAW MATERIALS, STORES & SPARES CONSUMED DURING THE YEAR :

₹ in Millions

Particulars	For the year ended 31st March 2016		For the period ended 31st March 2015	
	Consumption %	(₹)	Consumption %	(₹)
a) Raw Material				
• Imports	2%	188.88	3%	112.15
• Indigenous	98%	7,598.78	97%	3,132.24
	100%	**7,787.66**	**100%**	**3,244.39**
b) Stores & Spares				
• Imports	1%	2.93	2%	2.40
• Indigenous	99%	278.29	98%	118.28
	100%	**281.22**	**100%**	**120.68**

NOTES forming part of the financial statements

NOTE 29 EXPENDITURE IN FOREIGN CURRENCY:

₹ in Millions

Particulars	For the year ended 31st March 2016 (₹)	For the period ended 31st March 2015 (₹)
Travelling expenses	0.38	0.13

NOTE 30 REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS TO NON-RESIDENT SHAREHOLDERS :

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
No. of non-resident shareholders	1	1
No. of equity shares held	5,367,275	5,367,275
Amount of dividend paid	5.37	13.42
Year to which dividend related - final dividend	**2014-15**	**2013-14**

NOTE 31 EMPLOYEE BENEFITS:

I Defined Contribution Plans:

During the year, the Company has recognized the following amount in the Statement of Profit and Loss

₹ in Millions

Particulars	For the year ended 31st March 2016 (₹)	For the period ended 31st March 2015 (₹)
Employers' Contribution to Provident Fund Including Family Pension Fund* (Excluding Administration Charges)	35.46	16.49
Superannuation Fund*	7.39	4.12

* Included in Contribution to Provident and Other Funds (Refer Note – 21)

NOTES forming part of the financial statements

II Defined Benefit Plan :

Contribution to Gratuity Fund:

In accordance with Accounting Standard 15 (Revised 2005) actuarial valuation as on 31st March 2016 was carried out in respect of the defined benefit plan of Gratuity based on the following assumptions.

Particulars	As at 31st March 2016	As at 31st March 2015
Discount Rate	7.64%	9.20%
Expected Return on Plan Assets	8.00%	9.00%
Salary Escalation Rate – Staff	7.50%	7.50%
Salary Escalation Rate – Workmen	5.00%	5.00%
Attrition Rate – Staff	10.25%	7.50%
Mortality table	India Assured lives (2006-08) Ultimate Mortality table	

Change in present value of obligation:

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Opening Present Value of Obligation	104.58	94.54
Current Service Cost	7.28	6.39
Interest on Defined Benefit Obligation	7.77	8.49
Benefits Paid	(5.83)	(3.51)
Net Actuarial Losses/(Gains) Recognized During the Year	3.79	(1.33)
Closing Present Value of Obligation	**117.59**	**104.58**

Change in fair value of assets:

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Opening Fair Value of Plan Asset	100.53	94.54
Expected Return on Plan Assets	8.49	7.62
Actuarial Gains/(Losses)	(0.09)	(2.12)
Contribution by Employer	17.00	4.00
Benefits Paid	(5.83)	(3.51)
Closing Fair Value of Plan Assets	**120.10**	**100.53**

Note: The details with respect to investment by the fund manager (Life Insurance Corporation of India) in to major category of plan assets have not been disclosed, in absence of such information.

NOTES forming part of the financial statements

Reconciliation of present value of defined benefit obligation and the fair value of plan assets :

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Closing Present Value of Funded Obligation	117.59	104.58
Closing Fair Value of Plan Assets	120.10	100.53
Unfunded Liability	-	(4.05)
Unrecognized Actuarial Gains/(Losses)	-	-
Unfunded Net Asset/(Liability) Recognized in Balance Sheet	**-**	**(4.05)**

Amount recognized in the balance sheet :

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Closing Present Value of Obligation	117.59	104.58
Closing Fair Value of Plan Assets	120.10	100.53
Liability Recognised In The Balance Sheet		
(i) Other long term liabilities	-	-
(ii) Other current liabilities	-	4.05
	-	**(4.05)**

Expenses recognized in statement of profit and loss :

₹ in Millions

Particulars	Gratuity	
	For the year ended 31st March 2016 (₹)	For the period ended 31st March 2015 (₹)
Service Cost	7.28	6.39
Interest Cost	7.77	8.49
Expected Return on Plan Asset	(8.49)	(7.62)
Actuarial Gains/(Losses)	3.88	0.79
Net Cost	**10.44**	**8.05**

NOTES forming part of the financial statements

Experience adjustments:

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015	As at 30th September 2014	As at 30th September 2013	As at 30th September 2012
Present Value of Defined Benefit Obligations	117.59	104.58	94.54	78.89	69.90
Fair Value of Plan Assets	120.10	100.53	94.54	53.50	52.71
Funded Status [Surplus / Deficit]	-	(4.05)	-	(25.39)	(17.19)
Experience Adjustment on Plan Liabilities	3.79	(1.33)	(0.08)	(0.10)	(0.24)
Experience Adjustment on Plan Assets	(0.09)	(2.12)	4.30	0.15	1.43

Expected payment / contribution within next one year ₹ 11.10 Million

The estimated rate escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

III Other long term benefits - funded: Leave Salary

Particulars	As at 31st March 2016	As at 31st March 2015
Discount Rate	7.64%	9.20%
Expected Return on Plan Assets	8.00%	9.20%
Salary Escalation Rate – Staff	7.50%	9.20%
Salary Escalation Rate – Workmen	5.00%	7.50%
Attrition – Staff	10.25%	7.50%
Mortality table	India Assured lives (2006-08) Ultimate Mortality table	

₹ in Millions

Particulars	Leave salary	
	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Leave salary		
Other current liabilities	1.30	4.07
Total	**1.30**	**4.07**

Note: The details with respect to investment by the fund manager (Life Insurance Corporation of India) in to major category of plan assets have not been disclosed, in absence of such information.

NOTE 32 SEGMENT REPORTING

The company is predominately engaged in the business of manufacturing and sale of automotive components, which constitutes a single business segment. The company has no export sales or limited export sales, as such there are no reportable geographical segments. Hence the segment information as per Accounting Standard -17 "Segment reporting" is not disclosed.

NOTES forming part of the financial statements

NOTE 33 RELATED PARTY TRANSACTIONS :

a. List of Related Parties and Relationships

Relationship		Related Parties	
(i)	Entity having substantial Influence	Meritor Heavy Vehicle System LLC., USA	
		Meritor Inc., Troy	
		BF Investments Ltd- Pune	
(ii)	Other Related Parties with whom the Company had transactions : -		
	Enterprises under Common Control / Enterprises over which Key Management Personnel have significant influence	Meritor HVS (S) Pte Ltd, Singapore	
		Arvin Meritor, Brazil	
		Arvin Meritor, Sweden	
		Meritor Heavy Vehicle Systems LLC, Maxtown	
		Meritor HVS Cameri Spa, Italy	
		Meritor Automotive Inc, Fletcher, USA	
		Meritor Automotive Inc., Ohio	
		Meritor LLC, Florance	
		Xuzhou Meritor Axle Co.Ltd., China	
		Meritor HVS (India) Limited, Mysuru	
		Fonderie Venissieux Sas	
		Meritor Hvbs Cwmbran	
		Sistemas Automotrices	
		Meritor Commercial Vehicle Systems (India) Pvt Ltd	
		Meritor do Brasil Sistemas Automotivos LTDA	
		Bharat Forge Limited, Pune	
		Dr. N. Muthukumar	President & Whole Time Director
		Mr. S. Ramkumar	Chief Financial Officer & Company Secretary

b. Transactions with Related Parties

₹ in Millions

Sl No.	Related Parties	Entity having substantial Influence	Enterprises Under Common Control	Key Management Personnel	Total
Transactions during the year					
1)	**Purchase of Goods**				
	Bharat Forge Ltd., Pune		193.37 (92.91)		193.37 (92.91)
	Meritor Heavy Vehicle Systems LLC, USA	21.64 (10.37)			21.64 (10.37)
	Arvin Meritor, Brazil		0.02 -		0.02 -
	Arvin Meritor, Sweden		29.29 (45.43)		29.29 (45.43)

NOTES forming part of the financial statements

b. Transactions with Related Parties

₹ in Millions

Sl No.	Related Parties	Entity having substantial Influence	Enterprises Under Common Control	Key Management Personnel	Total
	Meritor H.V.S Cameri Spa, Italy		11.05 (8.05)		11.05 (8.05)
	Meritor Heavy Vehicle Systems LLC, Maxtown		0.04 (2.79)		0.04 (2.79)
	Meritor Automotive Inc, Fletcher, USA		0.12 (0.57)		0.12 (0.57)
	Meritor LLC Florence		0.55 (2.76)		0.55 (2.76)
	Meritor Automotive Inc, Ohio		- (0.32)		- (0.32)
	Meritor Inc. Troy	0.80 -			0.80 -
	Meritor HVS (India) Limited, Mysuru		1.55 (1.58)		1.55 (1.58)
	Xuzhou Meritor Axle Co.Ltd., China		2.58 (0.07)		2.58 (0.07)
	Fonderie Venissieux Sas		16.03 (59.91)		16.03 (59.91)
	Sistemas Automotrices		0.38 (0.06)		0.38 (0.06)
2)	**Sale of Goods**				
	Meritor HVS (India) Limited, Mysuru		9,871.77 (3,540.63)		9,871.77 (3,540.63)
	Meritor HVS (S) PTE Limited, Singapore		- (0.01)		- (0.01)
3)	**Services Received**				
	Bharat Forge Ltd., Pune		144.48 (50.78)		144.48 (50.78)
	Meritor HVS (India) Limited, Mysuru		84.15 (38.24)		84.15 (38.24)
4)	**Trade Advance Received**				
	Xuzhou Meritor Axle Co.Ltd., China		2.70 -		2.70 -
	Meritor HVS (India) Limited, Mysuru		5.25 -		5.25 -
5)	**Other Recoveries**				
	Meritor HVS (India) Limited, Mysuru		18.60 -		18.60 -
6)	**Trade Advances Paid**				
	Bharat Forge Ltd., Pune		9.37 (17.14)		9.37 (17.14)
7)	**Purchase of Fixed Assets**				
	Bharat Forge Ltd., Pune		36.24 -		36.24 -
	Meritor Commercial Vehicle Systems (India) Pvt Ltd, Bengaluru		0.02 -		0.02 -

NOTES forming part of the financial statements

b. Transactions with Related Parties

₹ in Millions

Sl No.	Related Parties	Entity having substantial Influence	Enterprises Under Common Control	Key Management Personnel	Total
8)	**Managerial Remuneration and Sitting Fee**				
	Dr. B N Kalyani			0.06 -	0.06 -
	Dr. N. Muthukumar			10.14 (5.22)	10.14 (5.22)
	Mr. S. Ramkumar			8.29 (4.33)	8.29 (4.33)
9)	**Debit balance**				
	Meritor HVS (India) Limited, Mysuru		1,672.40 (1,461.76)		1672.40 (1,461.76)
10)	**Credit balance**				
	Meritor HVS (India) Limited, Mysuru		17.28 (24.71)		17.28 (24.71)
	Bharat Forge Limited, Pune		80.39 (23.74)		80.39 (23.74)
	Meritor Heavy Vehicle Systems LLC, USA	9.61 -			9.61 -
	Arvin Meritor, Brazil		0.02 -		0.02 -
	Meritor Automotive Inc, Fletcher, USA		0.46 (3.48)		0.46 (3.48)
	Meritor HVS Cameri Spa, Italy		0.08 (5.16)		0.08 (5.16)
	Arvin Meritor, Sweden		2.21 (12.96)		2.21 (12.96)
	Meritor LLC, Florance		0.02 (0.07)		0.02 (0.07)
	Meritor Automotive Inc, Ohio		- (0.04)		- (0.04)
	Xuzhou Meritor Axle Co Ltd, China		2.32 (0.07)		2.32 (0.07)
	Fonderie Venissieux		2.51 (31.59)		2.51 (31.59)
	Sistemas Automotrices		0.34 (0.11)		0.34 (0.11)
	Meritor Inc., Troy	0.11 -			0.11 -
11)	**Other Payables**				
	Meritor HVS (India) Limited, Mysuru		15.48 -		15.48 -
12)	**Dividend Paid**				
	BF Investments Ltd, Pune	5.37 (13.42)			5.37 (13.42)
	Meritor Heavy Vehicle System LLC, USA	5.37 (13.42)			5.37 (13.42)

1. Related Party relationships are as identified by the Company on the basis of information available with them and accepted by the auditors.
2. The above amounts exclude reimbursement of expenses.
3. No amount is/has been written off or written back during the year in respect of debts due from or to related party except as disclosed above.
4. Figures in brackets relate to the previous year.

NOTES forming part of the financial statements

NOTE 34 FINANCE LEASE

The Company has taken certain computers and data processing units under finance lease on non- cancelable basis. The minimum lease payments as per agreement is given below:

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Amount repayable not later than one year	10.66	9.25
Amount repayable later than one year and not later than five years	-	10.27
Amount repayable more than five years	-	-
Total	**10.66**	**19.52**
Less: Interest payable	1.69	1.18
Present value of minimum lease payments	**8.97**	**18.34**

NOTE 35 EARNINGS PER SHARE

	Particulars	As at 31st March 2016	As at 31st March 2015
		(In ₹ Except for No. Shares)	
1.	Profit after tax attributable to ordinary shareholders (₹ in Millions)	347.74	105.42
2.	Weighted average number of shares outstanding during the year	15,111,975	15,111,975
3.	Nominal value of ordinary shares (₹)	10.00	10.00
4.	Basic and diluted earnings per ordinary share (₹)	**23.01**	**6.98**

NOTE 36 DEFERRED TAX

a) The net deferred tax liability comprises the tax impact arising from timing differences on account of :

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Depreciation & Amortisation	229.43	339.42
Provision for Employee Benefits & Others	(35.90)	(16.65)
	193.53	**322.77**
Net Deferred Tax Liability Relating to the Above	66.92	111.72

b) Transfer Pricing

The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is of the view that its transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

NOTES forming part of the financial statements

NOTE 37 DETAILS OF PROVISIONS UNDER AS - 29 (PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS)

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Nature of expenses	Warranty	Warranty
Probable outflow estimated within	Two Years	Two Years
Liability as at beginning of the year	17.03	23.36
Amount provided during the year	40.08	14.14
Amount utilized during the year	(6.78)	(3.57)
Amount reversed during the year	(7.95)	(16.90)
Liability as on end of the year (Refer note (i) below)	**42.38**	**17.03**

NOTE (i)

₹ in Millions

Particulars	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
With in One Year	13.10	10.02
Above One Year	29.28	7.01
Total	**42.38**	**17.03**

NOTE 38 (a) CONTINGENT LIABILITY

₹ in Millions

Particulars	As at 31st March 2016	As at 31st March 2015
Contingent liabilities		
a) Excise matters under appeal		
The Company has won the case at Commissioner of Central excise (appeals). However, the department has appealed against this order with Customs, Excise and Service tax Appellate Tribunal.	3.62	3.62
b) Stamp Duty and Registration Fees		
The Company has been allotted a 99 years irrevocable lease pertaining to 41.50 Acres of Industrial Land at Salampur, Depalpur District, Indore, Madhya Pradesh (MP). The District Registrar of Stamps, MP vide Order dated 17th October, 2012 raised Stamp duty of ₹ 11.40 Million and Registration Fees 75% of Stamp duty of ₹ 8.64 Million, aggregating to ₹ 20.04 Million. The same was Appealed before Collector of Stamps and the order was pronounced in favour of District Registrar of Stamps, MP.	-	20.04

NOTES forming part of the financial statements

NOTE 38 (b) The Payment of Bonus Act has been amended with retrospective effect from 1st April 2014, to enhance the, eligibility limit for payment of bonus to employees from ₹ 10,000 to ₹ 21,000 per month, and the wage ceiling from ₹ 3,500 to ₹ 7,000 per month or the minimum wage for the scheduled employment, as fixed by the Government, whichever is higher. However the Company has created the liability only for FY 2015-16 and not for FY 2014-15. The additional liability for FY 2014-15 amounts to ₹ 11.52 Million.

NOTE 39 Disclosures in accordance with Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities

₹ in Millions

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) Gross amount required to be spent by the company during the year.	4.06	7.40

₹ in Millions

Particulars	In cash	Yet to be paid in cash	Total
(b) Amount spent during the year on:			
(i) Construction of Toilets at Chamundi Hills	2.32	2.33	4.65
(ii) On purposes other than (i) above	0.07	-	0.07

NOTE 40 During the year, pursuant to Schedule II to the Companies Act, 2013 with effect from 1st April 2015, the Company has carried out componentisation of fixed assets. The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 20.05 Millions consequent to the componentisation of fixed assets.

NOTE 41 Current year figures represent operations for 12 months i.e. 1st April 2015 to 31st March 2016, while the previous period figures represents operations for 6 months starting 1st October 2014 to 31st March 2015 and hence are not comparable. Previous period figures have been regrouped or reclassified wherever necessary to correspond to the current year's grouping/ classification and disclosure.

Signature to notes 1 to 41

For and on behalf of the Board of Directors

Dr. B. N. KALYANI
Chairman

Dr. N. MUTHUKUMAR
President & Whole time Director

RANGANATHAN S
Chief Financial Officer

Place : Bengaluru
Date : 10th May, 2016

NOTICE OF 35TH ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting (AGM) of the Members of Automotive Axles Limited, will be held at the Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru 570 018, Karnataka, India on Friday, 12th August 2016 at 12.30 p.m. (IST) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the period ended 31st March, 2016 and Balance Sheet as at 31st March, 2016 together with the Report of the Board of Directors and Auditors thereon.

2. To declare Dividend on equity shares for the year ended 31st March 2016.

3. To appoint Director in place of Mr.Joseph A Plomin (DIN:06739214) who retires by rotation and being eligible offers himself for reappointment.

4. To ratify the appointment of Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants, Bangalore (Firm Registration No:008072S) as approved by Members at the 33rd AGM as Statutory Auditors of the Company to hold office until the conclusion of 36th AGM and to fix their remuneration.

SPECIAL BUSINESS :

5. **Appointment of Ms.Supriti Bhandary as an Independent Director of the Company :**

   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 Section 161(1) of the Companies Act, 2013 Ms. Supriti Bhandary (DIN: 07233024) who was appointed as the Additional Director of the Company by the Board of Directors on 10th February 2016 and holds office up to the date of this Annual General Meeting, and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment, be and is hereby appointed as an Independent Director, pursuant to Section 149 & 152 and the other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015."

By Order of the Board of Directors
For Automotive Axles Limited

Place: Bengaluru
Date: 10th May 2016

Dr. N.Muthukumar
President & Wholetime Director

Registered Office : Hootagalli Industrial Area
Off Hunsur Road, Mysuru 570 018

CIN	:	L51909KA1981PLC004198
Phone No.	:	0821-7197500
Email	:	sec@autoaxle.com
Web	:	www.autoaxle.com

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of item No.5 of the Notice is annexed.

2. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of him and proxy need not be a member of the company.**

3. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company duly completed and signed not less than forty eight (48) hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions /authority as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case, a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.

4. Corporate Members are requested to send a board resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.

5. The register of Members and Share Transfer Books will remain closed from 10th August 2016 to 12th August, 2016 (both days inclusive) for determining the names of the members eligible for dividend on equity shares, if declared at the meeting.

6. Dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid to those members, whose name appear either on the Company's Register of Members or on the List of Beneficial owners in the records of Depositories as on the date of the Annual General Meeting.

7. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depositories Participants along with the Email IDs or changes in Email IDs and those holding shares in physical form are requested to intimate to the Registrar & Share Transfer Agents of the Company.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants and Members holding shares in physical form can submit their PAN details to our Registrar & Share Transfer Agent.

9. Equity Shares of the Company are under compulsory demat trading by all investors. Those Members who have not dematerialised their shareholding are advised to dematerialise their shareholding to avoid any inconvenience in future.

10. Those Members who have so far not encashed their Dividend Warrants for the below mentioned Financial Years, may claim or approach the Company's Registrar & Share Transfer Agents for the payment thereof, as the same will be transferred to the Investor Education and protection Fund of the Central Government, pursuant to section 205C of the Companies Act, 1956, on the respective due date(s) mentioned there against. Kindly note that after such date, the members will not be entitled to claim such dividend

Year	Particulars	Date of Declaration	Due date of Transfer
2008-09	27% Dividend	15-Jan-2010	14-Feb-2017
2009-10	85% Dividend	21-Jan-2011	20-Feb-2018
2010-11	100% Dividend	17-Jan-2012	16-Feb-2019
2011-12	100% Dividend	06-Feb-2013	07-Mar-2020
2012-13	20% Dividend	10-Feb-2014	11-Mar-2021
2013-14	25% Dividend	05-Feb-2015	06-Mar-2022
2014-15	10% Dividend	05-Aug-2015	06-Aug-2022

11. The Members are requested to present the duly filled Attendance slips before the commencement of the Meeting.

12. Members are requested to bring their copy of the Annual Report to the Meeting

13. Shareholders may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.

14. **Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 35th AGM by electronic means and the business that may be transacted through e-Voting Services. The facility of casting the votes by members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') shall be provided by Central Depository Services (India) Limited (CDSL):

The instructions for shareholder voting electronically are as under:

i. The voting period begins on 9th August 2016 (9.00 AM) and ends on 11th August 2016 (5.00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 5th August 2016 may cast their vote electronically. The e-voting module shall be blocked forthwith by CDSL at the end of the voting period mentioned above.

ii. The shareholders should log on to the e-voting website www.evotingindia.com

iii. Click on Shareholders.

iv. Enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

v. Next enter the Image Verification as displayed and Click on Login.

vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

vii. If you are a first time user, for members holding shares in Demat Form & Physical Form, follow the steps given below:

   a. PAN – enter 10 digit alpha-numeric PAN issued by Income Tax Department

   b. Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.

   c. In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

   d. DOB - Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

   e. Dividend Bank Details - Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi. Click on the EVSN for AUTOMOTIVE AXLES LIMITED

xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvii. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

xviii. **Note for Non–Individual Shareholders and Custodians**:

a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

xx. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 5th August 2016

xxi. Any person who acquires the shares and becomes a member of the Company after the despatch of the notice of the AGM and holds shares as on the cut-off date, may obtain the login id and password by sending request to helpdesk.evoting@cdslindia.com.

xxii. The facility for voting through polling paper shall also be made available at the meeting and the members attending the meeting who have not already casted their votes by remote e-voting shall be able to exercise their right at the meeting.

xxiii. 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.

xxiv. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of polling paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility

xxv. Ms. Pracheta M, Practicing Company Secretary (Membership No. ACS 22452 & CP No.9838) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

xxvi. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

xxvii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.autoaxle com and on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

xxviii. All the documents referred to in the Notice, Explanatory Statement or Annexure to the notice shall be available for inspection at the registered office of the Company between 10.30 a.m. to 12.30 p.m. on all working days till the date of the Annual General meeting.

Annexure to Notice

The following Explanatory Statements sets out material facts relating to the item No.5 mentioned in the Notice, as required under Section 102 the Companies Act, 2013

Item No.5

Pursuant to the provisions of Sections 149 and 152 and other applicable provisions read with the Schedule IV of the Companies Act, 2013 the requirement of having a Woman Director and optimum combination of Independent Directors, Ms.Supriti Bhandary, (DIN:07233024) has been appointed as additional director by the Board of Directors at their meeting held on 10th February 2016 and the item is being placed before the members for their approval to appoint her as non-retiring Independent Director. The Company has received a notice from a member proposing her candidature as required under section 152 of the Companies Act, 2013.

The Company has received a declaration from Ms.Supriti Bhandary in writing that she meets the criteria of independence as provided under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. In the opinion of the Board, she fulfills the condition specified in the Act and the rules framed thereunder for appointment as Independent Director and she is independent of the management. The Board also considers that her association would be of immense benefit to the Company and it is desirable to continue to avail services of her as Independent Director on the Board of the Company and not liable to retire by rotation. The draft letter of appointment setting out the terms and conditions of appointment of independent director (terms & conditions can be viewed by clicking on: www.autoaxle.com/Downloads/terms_of_appointment_of_independent_directors.pdf) shall be open for inspection by the members at the registered office of the Company during the office hours.

The Board recommends the resolution set out in Item No.5 of the notice for the approval by the members of the Company.

Brief Profile along with other details of said Director is provided in the end of the Annexure.

Except Ms.Supriti Bhandary, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item No.5.

Profile of the Directors with respect to the Director seeking appointment/re-appointment on the board of the company is as under:

Mr. Joseph A Plomin (54) is a Bachelor of Arts in Economics from Knox College, Galesburg IL. Joseph started his carrier in 1984 as Product Manager in Federal Signal Corp., Signal Division,University Park, IL.

Mr.Plomin spent his career focused on the commercial vehicle business holding senior level positions at Stewart Warner Instruments, Delco Remy and Meritor, Inc. He is currently President – International (Europe and Asia Pacific) of Meritor, Inc., a $4B manufacturer of drive train components for commercial vehicles, including axles, brakes, wheel end components and drive-shafts. He owns Profit & Loss responsibility for the European, Australian, and Asia Pacific axle and brake business including oversight of operations in UK, France, Sweden and Italy. He is also active in various international industrial associations over the years.

The Director holds a Directorship in Meritor HVS (India) Limited, Mysore and does not hold any shares in the Company.

He was first appointed on the Board of the Company on 25th November 2013. He doesn't draw any kind of remuneration including sitting fee for the meetings attended by him which is as per the Promoter's policy. He is not related to any Board Member or Key Managerial Personnel. During the year he has attended two Board Meetings and doesn't hold membership or chairmanship of any committees of the Board.

Ms. Supriti Bhandary (43) holds a Master's degree in Personnel Management, Tata Institute of Social Sciences, Mumbai and Post Graduate program in Executive Coaching from Coaching Foundation of India (CFI).

Ms. Supriti Bhandary is a Talent Advisor and Executive Coach, with over 20 years of experience in Human Resources. She partners with clients across the globe, to provide solutions in areas related to talent management, coaching, & leadership development. She leverages her practical insights in

assessment, succession and development, to help clients identify, develop and retain the right talent.

Previously, she has worked as Vice President-HR at Wipro Limited. Her 18 years global experience at Wipro provided her with a perspective on talent strategies and challenges across geographies. As head of Group HR, she shaped Wipro's competency model, succession process, talent assessment model and led the HR Merger & Acquisitions function. Before this, she headed HR for Wipro's Asia – Pacific region. Previously, she was based in the US for over a decade. As GM-HR for Americas, she led HR (hire to retire) for a diverse workforce of 10,000+ employees in Canada, USA and South America.

She holds a Directorship as Independent Director in Meritor HVS (India) Limited and does not hold any share in the company.

She was appointed on the Board of the Company on 10th February 2016. She doesn't draw any kind of remuneration except sitting fee for the meetings attended by her. She is not related to any Board Member or Key Managerial Personnel. During the year she has attended one Board Meeting and holds membership of two Committees of the Board.

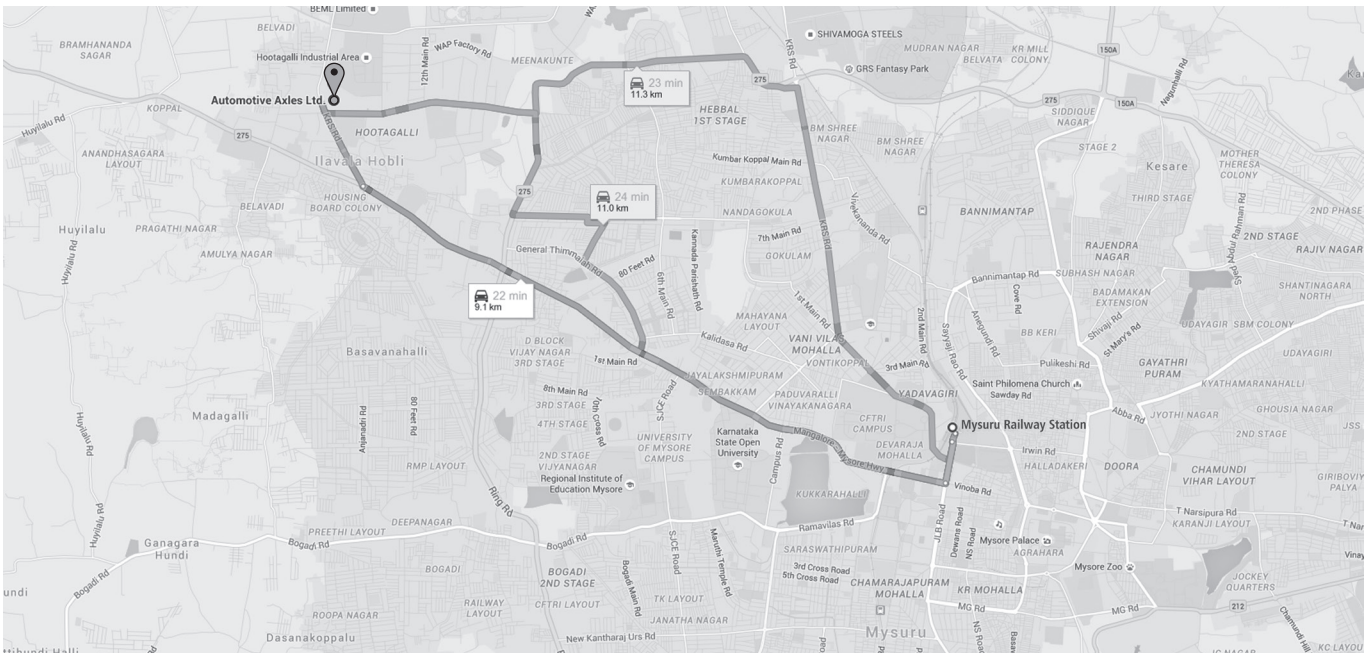
By Order of the Board of Directors
For Automotive Axles Limited

Place: Bengaluru
Date: 10th May 2016

Dr. N.Muthukumar
President & Wholetime Director

Registered Office : Hootagalli Industrial Area
Off Hunsur Road, Mysuru 570 018

Route map for the AGM venue:
Landmark – Hotel Silent Shores



Automotive Axles Limited

Regd. Office & Mysore Unit: Hootagalli Industrial Area, Off Hunsur Road, Mysore – 570 018
Telephone: 91-821-7197500, Fax: 91-821-2402451,
Email: sec@autoaxle.com Website: www.autoaxle.com - CIN: L51909KA1981PLC004198

Dear Shareholder(s),

Date: 15.06.2016

Please fill in the required data, sign the same and either courier it to below given address or scan and email back to us @ irg@integratedindia.in for recording the details at our end :

Integrated Enterprises (India) Limited
No.30, Ramana Residency, 4Th Cross,
Sampige Road, Malleswaram, Bangalore - 560003
Telephone: (080) 23460815 To 23460818, Fax: (080) 23460819,

Important Note: DEMAT HOLDERS are requested to check with respective Depository Participants if the below mentioned details are current.

Sl.	Particulars	Details
1	Folio Number	
2	Name of the Shareholder(s)	
3	Father's / Mother's / Spouse Name	
4	Occupation	
5	Nationality	
6	Address of the Shareholder(s) (Please enclose address proof – self attested copy of Passport / Driving Licence / Bank Pass Book / Telephone Bill / Bank Pass Book / Aadhar Card)	
7	CIN, in case the shareholder is a Company	
8	E-mail Id to which the documents / notices can be served electronically	
9	Whether you wish to receive annual reports in hard copy via courier or soft copy via email	
10	Pan Number (If available) (Please enclose self attested copy)	
11	A. Bank Name	
	B. Full Address of the Bank	
	C. 9-digit account code number of the bank & branch appearing on the MICR cheque issued by the Bank. (Please attach the photocopy of a cheque or a blank cancelled cheque issued by your bank for verifying the accuracy of the code number)	
	D. Account Type (SB / Current)	
	E. Bank Account Number	
	F. IFSC Code	

Signature of the Shareholders

Automotive Axles Limited

CIN: L51909KA1981PLC004198
Registered Office:
Hootagalli Industrial Area, Off Hunsur Road, Mysore – 570 018
Ph : 0821 – 7197500 Website : www.autoaxle.com Email : sec@autoaxle.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) : .....

Registered address : .....

.....

E-mail Id : .....

Folio No. : .....

*Client Id : .....

*DP ID : .....

I/We, being the member (s) of ..... shares of Automotive Axles Limited, hereby appoint:

1 Name : .....
Address : .....
E-mail Id : .....
Signature ..... , or failing him

1 Name : .....
Address : .....
E-mail Id : .....
Signature ..... , or failing him

1 Name : .....
Address : .....
E-mail Id : .....
Signature .....

Item No.	Resolution	Vote *(Optional See Note 4)		
		For	Against	Abstain
1	Adoption of Financial Statements for the year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon.			
2	Declaration of Final Dividend on equity shares for the year ended March 31, 2016			
3	Re-appointment of Mr. Joseph A Plomin as a Director who retires by rotation.			
4	Ratification of appointment of M/s. Deloitte Haskins & Sells as Auditors of the Company			
5	Appointment of Ms. Supriti Bhandary as an Independent Director of the Company			

Signed this..... day of..... 2016

Signature of Member

Signature of Proxy holder(s)

Please affix Revenue Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% 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 a proxy for any other person or shareholder.
4. *It is optional to indicate your preference. If you leave the 'For', 'Against' or Abstain column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

Automotive Axles Limited

CIN: L51909KA1981PLC004198
Registered Office:
Hootagalli Industrial Area, Off Hunsur Road, Mysore – 570 018
Ph : 0821 – 7197500 Website : www.autoaxle.com Email : sec@autoaxle.com

ATTENDANCE SLIP

NAME OF THE MEMBER/PROXY*			
DPID / CLIENT ID**		No. of Shares held	
FOLIO NO.			

I hereby record my presence at the 35th Annual General Meeting held at the Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru 570 018, Karnataka, India on Friday, 12th August 2016 at 12.30 p.m. (IST)

SIGNATURE OF THE MEMBER/PROXY*

* Strike out whichever is not applicable.
** Applicable for Members holding shares in Dematerialised form.

Note: Please handover this slip at the entrance of the Meeting Venue.

E-VOTING*

Users who wish to opt for e-voting may use the following login credentials.

EVSN (E Voting Sequence No.)	User ID	PAN	PASSWORD
			Refer the instructions the notice for password

*Please follow steps for e-voting procedure as given in the Notice of AGM

Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking-statements, whether as a result of new information, future events or otherwise.

Automotive Axles Limited
www.autoaxle.com

If undelivered please return to

Automotive Axles Limited
Hootagalli Industrial Area
Mysuru – 570 018
Karnataka

concept, content and design at aicl [info@aicl.in]