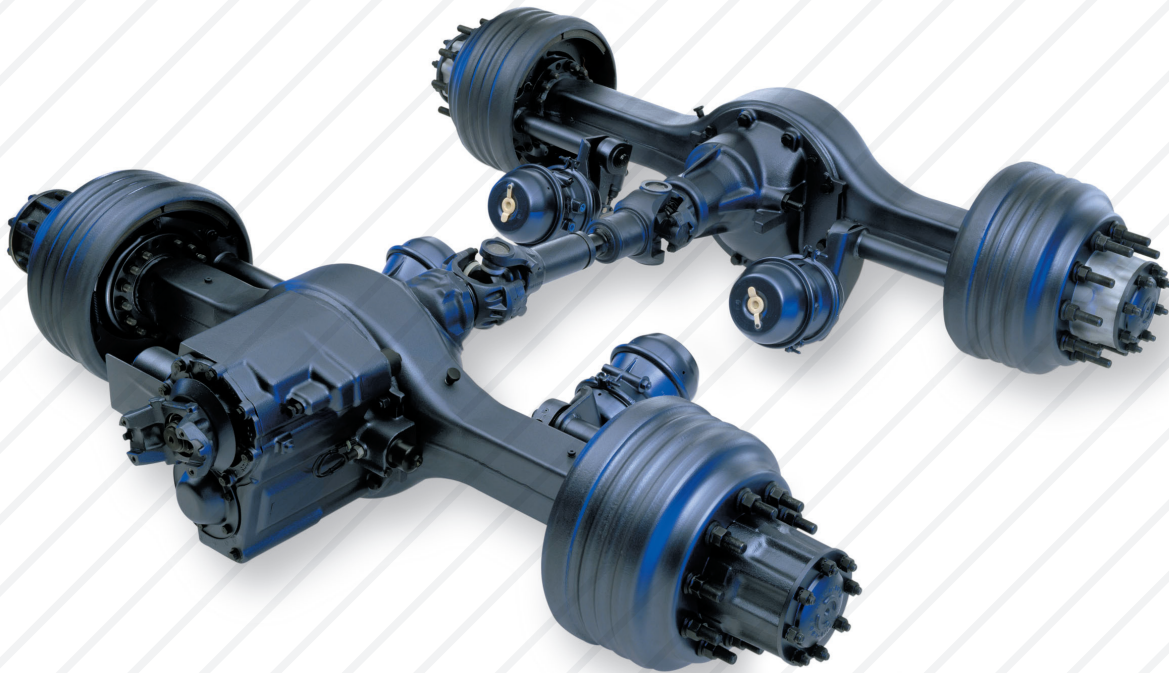




Growth and
Performance...
through technology
and teamwork

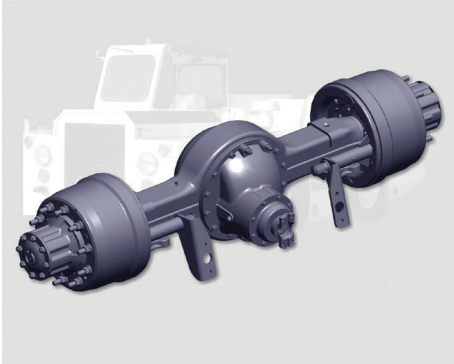
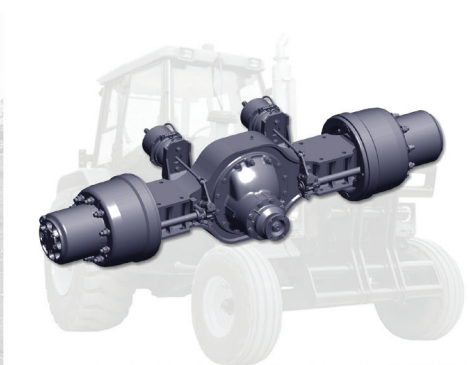
32ND Annual Report 2012-13
Automotive Axles Limited



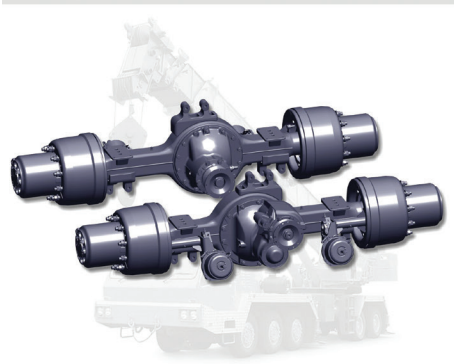
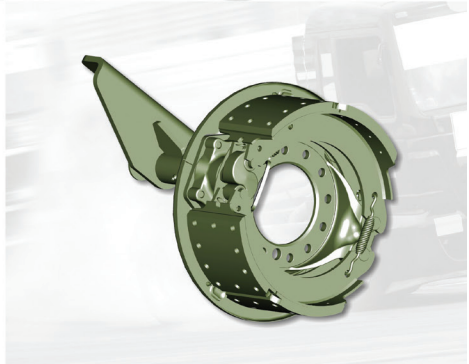
KALYANI



MERITOR



Our
Product
Range



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Babasaheb N. Kalyani, Chairman
Chris Villavarayan, Director
Bhalachandra B. Hattarki, Director
B. C. Prabhakar, Director
Satish Sekhri, Director
Amit B. Kalyani, Director
Joseph A. Plomin, Director
N. Muthukumar, Wholetime Director

COMPANY SECRETARY, COMPLIANCE OFFICER & CHIEF FINANCIAL OFFICER

S Ramkumar

STATUTORY AUDITORS

Deloitte Haskins and Sells (Chennai), Bangalore

INTERNAL AUDITORS

PriceWaterHouseCoopers, Bangalore

BANKERS

HDFC Bank Limited
Kotak Mahindra Bank
IDBI Bank Limited
State Bank of India
Axis Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

Integrated enterprises (I) Limited
#30, Ramana Residency, 4th cross Sampige Road,
Malleshwaram, Bangalore
Ph: 080-23460815-818; e-mail: irg@integratedindia.in

REGISTERED OFFICE

Hootagalli Industrial Area, Off Hunsur Road, Mysore - 570018.
Ph: 0821 7197500
Website: www.autoaxle.com
email: sec@autoaxle.com / info@autoaxle.com

WORKS

Unit I: Hootagalli Industrial Area,
Off Hunsur Road, Mysore – 570018
Unit II: 6 Km Stone, Kichha Road, Village Shimla Pistor,
Rudrapur, Udham Singh Nagar, Uttarakhand
Unit III: No.19, Udyog Vihar, Greater Noida, Uttar Pradesh

CHAIRMAN'S COMMUNIQUÉ

Dear Shareholders,

Global growth continues to be in low gear and the drivers of growth are rapidly shifting, making long-term growth drivers difficult to predict. The IMF forecasts global growth to average 2.9% in 2013 and to rise to 3.6% in 2014. In the Euro zone, while proactive policy initiatives have reduced major risks and stabilised financial conditions, growth in the periphery is still constrained by credit bottlenecks. The Euro bloc is expected to gradually come out of recession, with growth reaching 1% in 2014. In the US, growth is expected to be 2.5% in 2014, driven by continued strength in private demand, which is supported by a recovering housing market and rising household wealth. Overall, the global economy is enroute to gradual expansion, but recovery is expected to be constrained by lower growth in emerging markets and uncertainties in developed markets.

For the Indian economy, 2012-13 was perhaps one of the most challenging in recent years. The impact of the slowdown was felt most in the manufacturing sector, which recorded only 1.3% growth. The Government has recognised the importance of the manufacturing sector to drive economic growth. However, a surge in capital goods imports over the last few years, coupled with the GDP growth rate plummeting to a decade low of 5% this year, has adversely impacted the manufacturing sector. The vision to increase the share of manufacturing in national GDP from 15% to 25% and create 100 million jobs in the next 10 years can be achieved only by putting in place an enabling framework and implementing policies. With focus on indigenisation and import substitution, the priority for the government should be to create a strong domestic manufacturing base which will give an impetus to investment, employment and exports.

Your Company's performance fell short of expectations owing to the slowdown in the automotive sector and the overall economy. The CV industry witnessed an unprecedented downturn of around 12% in the market. However, the slowdown was more pronounced in the M&HCV segment, where production dropped by 30%. This was primarily on account of sluggish industrial activity, weakening investment sentiment and subdued freight rates, which still continue to affect the growth of fleet operators. The performance of the Medium & Heavy Commercial Vehicles (M&HCVs) is an important indicator to gauge the scale of the economy of a country.

The year 2012-13 was another tough year for Automotive Axles Limited (AAL) as sluggish demand, weak currency and high input costs affected business operations. Our gross sales reduced to ₹ 7,137.82 Million in 2012-13 from ₹ 10,425.43 Million in 2011-12. The profit before depreciation and tax (PBDT) declined to ₹ 470.87 Million in 2012-13 from ₹ 939.63 Million in 2011-12. The profit after tax declined to ₹ 126.98 Million in 2012-13 from ₹ 450.18 Million in 2011-12.

Global growth continues to be in low gear and the drivers of growth are rapidly shifting, making long-term growth drivers difficult to predict. The IMF forecasts global growth to average 2.9% in 2013 and to rise to 3.6% in 2014.

Despite weak financial highlights, we were resolute in our approach and strategies to minimise the impact. We launched two new products during the 2012-13 – one in the lower variant of 5T axle and the higher variant of 18T reduction axle. We also won a prestigious contract manufacturing order from TELCON for the manufacture of the 100T dump truck axle. This places us in a completely new segment of axles, expanding our product range from 5T GWW to 100T GWW. We also launched prototypes for four new products: MS04 – 5T axle; HR 610 -18T hub reduction axles; and 6x6 and 8x8 axle for military application.

Going forward, we are determined to broaden our product portfolio to address a wider cross-section of auto component industry participants. Considering the subdued demand in the M&HCV segment, we have strategically diversified into off-highway, LCV and military vehicles segments. Besides, with many global players eyeing the under-penetrated M&HCVs market in India, it gives us an added opportunity to serve them as well. We are also strengthening our technological base to develop new products and improve the existing product performance. We also expect to strengthen our export presence in the coming years and capitalise on emerging opportunities in unexplored regions globally. By expanding our reach, we intend to be closer to our customers.

In our journey towards being a sustainable organisation, we have stood firm on our principles of safety, health and environment. We have always been committed towards building a favourable working environment for our employees. A regular conduct of safety checks of the plant site, safety training practices and conducting sustainable practices ensure that our organisation remains a safe and secure place to work – both for our Team and for the community.

We continue to be a 'people-driven' organisation harnessing our internal strengths and resilience to surge ahead during challenging times. AAL will continue to adapt to the evolving market trends and work harder towards creating a sustainable organisation with long-term stakeholder returns.

With best regards

Dr. B. N. Kalyani

Chairman

Going forward, we are determined to broaden our product portfolio to address a wider cross-section of auto component industry participants. Considering the subdued demand in the M&HCV segment, we have strategically diversified into off-highway, LCV and military vehicles segments.

DIRECTORS' REPORT

To the Members,

Your Directors have the pleasure in presenting the 32nd Annual Report on the business and operations of the Company and the accounts for the financial Year, ended 30th September, 2013.

FINANCIAL RESULTS

(₹ in Million)

	2012-2013	2011-2012
Profit before Depreciation & Tax	470.87	939.63
Less : depreciation & amortisation	285.29	273.88
Provision for Taxation – Current/ Deferred/ Fringe Benefit Tax	58.60	215.57
Profit After Tax	126.98	450.18
Balance of Profit from Previous Year	2,024.87	1,795.43
Profit available for appropriation	2,151.85	2,245.61
Appropriations :		
Dividend for the year	30.22	151.12
Tax on dividend	5.14	24.52
Transfer to General Reserve	12.70	45.10
Surplus retained in Profit & Loss Account	2,103.79	2,024.87

REVIEW OF PERFORMANCE

The Gross Sales and other income for the financial year under review was ₹ 7,154.12 Million as against ₹ 10,445.63 Million for the previous financial year. The Profit Before Tax of ₹ 185.58 Million and the Profit After Tax of ₹ 126.98 Million for the financial year under review as against ₹ 665.75 Million and ₹ 450.18 Million respectively for the financial year.

Despite a volatile economic scenario, your Company launched two new products in 2012-13 - one in the lower variant of 5T axle and the higher variant of 18T reduction axle. Your Company also got a prestigious contract manufacturing order from TELCON for manufacturing the 100T dump truck axle. This places your Company in a completely new segment of axles, expanding our product range from 5T GWW to 100T GWW. Moreover, your Company launched prototypes for four new products: MS04 – 5T axle; HR 610 -18T hub reduction axles; and 6x6 and 8x8 axle for military application.

Your Company will continue to adapt to the evolving market trends and focus on creating a sustainable organisation. Moving ahead, AAL is determined to broaden the product portfolio to address a wider cross-section of auto component industry. You Company has strategically diversified into off-highway and military vehicles segments to try and mitigate the volatility in MHCV segment. Moreover, your Company with many global players eyeing to capitalise on the under-penetrated MHCVs market in India, it gives us an added opportunity to serve them as well.

DIVIDEND

The Directors recommend the payment of dividend of ₹ 2/- per share of ₹10/- each. The Dividend Distribution tax shall be paid by the Company and the dividend distributed to shareholders is exempt from tax.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Management Discussion and Analysis Report and the Report of the Directors on Corporate Governance form part of this 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 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided as Annexure - A to this report.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

DIRECTORS

Chris Villavarayan was appointed as a non-retiring Director based on nomination received from the Meritor Heavy Vehicle System LLC, one of the promoters, in the place of Pedro N. Ferro who resigned from the Board. The Board places its appreciation to Mr. Ferro for his valuable contributions during his tenure.

P. C. Bhalerao resigned from the directorship of the company effective 25.11.2013. The Board accepted his resignation and thanked Mr. Bhalerao for the contribution made by him during his tenure on the Board.

Ashok Rao ceased to be a Whole Time Director effective 30.09.2013 consequent to his resignation from the employment with the company. The Board while accepting his resignation, placed on record its appreciation for the services rendered by him during his tenure on the Board.

N. Muthukumar was appointed Additional Director effective 01.10.2013. As he holds office upto the date of ensuing Annual General Meeting, members' approval is being sought for his appointment and payment of remuneration as Whole Time Director.

Amit B. Kalyani and Joseph A. Plomin were appointed Additional Directors effective 25.11.2013 and hold office up to the date of the ensuing Annual General Meeting where their appointment is being sought as Directors retiring by rotation.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Bhalchandra B. Hattarki retires by rotation and being eligible, offers himself for re-appointment as Director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended 30th September, 2013 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors had 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 as at 30th September, 2013 and of the profit of the Company for the year under review;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors had prepared the annual accounts for financial year ended on 30th September, 2013 on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT

M/s Deloitte Haskins & Sells (Chennai), Bangalore, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing AGM and are eligible for re-appointment. The Company has received a confirmation from M/s. Deloitte Haskins & Sells (Chennai) to the effect that their appointment if made, would be within the limits prescribed under Section 224(1B) of the companies Act, 1956.

COST AUDITORS

In Compliance with the Orders and Circulars issued by Ministry of Corporate Affairs (MCA) with respect to Cost Audit, M/s G.S.R & Associates, Mysore were appointed as Cost Auditors of the Company and the relevant filings with MCA with respect to maintenance of Cost Accounts were made well within the prescribed time limit.

PARTICULARS OF EMPLOYEES

The Board of Directors wishes to express their appreciation to all the employees for their dedicated contribution to facilitate smooth operations during the year. The Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975, form part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the report and accounts are being sent to the shareholders of the Company excluding the aforesaid Annexure. Any member interested in obtaining a copy of the statement, may write to the Company Secretary of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the financial institutions, banks, central & state government authorities, regulatory authorities, stock exchanges and the stakeholders for their continued co-operation and support to the Company.

The Directors also take this opportunity to express their gratitude and appreciation to all its executives, officers, workers and staff of the Company.

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: Mysore

Date: 25th November, 2013

Dr. B. N. Kalyani

Chairman

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

ANNEXURE – A

Information in accordance with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988

A. Conservation of Energy :

(a) Energy conservation measures taken in 2012-13	<ol style="list-style-type: none"> 1. Auto switching off of machines during non productive time by providing timers and modification of Programmable Logic Controllers (PLCs). 2. Auto switching off of Fresh Air supply Fans by providing timers. 3. Loading only Single transformer during Shutdown period. 4. Switching off the Shop lighting during Dinner time and switching on only the Emergency lights. 5. Optimisation of Axle Housing washing machine water tanks to reduce Heat input. 																		
(b) Additional investments and proposals, if any, being implemented to reduce energy consumption for 2012-13	<ol style="list-style-type: none"> 1. Solar Power & LED lights to canteen periphery and lawn. 2. 1000 Ltrs Solar water heater for washing of utensils in canteen. 3. Steam boiler for cooking at canteen in place of LPG Burners. 																		
(c) The impact of the measures at (a) & (b) for reduction of energy consumption and consequent impact on the cost of production of goods	<table border="0"> <tbody> <tr> <td data-bbox="748 1094 781 1125">(a)</td> <td data-bbox="797 1094 1469 1146">1. Auto switching off of machines during non productive time : ₹ 0.74 Mn.</td> </tr> <tr> <td></td> <td data-bbox="797 1157 1469 1188">2. Auto switching off of Fresh Air supply Fans : ₹ 0.24 Mn.</td> </tr> <tr> <td></td> <td data-bbox="797 1199 1469 1251">3. Loading only Single transformer during Shutdown period : ₹ 0.25 Mn.</td> </tr> <tr> <td></td> <td data-bbox="797 1262 1469 1314">4. Switching off the Shop lighting during Dinner time and switching on only the Emergency lights : ₹ 0.1 Mn.</td> </tr> <tr> <td></td> <td data-bbox="797 1325 1469 1377">5. Optimisation of Axle Housing washing machine water tanks to reduce Heat input : ₹ 0.24 Mn</td> </tr> <tr> <td data-bbox="748 1388 781 1419">(b)</td> <td data-bbox="797 1388 1469 1440">1. Solar Power & LED lights to canteen periphery and lawn : ₹ 0.4 Mn</td> </tr> <tr> <td></td> <td data-bbox="797 1451 1469 1503">2. 1000 Ltrs Solar water heater for washing of utensils in canteen : ₹ 0.45 Mn</td> </tr> <tr> <td></td> <td data-bbox="797 1514 1469 1566">3. Steam boiler for cooking at canteen in place of LPG Burners : ₹ 0.7 Mn</td> </tr> <tr> <td colspan="2" data-bbox="748 1577 1469 1631">Total Energy cost saving during 2012-13 is ₹ 3.12 Mn.</td> </tr> </tbody> </table>	(a)	1. Auto switching off of machines during non productive time : ₹ 0.74 Mn.		2. Auto switching off of Fresh Air supply Fans : ₹ 0.24 Mn.		3. Loading only Single transformer during Shutdown period : ₹ 0.25 Mn.		4. Switching off the Shop lighting during Dinner time and switching on only the Emergency lights : ₹ 0.1 Mn.		5. Optimisation of Axle Housing washing machine water tanks to reduce Heat input : ₹ 0.24 Mn	(b)	1. Solar Power & LED lights to canteen periphery and lawn : ₹ 0.4 Mn		2. 1000 Ltrs Solar water heater for washing of utensils in canteen : ₹ 0.45 Mn		3. Steam boiler for cooking at canteen in place of LPG Burners : ₹ 0.7 Mn	Total Energy cost saving during 2012-13 is ₹ 3.12 Mn.	
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	3. Steam boiler for cooking at canteen in place of LPG Burners : ₹ 0.7 Mn																		
Total Energy cost saving during 2012-13 is ₹ 3.12 Mn.																			

B. I. Research and Development (R & D)

1. Specific areas in which R & D is conducted by the Company	1. Development of MS 04 Rear axle for Light Commercial Vehicle for Truck & Bus segment.
2. Benefits derived as a result of the above R & D	2. Development of 6x6 axle for military application <ul style="list-style-type: none"> • Creation of New Light Axle Segment targeted at Existing & New Customers • Creation of Military Heavy Duty Axle Segment for all wheel drive application
3. Future plan of action	<ul style="list-style-type: none"> • Development of MS 03 & MS 06 axles for Light Commercial Vehicle segment. • Development of 8x8 & 10x10 axles & Industrialisation of 6x6 axles for Military application • Industrialisation of Hub Reduction axles & Brakes for Daimler & Ashok Leyland. • Development of India Trailer axle • Development of 100 Tonne axles for Heavy Duty Dumper application (Telcon) • Development of Dia 360 Brakes
4. Expenditure on R & D	
a. Capital	Nil
b. Recurring	Nil
c. Total	
d. Total R & D expenditure as a percentage to total turnover	

II. Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation	2. Benefits derived as a result of the efforts, eg., product improvement, cost reduction, product development and import substitution, etc		
Nil	Nil		
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished.			
Technology imported (Product)	Year of Import	Has technology been fully absorbed	If not fully absorbed areas where this has not taken place, reasons therefor and future plan of action
Not applicable			

III. 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	₹ 164.54 Million
Earned	Nil, as all the sales for export are routed through Meritor HVS (India) Ltd in local currency.

For and on behalf of the Board of Directors

Place: Mysore
Date: 25th November, 2013Dr. B. N. Kalyani
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY

The continuing uncertainty of the global economy cast its shadow on India's economy; in addition, and the Indian economy also had its own share of issues. While the GDP grew at 6.0% in the first quarter, it grew at just 5.1%, 5.4% and 5.2% in the second, third and fourth quarter, respectively for the year under review (October 2012-September 2013). A correction of the sluggish growth rate will require faster implementation of reforms, better fiscal discipline and kick-starting of stalled infrastructure projects.

Sliding GDP growth a cause for concern

Q3, 10-11	Q4, 10-11	Q1, 11-12	Q2, 11-12	Q3, 11-12	Q4, 11-12	Q1, 12-13	Q2, 12-13	Q3, 12-13	Q4, 12-13
9.3%	9.2%	7.5%	6.5%	6.0%	5.3%	5.5%	5.3%	4.5%	4.8%

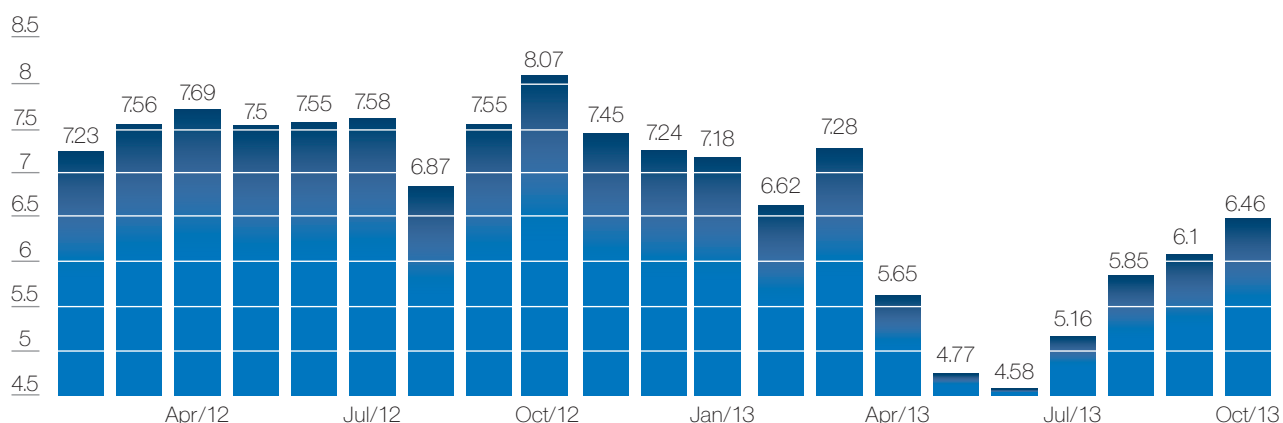
Source: Government of India

Inflation

The year under review (October 2012-September 2013) saw headline inflation stabilize as the year progressed. While the wholesale price index (WPI) stood at 745% at the beginning of the year, it declined to 6.46% by September 2013. Non-food manufacturing inflation continued to remain moderate during the year, as the RBI continued its efforts to bring inflation under reasonable limits.

INDIA INFLATION RATE (%)

Annual Change on Consumer Price Index



Source: www.tradinoeconomics.com | Ministry of Commerce and Industry, India

Index of Industrial Production (IIP)

The prime indicator of industrial growth, IIP, grew by just one percent in 2012-13 (as on March 2013), down from 2.9% in the previous year. This performance was the country's lowest in the past 20 years, contributed by negative growth in mining and feeble growth in the manufacturing sector. On account of shortage in fuel supply, the electricity generation was just over 4% (almost half of the 8.2% growth in FY 2011-12). The largest component of IIP, the manufacturing sector, grew at 1.2% in FY 2012-13 as compared to 3% in FY 2011-12.

Cumulative growth (in %)

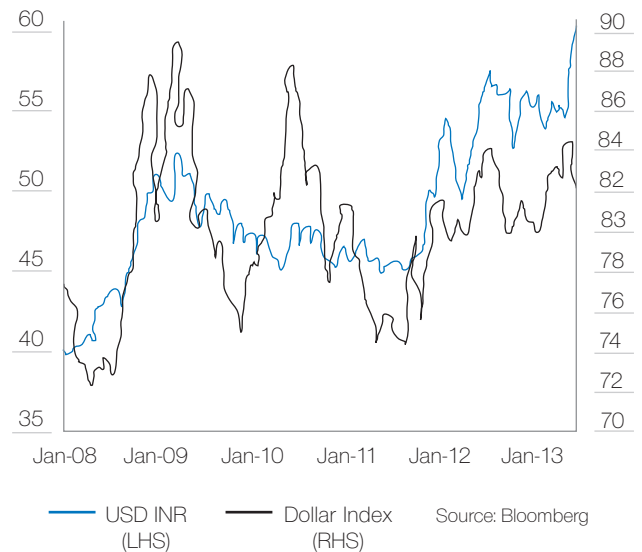
Particulars	2011-12	2012-13
IIP	1.0	2.9
Mining	(1.9)	(2.5)
Manufacturing	3.0	1.2
Electricity	8.2	4.0

Source: Ministry of Statistics and Programme Implementation

Rupee vs Dollar

The announcement of the Federal Reserve in May 2013 that it would consider tapering of its Quantitative Easing policy sent major world currencies on a free fall against dollar. India's external debt during FY 2012-13 rose significantly. The Current Account Deficit (CAD) stood at US\$ 87.8 billion for FY 2012-13, which was 4.8% of the GDP (compared with US\$ 78.2 billion a year earlier). The Indian rupee fell steeply against the dollar, falling to a low of ₹ 69 in August 2013. The Reserve Bank put in a slew of policy changes and measure to stem the fall, post which the Rupee appears to have stabilised at a level of ₹ 62-63 over the past few weeks.

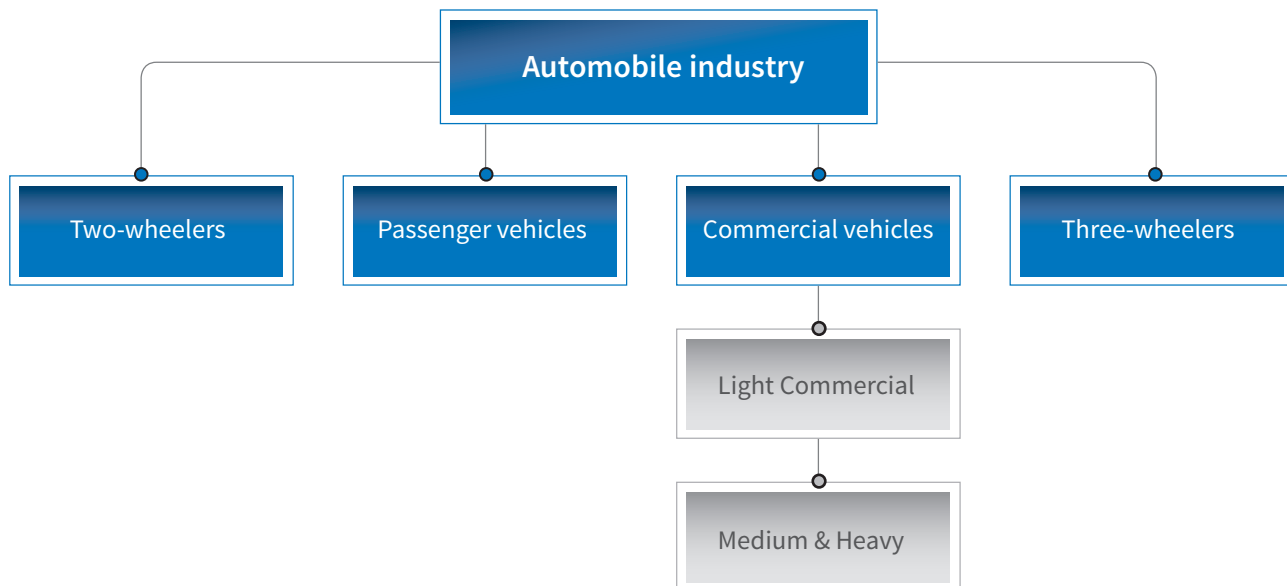
Rupee and Dollar performance



INDUSTRY SCENARIO

Overview

India is expected to be the world's third largest automobile market by 2020E. The automobile industry is categorically divided into four segments; of which India is the fourth largest producer of commercial vehicles. The commercial vehicles segment is again divided into two segments – light commercial vehicles and medium & heavy commercial vehicles.

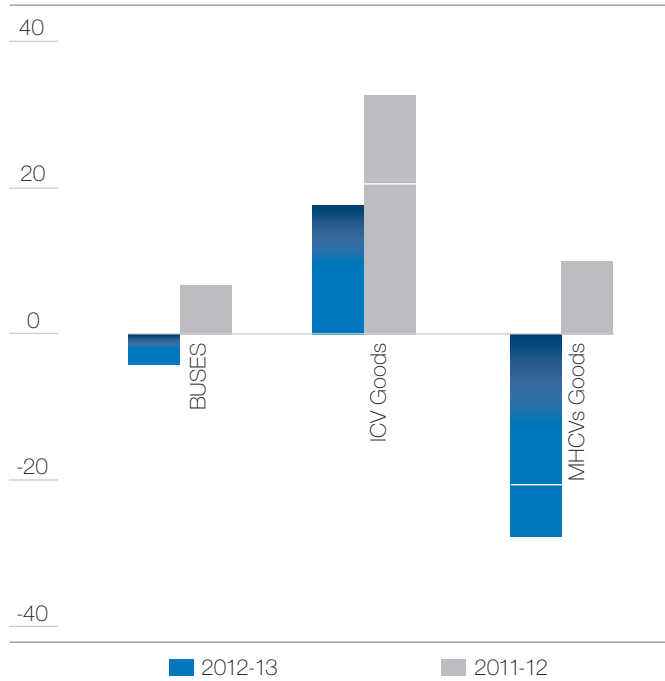


Commercial vehicles sector

During 2012-13, the medium and heavy commercial vehicle (MHCV) industry continued to witness a slowdown in demand. The MHCV industry is driven by freight demand and transporter profitability, which play a key role in demand for new trucks. However, low industrial production, low infrastructure investment and steep hike in diesel prices have resulted in a steep decline for demand in commercial vehicles.

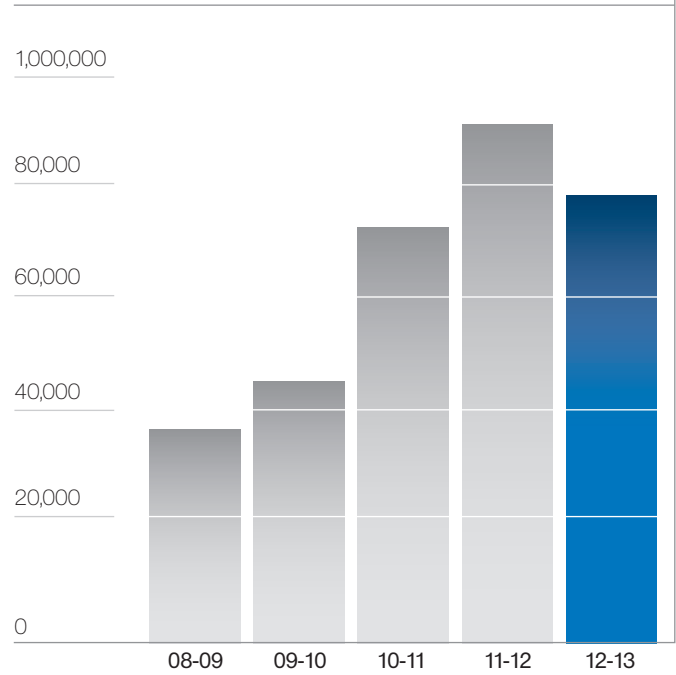
The slowdown in economic activity had a direct impact on the sales of MHCVs. The GDP growth of 5% in 2012-13 resulted in a decline in sales of MHCVs by 25.9% during the same period. This was against a growth of 8.8% in the previous year.

Performance of commercial vehicle segments (%)



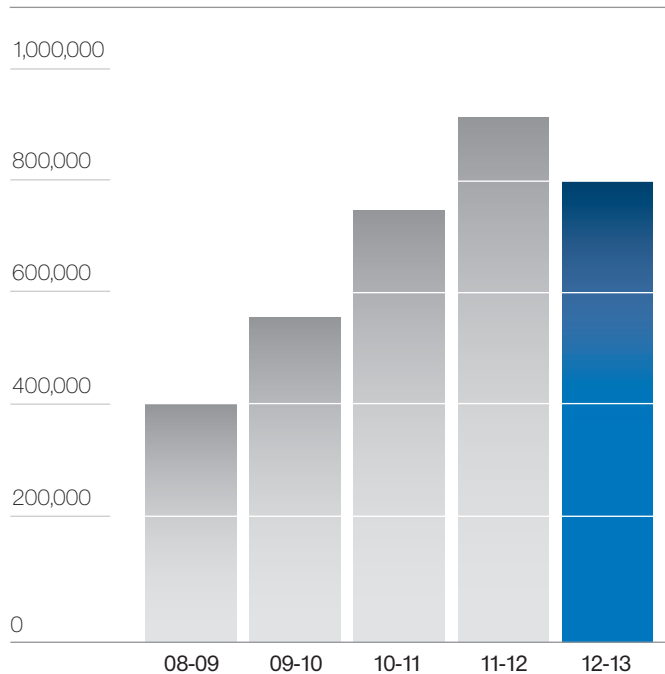
Source: CRISIL research

Production of commercial vehicles (in units)



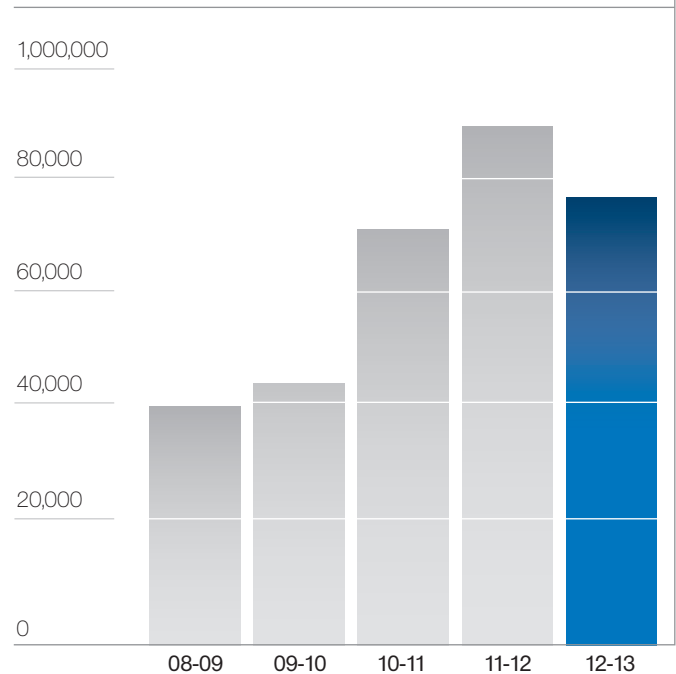
Source: Society of Indian Automobile Manufacturers (SIAM)

Domestic sales of commercial vehicles (in units)



Source: Society of Indian Automobile Manufacturers (SIAM)

Export sales of commercial vehicles (in units)



Source: Society of Indian Automobile Manufacturers (SIAM)

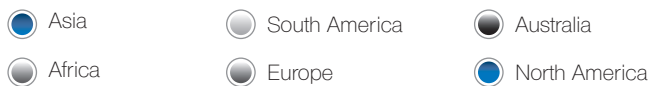
Auto-component industry

India's automobile sector is driven by a strong auto-component industry. It is a crowded market, with global auto-component companies having their base in India, as well as several domestic players. The country is fast emerging as a hub for global vehicle programmes with growing engineering and IT capability for design and manufacturing.

Composition of auto-component industry

The auto-component industry comprises a number of products, namely electrical parts, engine parts, drive transmission and steering parts, body and chassis, braking parts and others. During 2012-13 the industry registered revenues worth US\$ 40.6 Billion (compared to US\$ 42.4 Billion in 2011-12 and US\$ 39.9 Billion in 2010-11). The exports have also steadily risen, growing at a CAGR of 22% for the period 2008-12. During 2012-13 exports stood at US\$ 9.3 Billion as against US\$ 8.5 Billion in 2011-12 and US\$ 5.2 Billion in 2010-11.

Export Destinations



Megatrends driving India's commercial vehicle industry

Despite the current slowdown hitting the commercial industry, the key growth fundamentals of the industry remain strong. The government's recent focus on infrastructure and manufacturing sectors, coupled with regulatory reforms will drive the industry going forward.

Industry

The industries (including mining, manufacturing, quarrying, electricity, gas, water supply and construction) are projected to grow at 2.7% in 2013-14 as against 2.1% in 2012-13. Among

these, the manufacturing sector is projected to grow at 1.5% in 2013-14 as against 1% in 2012-13.

Agriculture

The early and good monsoon in 2012-13 is expected to have a significant impact on the agriculture sector. The sector is projected to grow at 4.8% in 2013-14 as against 1.9% in 2012-13. The water reservoir position also significantly grew by almost 30% than the average of the last 10 years.

Exports

The overall exports of the country are expected to increase in 2013-14 from the current levels. Growing dominance of India as an export-focused country (on account of skilled human resource and low costs) will augur well for Automotive Axles Limited (AAL) and other automotive components industry participants.

Road ahead

The industry is expected to grow by 6-8% in 2013-14. A gradual improvement in the overall automobile demand would help drive the industry. Long-term growth prospects for the industry remain healthy, led by expected increase in the production of commercial vehicles and cars. Further, replacement demand is also expected to grow by 9-11% in 2013-14.

COMPANY OVERVIEW

AAL has an industry experience of more than three decades. It is a joint venture of Kalyani Group and Meritor Inc. USA (formerly the automotive division of Rockwell International Corporation). Today, your Company is one of the largest independent manufacturers of Rear Drive Axle Assemblies in the country, with manufacturing facilities in Mysore.

Technology

- Gleason gear manufacturing equipment
- Modern heat treatment shop including continuous carburising and sealed quench furnaces
- Friction welding
- CO₂ welding
- CNC machining
- Flexible machine centres

Products

- Rear Drive Axle assemblies
- S-Cam Actuated quick Change Air Brakes
- Trailer Axles for 10 tonnes to 13 tonnes GWW

Certifications

- Quality Management System is certified to ISO/TS 16949:2009

- Environmental Management System that is certified to ISO 14001:2004

Strengths

- High efficiency gearing
- Integral brake to axle design and manufacturing capability
- Wide ratio availability
- Weight option designs
- Driver operated differential locks
- Global availability

Presence

Your Company has clients spread across USA, France, Italy, China and Brazil in addition to a strong client base in India. It maintains

a strong relationship with all its OEM clients, both in India and the world.

OPERATIONAL SNAPSHOT, 2012-13

- Launched two new products - one in the lower variant of 5T axle and the higher variant of 18T reduction axle
- Got a prestigious contract manufacturing order from TELCON for manufacturing the 100T dump truck axle
- Expanded our segment of axles, with the product range expanding from 5T GWV to 100T GWV
- Launched prototypes for four new products: MS04 – 5T axle; HR 610 -18T hub reduction axles; 6x6 and 8x8 axle for military application

FINANCIAL HIGHLIGHTS

(₹ in Million)

Key highlights	2012-13	2011-12	2010-11	2009-10	2008-09
Gross Sales and other income	7,154.13	10,445.64	11,144.89	7,363.94	2,949.69
Profit before Depreciation & Tax	470.87	939.63	1,105.28	868.82	311.66
Profit After Tax	126.98	450.18	575.57	440.74	96.61
Earnings Per Share (₹)	8.40	29.79	38.09	29.17	6.39

(%)

Key financial ratios	2012-13	2011-12	2010-11	2009-10	2008-09
PBT / Total Income	2.88	7.06	8.6	9.80	4.68
PAT / Total Income	1.97	4.78	5.69	6.56	3.57
Return on Capital employed	4.02	13.77	18.85	16.06	4.39
Return on Net Worth	4.53	16.59	23.63	21.63	5.53
Dividend Payout Ratio	27.85	39.01	30.52	34.00	50.00

SWOT ANALYSIS

Strength	Opportunities
- Wide customer base	- Increasingly fast-growing export market
- One of India's largest independent manufacturers of Rear Drive Axle Assemblies	- Growing production of alternative fuel-enabled vehicles
- Offers a wide variety of automotive components	- Up-gradation to emerging technologies
- State-of-the-art equipment and machinery	- Increasingly fast-growing export market
	- Growing production of alternative fuel-enabled vehicles
	- Up-gradation to emerging technologies
Weakness	Threats
- Rising input costs and deceleration in the automotive industry	- Increasing presence of parent OEMs setting up manufacturing units in India
- Wider and deeper pan-India penetration for greater market presence	- Spiralling rise in diesel prices
- Significant and prolonged slowdown in Indian market	- Fluctuating currency valuations

INFORMATION TECHNOLOGY

The Company initiated a major IT infrastructure revamp initiative during the year under review. Some of them include replacement of servers, deployment of file servers, deployment of SAN and migration to IP telephone among others. Further, implementation of SAP has also ensured avoidance of duplicate bills while making accounting entries. Going ahead, we plan to stabilize the infrastructure systems and integrate our operations.

NURTURING HUMAN CAPITAL

At AAL, we have nurtured a culture that values diversity of people and thought. The objective is to cater to the evolving needs of customers and help accelerate their business growth.

We recognise that the creative energies of our Team are best unleashed through encouraging collaboration and innovation. This collective energy is our greatest competitive advantage in the world.

Every member of the AAL family contributes to the success of the organisation by capitalising on growth opportunities. Our talent management processes help us identify, nurture and develop high calibre individuals to shape the organisation's future leaders.

We empower our teams of talented, diverse individuals to make sound business decisions that drive your Company's success. In return, we provide them with numerous opportunities for personal and professional growth in a multi-location growing organisation.

AAL believes that its human capital is the most valuable asset. Focused investment and nurture of a high performing team helps to meet the customer's changing needs and helps us remain competitive. Hence, it is a business imperative to promote and build a leadership pipeline and develop a strong talent pool for excellence.

Building Leadership Pipeline: AAL is constantly striving to build a leadership pipeline through its SDP (Succession and Development Planning) and training programme. The key objective of SDP process is to identify successors for leadership positions, highlight talent across the organisation and identify career development opportunities for our employees. We have successfully rolled out the SDP process during 2012-13 for our management staff to build and strengthen the leadership pipeline.

Carried out 360 degree feedback survey for 32 leaders as part of their leadership development programme on "lead self and lead others forum" followed by IDPs (Individual Development Actions). The aim is to develop future leaders and align them with our ultimate organisational strategies.

Invest in a High Performing Team: Your Company is consistently driving a 'pay for performance' culture by facilitating robust awareness and implementation of performance management system with 80% weightage on performance and 20% weightage on leadership behaviour.

Your Company is strengthening employee engagement to achieve higher levels of performance. This is achieved by improving culture survey scores as well as building positive employee relations and driving HR Initiatives. These include programmes like employee engagement, rewards and recognition, communication and succession development planning. Your Company is also building a diverse and inclusive culture through improvement in retention ratios, moves/ promotions, job rotations, resource re-deployment and recruitment.

SAFETY, HEALTH AND ENVIRONMENT (SHE) MANAGEMENT

Safety

Although the safety of a person is primarily individual in nature, responsibility to maintain it lies not only to the environment he/she belongs to, but also to his/her behavioural quotient. Accidents occur either due to hostile environment or due to unsafe action. By systematic approach, your Company has made the working environment safe for all employees. But the circle of safety will not be complete unless the behaviour of the participants are controlled or moulded. Therefore, the behaviour of an individual and that of the team plays a very important role in safety. The effectiveness of your organisation's safety management system is determined by the collective behaviour and attitudes of employees to the common goal of safety.

Keeping the workplace injury-free is a challenge, especially in a sector where high-risk activities are commonplace. Your Company's overall plan and execution of safety measures ensure that the staff or workers are well-prepared and have peace of mind on a daily basis. The best way to handle any bad situation is to properly evaluate the steps and think about scenarios ahead of time. In order to improve safety in your work environment, your Company analyzes the location, availability, and knowledge of the workers in regard to safety equipment, evacuation plans, and emergency situations. Holding regular meetings and training sessions that require employees to locate and familiarise them with emergency safety equipment helps with decreasing work related injuries. Meetings are also being held regularly to discuss possible advancements and improvement that would benefit the entire safety programme.

An overview of improved safety practices at your Company during 2012-13 is provided below, and with these continual improvements, your Company is moving towards a 'zero-person day loss' regime.

- Won 1st Prize for the second consecutive time among 18 industries in Safety Skit Competition on the occasion of 42nd National Safety Day Celebration 2013 organised by Deputy Director of Factories and Boilers, Mysore, Govt. of Karnataka.
- Switching over from above the ground bulk LPG storage type to mounded type bulk LPG storage.
- Theme based audits & safety patrol with line supervisors and

safety committee members to eradicate unsafe conditions and actions at workplace and to restrict the incidents to near miss ones.

- Continuously identifies what type of injuries happen more frequently and then find a way to deal with them. This is done through a series of steps, such as posting warning signs, training employees, and making machine design modifications.
- Safety training meetings with general safety programmes (mock drills and first aid) address specific issues, such as electrical hazards, use of special tools and any other topics that are directly connected.

Health

Emotional and physical aspects of a person's personal life can influence an employee's work performance in multiple ways. Your Company's health and safety policies ensure that the health and safety of employees are key priorities. Employees work together to create safe and secure work environments aiming to be accident free. In 2012-13, we developed the Harmony Programme to counsel employees on ways to reduce stress so that they can work happily and productively, in turn benefiting the entire organisation. We encourage young and middle-aged group employees to take these programmes. Our neuro-linguist and yoga trainer deliver this programme primarily to employees aged up to 50+ years and under. Each session is around an hour long, covering three steps: stress theory, self-analysis and practical relaxation. Participants check their own stress levels and identify the best ways to cope with stress for them personally. We will continue to run this programme and encourage employees to further improve their stress management.

In addition, your Company is continuously delivering the following services to the employees.

- Pre-employment medical check-up for new entrants along with annual checkups to regular employees and trainees.
- Special medical check-up for employees working in hazardous workplaces.
- Fatigue reduction through ergonomic study of the work places and taking counter measures.
- Eye check-up for 40+ year old employees to suggest suitable safety goggles.

Environment

Your Company's environmentally sustainable practices are those that target:

- Determination of environmental monitoring and reporting requirements and the subsequent development and implementation of monitoring and reporting procedures – this includes identifying and reporting on regulatory

and compliance requirements relevant to organisational operations, environmental audits, environmental accounting.

- Reduction of waste, increased reuse and recycling – the skills and knowledge to improve efficiencies in current technologies and processes, control pollution and manage waste by-products.
- Commercialisation – economic, social and environmental analysis of initiatives, deployment into markets, procurement decisions, provision of advice to consumers.
- The skill and knowledge to reflect on your Company's actions to ensure that the pollution control measures adopted for Company wide water/waste water/air quality management comply with and demonstrate an understanding of established environmental standards, procedures and compliance requirements contribute to decision making and continual improvement processes targeting personal and organisational efficiencies in the use of resources, reduction of waste and in the improvement of products and processes to reduce their environmental impact.
- World Environment Day celebration through tree plantations and conducting Green Nurturing programme for four rural schools in the vicinity of our operations.
- Embrace continual improvements and lifelong learning to improve environmental conditions now and for the future.

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

At AAL, QMS, certified for ISO/ TS 16949, has attained maturity, encouraging your Company to continue its journey towards world class manufacturing. Your Company is implementing LMS and quality health checks of manufacturing processes using the Auto Axle Production Systems (APS). The Visual transformation of the plant and process robustness has been implemented in phases and the sustenance is being ensured through 5S principles. To further enhance the Quality and Reliability of products, your Company has taken up following initiatives:

Problem Solving Tools: A team of cross functional engineers across the organisation are now undergoing the training for Six months using Six Sigma methodology.

Enhance the process monitoring in Shop: A team of cross functional engineers across the organisation are now undergoing the training on Statistical Process Control (SPC) tools to enhance in-shop process monitoring.

End to End Product performance monitoring: A team of Cross functional engineers are formed as a part of 'Tiger Team' to conduct analysis and study of all products in the field. The above mentioned processes cover all employees.

The above initiatives have enhanced confidence in meeting the current challenges and improving productivity and reliability to lead and enhance customer satisfaction. Your Company is striving towards excellence in all aspects of business processes through employee participation across the organisation and practicing continuous improvement as a way of life. The employee participation is visible through a reduction in internal failure cost and zero kilometre complaints from customers.

INTERNAL CONTROL SYSTEMS

Your Company has a proper and adequate system of internal controls, commensurate with its nature of business and the size of its operations.

The internal control measures have been instituted to ensure that all the assets are safeguarded and are not exposed to risks, arising out of unauthorised use or disposal and also to ensure that assets are properly accounted for and transactions are authorised, recorded and reported correctly. The internal controls

are periodically reviewed by the Internal Audit team which is performed by PriceWaterhouse Coopers Pvt. Ltd, to ensure independence of the audit. The Audit Committee of the Board, chaired by an Independent Director, reviews the Internal Audit Reports periodically and ensures that recommendations of the auditors are implemented effectively.

CAUTIONARY STATEMENT

Statements in this management discussion and analysis describing your Company's objectives, projections, estimates and expectations 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 your Company's operations include a downtrend in the automobile industry – global or domestic or both, significant 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

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

It emphasises wealth creation for society, protection & interest enhancement for all stakeholders, without compromising the environment and health of society at large. The philosophy is manifested in its operations through exemplary standards of ethical behavior, both within the organisation as well as in external relationships.

Our Company has adopted practices mandated in Clause 49 of Listing Agreement and has established procedures and systems to be fully complied with the listing agreement.

BOARD OF DIRECTORS

The constitution of the Board aims at ensuring Directors commitment to participate in the affairs of the Company with

an understanding and competence to deal with current and emerging business issues. Our Company believes that an active, independent and participative Board is a pre-requisite to achieve and maintain the desired level of corporate governance creating sustainable long-term value for the shareholders and other stakeholders of the Company.

COMPOSITION OF THE BOARD

As on 30th September, 2013, the Board of Directors consists of optimal combination of Executive as well as Non-Executive directors. During the year the Board consisted of 6 Non-Executive Directors and 1 Executive Director. Among 6 Non-Executive Directors, 4 are Independent Directors. The Board is chaired by a Non-Executive Director who represents one of the promoters of the Company.

NUMBER OF BOARD MEETINGS

In 2012-13, the Board met five times on 29th November, 2012, 6th February, 2013, 2nd May, 2013, 9th August, 2013 and 20th August, 2013. The maximum gap between any two Board Meetings was less than four months.

Directors' Attendance Record and Directorships

Director	Category	No. of Board meetings attended out of 5	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	5	Yes	13	3	3
Pedro N. Ferro*	Non-Executive	0	No	2	1	Nil
Chris Villavarayan**	Non-Executive	2	No	2	0	Nil
B. B. Hattarki	Independent	4	Yes	9	4	5
B. C. Prabhakar	Independent	4	Yes	4	6	1
P. C. Bhalerao	Independent	0	No	5	2	Nil
Satish Sekhri	Independent	2	No	5	5	Nil
Ashok Rao***	Executive	4	Yes	1	1	NIL

*Resigned effective 02.05.2013

**Appointed effective 02.05.2013

***Resigned effective 30.09.2013

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. 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.

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 Budget, and updates
- Quarterly results of the Company and its Operating Divisions or Business Segments
- Minutes of meetings of Audit and other Committees of the Board.
- 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;
- Acquisitions of relevant business, and
- Non-compliance with any regulatory, statutory requirements.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee of your Board consists of M/s. B. B. Hattarki (Chairman), B. C. Prabhakar, P. C. Bhalerao, Chris Villavarayan and Satish Sekhri. All members of the Audit Committee are financially literate, with one of them having management expertise. Annual

General Meeting held on 6th February, 2013 was attended by the Chairman of the Committee, who satisfactorily answered shareholders' queries.

The committee met four times during the year on 28th November, 2012, 5th February, 2013, 29th April, 2013 and 1st August, 2013.

Attendance record of Audit Committee members for 2012-13

Director	Category	Status	Meetings	
			Held	Attended
B. B. Hattarki	Independent	Chairman	4	3
B. C. Prabhakar	Independent	Member	4	4
Satish Sekhri	Independent	Member	4	2
P. C. Bhalerao	Independent	Member	4	0
Pedro N. Ferro*	Non-Executive	Member	3	0
Chris Villavarayan**	Non-Executive	Member	1	1

*Resigned effective 02.05.2013

**Appointed effective 02.05.2013

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

- Oversight of Company's financial reporting system to ensure the disclosure of financial information is correct, sufficient and credible.
- 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 etc.,
- Reviewing the adequacy of internal control systems with the management, statutory and internal auditors.
- Reviewing the effectiveness of internal audit function.
- Reviewing of Statutory audit plans, findings, problems, reports and fees.
- Reviewing of credentials of Cost Auditors and recommendation to the Board about the proper candidature.

Remuneration Committee

The Remuneration Committee consisted of Dr. B. N. Kalyani (Chairman & Non-executive Director) and Chris Villavarayan (Non-executive Director). The Committee reviews the performance and awards the performance bonus to the Whole Time Director.

The Committee also advises the Board on remuneration policies and packages, and other terms of employment for the senior executives.

Remuneration Policy

The policy of remuneration to Executive and Non-Executive Directors is as follows:

- The remuneration to Executive Director shall be paid according to his contract of employment, and the performance bonus will be based on the review by the Committee annually.

- The Non-executive Directors are not paid any remuneration, other than the sitting fee paid to them for the meetings of Board or Committees thereof, attended by them.

Remuneration of Directors

The details of remuneration to Directors and their relationship with each other are presented below:

Name of Director	Audit Committee Meetings Sitting Fees (₹)	Board Meeting Sitting Fees (₹)	Salaries, performance bonus and perquisites (₹)	Total (₹)
Dr. B. N. Kalyani	NA.	1,00,000	Nil	1,00,000
Chris Villavarayan	Nil	Nil	Nil	Nil
B. B. Hattarki	60,000	80,000	Nil	140,000
B. C. Prabhakar	80,000	80,000	Nil	160,000
P. C. Bhalerao	Nil	Nil	Nil	Nil
Satish Sekhri	40,000	40,000	Nil	80,000
Ashok Rao	NA.	NA.	9,020,899	9,020,899
Pedro N. Ferro	Nil	Nil	Nil	Nil

*Chris Villavarayan & Pedro N. Ferro 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
- None of the directors is related to any of the directors
- Dr. B. N. Kalyani, the Non-executive Director of the Company holds 126 shares

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.

Risk Management System

Your Company's Risk Management System has been 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 Coordinators and Risk Coordinators.

Investors Grievances Committee

The Shareholders/Investors' Grievances Committee consists of Dr. B. N. Kalyani, (Chairman and Non-executive Director), and

Ashok Rao (President & Whole time Director). To facilitate prompt and speedy disposal of requests for transfer/ transmission, certain officers of the Company, and of the RTA, are authorised to address such matters.

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	2	2
Issue of Duplicate certificates/ Share certificates	1	1
Non receipt of Annual Report	3	3
Total	6	6

Secretarial Audit for Reconciliation of Capital

As mandated by the Securities and Exchange Board of India, 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
2009-10	21 st January, 2011	12.30 p.m	Regd. Office of the Company
2010-11	17 th January, 2012	12.30 p.m	Regd. Office of the Company
2011-12	6 th February, 2013	12.30 p.m	Regd. Office of the Company

No special resolution was passed at any of the three Annual General Meetings mentioned above.

No resolutions were passed through postal ballot at the last Annual General Meeting.

Disclosures

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 or the management, their subsidiaries or relatives etc., that may have a potential conflict with the interest of the Company. The register of contracts containing the transactions, in which the directors are interested, is placed before the board regularly.

- The Particulars of transactions between the Company and its related parties as per Accounting Standards 18 (AS-18) are in set out at Para 35 of Notes forming part of Financial Statements.

Compliances by the Company

There has been no instance of non-compliance by the Company on any matters relating to Capital Markets during the last three (3) financial years and hence no penalties or strictures were imposed by SEBI, the stock exchanges or any other statutory authorities.

Means of Communication:

- The unaudited Financial Results for every Quarter and the Annual Audited Results of the Company, in the prescribed proforma 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 "Mysooru Mithra".
- The quarterly/annual Results are also put on the Company's website at www.autoaxle.com
- Management Discussion & analysis Report forms part of this Annual Report

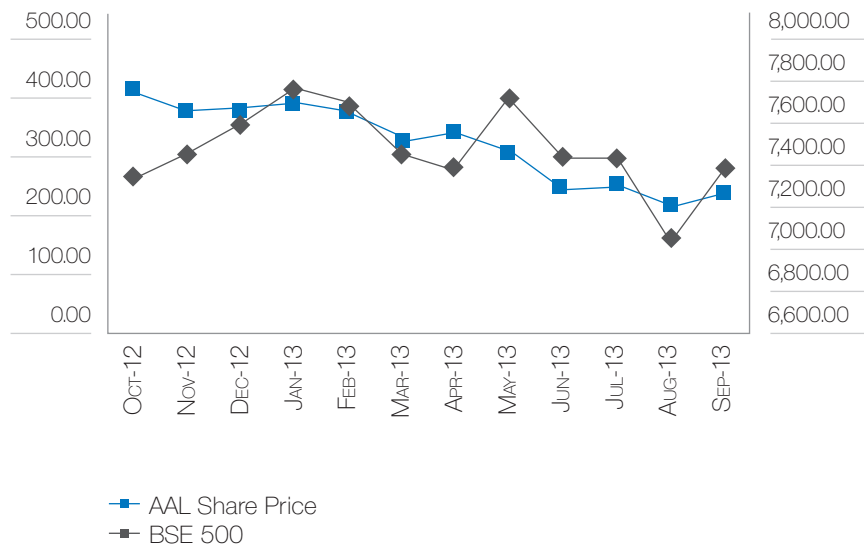
GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Date & Time : 10 th February, 2014 Venue : Registered Office Hootagalli Industrial Area Off Hunsur Road, Mysore
Financial Year	1 st October, 2012 to 30 th September, 2013
Record Date and Book Closure Dates	8 th February, 2014 to 10 th February, 2014 (both days inclusive)
Dividend Payment Date	10 th March, 2014
Listing	Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 National Stock Exchange of India Limited, Exchange Plaza, 5 th 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 2012-13 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
October, 2012	421.00	375.00	19,933	415.70	372.60	1,15,292
November, 2012	390.00	350.15	26,300	387.80	352.00	28,954
December, 2012	385.10	309.00	35,459	386.60	354.00	69,306
January, 2013	398.00	350.10	1,02,561	398.00	345.10	1,64,543
February, 2013	390.00	311.50	83,230	368.05	315.00	57,503
March, 2013	335.00	283.00	31,239	336.55	281.65	40,294
April, 2013	349.85	283.00	1,11,645	313.00	285.00	1,26,356
May, 2013	295.00	237.00	18,790	313.00	233.00	51,463
June, 2013	253.75	215.00	12,119	247.00	206.45	50,715
July, 2013	249.90	199.00	14,214	259.00	198.00	42,015
August, 2013	218.00	188.15	1,00,591	224.45	188.40	9,993
September, 2013	239.00	195.00	6,495	220.45	192.00	39,630

AAL Share Price V/s BSE 500 Series

Share Transfer System

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, Bangalore 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 30th September, 2013 :

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	8799	569,938	3.77
Non Promoter (Public)			501-1000	163	124,819	0.83
Bodies Corporate	1,330,938	8.81	1001-2000	78	112,141	0.74
FIs/Banks	113	0.00	2001-3000	30	71,831	0.48
FIs	24,863	0.16	3001-4000	12	41,844	0.28
NRI's/OCB	34,093	0.23	4001-5000	8	37,950	0.25
Mutual Funds	1,467,880	9.71	5001-10000	15	101,427	0.67
Others	1,519,007	10.05	>/= 10000	28	14,052,025	92.99
Total	15,111,975	100.00	Total	9,133	15,111,975	100.00

Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on 30th September, 2013, dematerialised shares accounted for 99.10% of total equity.

Outstanding warrants and their implications on Equity

There are no outstanding warrants

Details of public funds obtained in last 3 years

Nil

Plant Locations

Hootagalli Industrial Area, Off Hunsur Road, Mysore - 18

CEO/CFO Certification

As required by clause 49 (Corporate Governance) of the Listing Agreement, the Whole Time Director and CFO have furnished the necessary Certificate to the Board of Directors with respect to Financial Statements and Cash Flow Statement for the Year ended 30th September, 2013.

Registered Office

Hootagalli Industrial Area, Off Hunsur Road
Mysore - 570 018 Phone : 0821-719750
Fax: 0821-2402451

Audit Qualification

There were no audit qualification in the financial Statements of the Company for the year ended 30th September, 2013

Half –yearly communication to Shareholders

The Company does not mail the un-audited Half yearly Financial Results individually to its shareholders. However these are published in "The Financial Express" and "Mysooru Mithra" and are also posted on the website of the Company : www.autoaxle.com

Investor Grievance Correspondence

Company

S. Ramkumar, Compliance Officer
Secretarial Dept., Automotive Axles Limited,
Automotive Axles Limited, Hootagalli Industrial Area
Off Hunsur Road, Mysore - 570 018
Phone : 0821-7197500 (Ext. 7504)
Fax : 0821-2402451
Email : sec@autoaxle.com

Share Transfer Agents

Integrated Enterprises (I) Limited
Ramana Residency, 4th Cross
Sampige Road, Malleshwaram
Bangalore – 560 003
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CERTIFICATE OF THE COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

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 year ended 30th September 2013, as stipulated under Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

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 all the mandatory conditions of Clause 49 of the Listing agreement.

Place: Mysore

Date: 11th November, 2013

Pracheta. M

C. P. No. : 9838

INDEPENDENT AUDITORS' 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 30th September, 2013, 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 Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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. Auditors' Responsibility

3.1 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

3.2 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 control relevant to the Company's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

5.1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

5.2 As required by Section 227(3) of the Act, we report that:

- (a) We have 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.

INDEPENDENT AUDITORS' REPORT

(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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

(e) On the basis of the written representations received from the directors as on 30th September, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 30th September, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

for **DELOITTE HASKINS & SELLS**

Chartered Accountants

Firm Registration No: 008072S

S. Ganesh

Partner

Place: Bangalore

Date : 25th November, 2013

Membership.No. 204108

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 5.1 of our report of even date)

(i) Having regard to the nature of the Company's business/ activities/results during the year, clauses iii (b) to (d) and (f) & (g), v, vi, ix (b), xii, xiii, xiv, xix and xx of paragraph 4 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) In our opinion and according to the information and explanations given to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has generally maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the

Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (viii) 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 30th September, 2013 for a period of more than six months from the date they became payable.
- (ix) The Company is not having any accumulated losses and has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xiv) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no fraud on the Company has been noticed or reported during the year.

for **DELOITTE HASKINS & SELLS**

Chartered Accountants

Firm Registration No: 008072S

S. Ganesh

Partner

Place: Bangalore

Date : 25th November, 2013

Membership.No. 204108

BALANCE SHEET as at 30th September, 2013

(Amount in ₹)

Particulars	Note No.	As at 30 th September, 2013	As at 30 th September, 2012
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	151,119,750	151,119,750
(b) Reserves and surplus	4	2,653,716,151	2,562,099,533
		2,804,835,901	2,713,219,283
2 Non-current liabilities			
(a) Long-term borrowings	5	191,510,083	258,157,273
(b) Deferred tax (Net)	38	118,473,860	124,173,860
(c) Other long-term liabilities	6	23,708,143	21,209,160
(d) Long-term provisions	7	19,035,929	20,338,434
		352,728,015	423,878,727
3 Current liabilities			
(a) Short-term borrowings	8	235,178,044	191,814,912
(b) Trade payables	9	646,114,805	1,138,636,137
(c) Other current liabilities	10	142,961,573	252,907,462
(d) Short-term provisions	11	72,310,170	222,236,167
		1,096,564,592	1,805,594,678
Total		4,254,128,508	4,942,692,688
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12(a)	1,796,575,644	1,723,664,991
(ii) Intangible assets	12(b)	29,012,457	31,521,381
(iii) Capital work-in-progress		74,692,420	190,525,860
		1,900,280,521	1,945,712,232
(b) Long-term loans and advances	13	97,992,132	116,290,397
(c) Other non-current assets	14	15,874,132	5,412,814
		2,014,146,785	2,067,415,443
2 Current assets			
(a) Inventories	15	886,843,690	940,111,314
(b) Trade receivables	16	1,140,036,839	1,591,532,402
(c) Cash and bank balances	17	11,374,686	23,501,526
(d) Short-term loans and advances	18	198,466,983	315,793,727
(e) Other current assets	19	3,259,525	4,338,276
		2,239,981,723	2,875,277,245
Total		4,254,128,508	4,942,692,688
See accompanying notes forming part of the financial statements	1 - 41		

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

N. Muthukumar

Senior Vice President and Wholetime Director

Place : Bangalore

 Date : 25th November, 2013

S. Ramkumar

Chief Financial Officer & Company Secretary

Place : Pune

 Date : 25th November, 2013

STATEMENT OF PROFIT & LOSS for the year ended 30th September, 2013

(Amount in ₹)

Particulars	Note No.	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
1 Revenue from operations (gross)		7,137,827,616	10,425,431,566
Less : Excise duty	20	712,485,448	1,018,933,033
Revenue from operations (net)	20	6,425,342,168	9,406,498,533
2 Other income	21	16,305,697	20,203,606
3 Total revenue (1+2)		6,441,647,865	9,426,702,139
4 Expenses			
(a) Cost of materials consumed	22a	4,544,331,904	6,944,775,953
(b) Changes in inventories of finished goods and work-in-progress	22b	(9,637,766)	(223,454,169)
(c) Employee benefits expense	23	528,009,624	561,887,638
(d) Finance costs	24	82,647,780	92,577,580
(e) Depreciation / amortisation expenses	12	285,294,044	273,877,473
(f) Other expenses	25	825,421,464	1,111,280,458
Total expenses		6,256,067,050	8,760,944,933
5 Profit before tax (3 - 4)		185,580,815	665,757,206
6 Tax expenses:			
(a) Tax expenses for the current year		60,250,000	211,000,000
(b) Tax expenses relating to prior years		4,053,686	-
(c) Deferred tax		(5,700,000)	4,573,208
		58,603,686	215,573,208
7 Profit for the year (5 - 6)		126,977,129	450,183,998
8 Earnings per share of ₹10/- each:			
Basic & Diluted	37	8.40	29.79
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 : Bangalore
Date : 25th November, 2013

For and on behalf of the Board of Directors

Dr. B. N. Kalyani
Chairman

S. Ramkumar
Chief Financial Officer & Company Secretary

N. Muthukumar

Senior Vice President and Wholetime Director

Place : Pune
Date : 25th November, 2013

CASH FLOW STATEMENT for the year ended 30th September, 2013

(Amount in ₹)

Particulars	For the year ended 30 th September 2013	For the year ended 30 th September 2012
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
Net profit before extraordinary items and tax	185,580,815	665,757,206
Adjustments for		
Add :		
Depreciation and amortisation expenses	285,294,044	273,877,473
Unrealized exchange loss	970,560	3,198,351
Provision for doubtful trade and other receivables, loans and advances	1,112,676	642,083
Bad trade and other receivables, loans and advances written off	489,568	2,744,812
(Profit) / Loss on fixed assets sold/ scrapped / written off	(661,700)	7,542,675
Interest expense	82,647,780	92,577,580
	555,433,743	1,046,340,180
Less :		
Unrealized Exchange Gain	333,932	-
Liabilities / provisions no longer required	7,374,057	11,055,165
Interest Income	8,001,047	5,764,097
Operating profit before working capital changes	539,724,707	1,029,520,918
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets		
Inventories	53,267,625	161,937,034
Trade receivables	449,893,319	318,342,035
Short-term loans and advances	117,326,744	(169,263,608)
Long-term loans and advances	(5,640,885)	3,638,263
Other current assets	(1,100,958)	(2,347,770)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	(485,783,861)	(251,285,660)
Other current liabilities	(93,070,671)	92,695,603
Other long-term liabilities	2,498,983	-
Short-term provisions	2,019,331	(2,365,179)
long-term provisions	(1,302,505)	7,730,521
Cash generated from operations	577,831,829	1,188,602,157
Advance Tax (Net of refunds)	(39,232,107)	(249,558,442)
Net cash from / (used in) operating activities	538,599,722	939,043,715

(Amount in ₹)

Particulars	For the year ended 30 th September 2013	For the year ended 30 th September 2012
B) CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Capital expenditure on fixed assets (including capital work-in-progress and capital advances)	(249,692,536)	(701,577,940)
Proceeds from sale of assets	692,313	4,905,794
Amounts placed in fixed deposit	-	(6,414,930)
Interest received	9,719,438	5,429,164
Cash flow from / (used in) investing activities	(239,280,785)	(697,657,912)
C) CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Inflow		
Proceeds from borrowings (net)	217,405,501	344,779,555
	217,405,501	344,779,555
Outflow		
Repayment of borrowings (net)	(262,438,595)	(407,765,120)
Dividend and tax on dividend	(175,640,886)	(175,631,405)
Movement in unpaid dividend account	5,736	(3,746)
Interest paid	(80,771,797)	(93,784,570)
	(518,845,542)	(677,184,841)
Cash flow from / (used in) financing activities	(301,440,041)	(332,405,286)
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	(2,121,104)	(91,019,483)
Cash and cash equivalents at the beginning of the period	9,461,300	100,480,783
Cash and cash equivalents at the end of the period (Refer Note 16)	7,340,196	9,461,300

Note

1. Cash and cash equivalents at the end of the year include balances with scheduled banks in deposits under lien ₹ Nil (PY ₹ 2,354,800) not available for use by the company.

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

N. Muthukumar
Senior Vice President and Wholetime Director

Place : Bangalore
Date : 25th November, 2013

S. Ramkumar
Chief Financial Officer & Company Secretary

Place : Pune
Date : 25th November, 2013

NOTES forming part of financial statements

NOTE 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 Mysore, Noida and Rudrapur.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention

The financial statements are based on historical cost and have been prepared on the accrual concept of accounting under the historical cost convention in accordance with the Generally Accepted Accounting Principles and comply with the mandatory Accounting Standards as applicable, in accordance with the relevant provisions of the Companies Act, 1956, which continues to be applicable in respect of section 133 of Companies Act, 2013 in terms of General Circular dated 13th September, 2013 of the Ministry of Corporate Affairs.

b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires that the management makes estimates and assumptions that affect the reported amount of assets & liabilities, disclosure of contingent liabilities as at the date of financial statements and 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 the 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.

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 on Accounting Standard 3 as specified in Companies Accounting Standard Rules, which continues to be applicable in respect of section 133 of Companies Act, 2013 in terms of General Circular dated 13th September, 2013 of the Ministry of Corporate Affairs.

f) Events Subsequent to the Balance Sheet Date

Events occurring after the balance sheet date, which have a material impact on the financial affairs of the Company, are taken into cognisance.

g) Prior Period and Extraordinary Items

Prior period and extraordinary items, and changes in accounting policies, having a material impact on the financial affairs of the Company are disclosed.

h) 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.

(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 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.

NOTES forming part of financial statements

(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 XIV to the Companies Act, 1956, 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 are estimated to be lower than those considered in determining the rates specified in that Schedule, depreciation is provided under the Straight Line Method over the useful lives of the assets as follows :

Reconditioned machinery and related expenditure	As specifically estimated and currently ranging between 3 and 13 years
Tools, Jig and Fixtures and Measuring gauges	As per technical evaluation of their useful life and currently ranging from 1½ to 5 years.
Certain imported machinery	As per technical evaluation of their useful life and currently ranging between 4 to 15 Years
Windmill and power generating equipments	Based on the useful life as estimated by the management over 9 years
Intangible assets - Software	3 years

In case of diminution in value of the asset due to technological reasons, the difference between written down value and estimated net realisable value of assets is provided as depreciation in the year in which it is ascertained. Assets costing less than ₹ 5,000/- is 100% depreciated in the year of purchase.

i) 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.

j) 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.

k) 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 recognised 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 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.

NOTES forming part of financial statements

l) 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.

m) 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.

n) 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.

o) Income Tax

Income tax comprises the current tax provision, net change in the deferred tax asset or liability in the year and Fringe Benefit Tax.

Provision for current tax is made taking into account the admissible deductions/ allowances and is subject to revision based on the taxable income for the fiscal year ending 31st March each year.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between carrying values of the assets and liabilities and their respective tax bases and are measured using enacted tax rates applicable on the Balance Sheet date. Deferred tax assets are recognised subject to management's judgment that realisation is virtually certain.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Statement of Profit and Loss in the period of enactment of the change.

p) Research and Development

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

q) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Statement of Profit and Loss in the year in which an asset is identified as impaired. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value. A previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

r) Provision & Contingencies

A Provision is recognised 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.

Warranty expenses are provided for in the year of sale based on technical estimates. In addition, specific provision is also made against customer claims for manufacturing defects, where necessary, even though the same may pertain to prior years.

NOTES forming part of financial statements

NOTE 3 SHARE CAPITAL

Particulars	As at 30 th September, 2013		As at 30 th September, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹10 /- each (PY : ₹ 10/- each) with voting rights	23,000,000	230,000,000	23,000,000	230,000,000
Preference shares of ₹10 /- each (PY : ₹ 10/- each)	2,000,000	20,000,000	2,000,000	20,000,000
(b) Issued, subscribed and fully paid up				
Equity shares of ₹10 /- each (PY : ₹ 10/- each) with voting rights	15,111,975	151,119,750	15,111,975	151,119,750
	15,111,975	151,119,750	15,111,975	151,119,750

Refer notes (i) to (iii) below

(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 30 th September, 2013		
- Number of shares	15,111,975	15,111,975
- Amount (₹)	151,119,750	151,119,750
Year ended 30 th September, 2012		
- Number of shares	15,111,975	15,111,975
- Amount (₹)	151,119,750	151,119,750

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

Class of shares / Name of shareholder	As at 30 th September, 2013		As at 30 th September, 2012	
	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)	1,180,000	7.808	1,409,793	9.329

(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 financial statements

NOTE 4 RESERVES AND SURPLUS

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Securities premium		
Opening balance	115,588,500	115,588,500
Closing balance	115,588,500	115,588,500
(b) General reserve		
Opening balance	421,636,211	376,536,211
Add : Additions during the year	12,700,000	45,100,000
Closing balance	434,336,211	421,636,211
(c) Surplus in statement of profit and loss		
Opening balance	2,024,874,822	1,795,425,975
Add : Profit for the year	126,977,129	450,183,998
Less : Transferred to general reserve	12,700,000	45,100,000
Less : Proposed dividend (₹ 2/- per share) (Previous year ₹ 10/- per share)	30,223,950	151,119,750
Less : Tax on dividend	5,136,561	24,515,401
Closing balance	2,103,791,440	2,024,874,822
Total	2,653,716,151	2,562,099,533

NOTE 5 LONG-TERM BORROWINGS

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Term loans - secured		
From banks (Refer note (i) below)	173,749,004	252,945,104
(b) Long term maturity of finance lease obligations		
Secured (Refer note 36)	164,419	318,758
Unsecured (Refer note 36)	17,596,660	4,893,411
Total	191,510,083	258,157,273

NOTES forming part of financial statements

(i) Details of terms of repayment for long-term borrowings:

Particulars	As at 30 th September, 2013		
	Current (Refer note 10)	Non Current	Total
Term loans from banks - Secured			
(i) HDFC Bank Limited	29,473,684	58,947,369	88,421,053
(ii) KOTAK Bank Limited	40,000,000	40,000,000	80,000,000
(iii) AXIS Bank Limited	9,722,416	74,801,635	84,524,051
Total	79,196,100	173,749,004	252,945,104

Particulars	As at 30 th September, 2012		
	Current (Refer note 10)	Non Current	Total
Term loans from banks - Secured			
(i) HDFC Bank Limited	54,473,683	88,421,059	142,894,742
(ii) KOTAK Bank Limited	40,000,000	80,000,000	120,000,000
(iii) AXIS Bank Limited	2,430,555	84,524,045	86,954,600
(iv) TD Bank	8,897,445	-	8,897,445
Total	105,801,683	252,945,104	358,746,787

Details of security provided for long-term borrowings:

- (i) 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, Mysore. Repayable in equal quarterly installments along with interest ranging from 12.75% to 13.5% .
- (ii) 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 equal quarterly installments along with interest ranging from 11.5% to 12% .
- (iii) The loan is secured by hypothecation of first pari-passu charge on all movable and immovable assets of the wind mill project at Jadeshwar site in Rajkot District, Gujarat (excluding the land which is being leased by Govt. of Gujarat). The entire receivables of the project and escrow (with axis bank designated account) of the receivables from the sale of power generated. Repayable in equal quarterly installments starting from July 2013. Interest payable monthly ranging from 12.5% to 13%

The finance lease is secured by first pari-passu charge on leased vehicle. Repayable in equal monthly installments along with interest ranging from 13% to 14.60%.

The unsecured finance lease is repayable in equal quarterly installments alongwith interest ranging from 10% to 12%

The unsecured term loan repayable in equal quarterly installments along with interest at LIBOR + 0.41%.

NOTES forming part of financial statements

NOTE 6 OTHER LONG TERM LIABILITIES

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Leave salary payable (Refer note 33)	4,997,685	9,342,141
(b) Gratuity payable (Refer note 33)	18,710,458	11,867,019
Total	23,708,143	21,209,160

NOTE 7 LONG TERM PROVISIONS

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
Provision - others:		
Provision for warranty (Refer note 39)	19,035,929	20,338,434
Total	19,035,929	20,338,434

NOTE 8 SHORT-TERM BORROWINGS

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Secured Working capital borrowings (refer note (i) and (ii) below)		
From banks - Secured	35,178,044	191,814,912
Unsecured	200,000,000	-
Total	235,178,044	191,814,912

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

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(i) Cash Credit Accounts	35,178,044	191,814,912
(ii) Short term Borrowings	200,000,000	-
Total	235,178,044	191,814,912

(i) 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) and second pari-passu charge on entire gross block of fixed assets including capital work in progress of the company.

(ii) The above short term borrowings is repayable within 90 days alongwith interest @ 11.5 %

NOTES forming part of financial statements

NOTE 9 TRADE PAYABLES

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
Trade payables:		
Acceptances	23,255,981	55,998,077
Other than Acceptances (Refer Note 26)	622,858,824	1,082,638,060
Total	646,114,805	1,138,636,137

NOTE 10 OTHER CURRENT LIABILITIES

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Current maturities of long-term debt (Refer Note 5)	79,196,100	105,801,683
(b) Current maturities of finance lease obligations (Refer note 36)	6,305,973	1,449,382
(c) Interest accrued but not due on borrowings	4,111,447	2,235,464
(d) Unpaid dividends	2,784,488	2,790,223
(e) Other payables		
(i) Statutory remittances	25,297,625	119,608,254
(ii) Payables on purchase of fixed assets	8,727,399	5,723,873
(iii) Advance from customers	3,063,467	4,201,815
(iv) Gratuity payable (Refer note 33)	6,676,027	5,324,462
(v) Super annuation payable	4,303,802	4,144,550
(vi) Leave salary payable (Refer note 33)	2,495,245	1,627,756
Total	142,961,573	252,907,462

For details of security please refer note 5

NOTES forming part of financial statements

NOTE 11 SHORT-TERM PROVISIONS

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Provision for employee benefits		
Provision for compensated absences (Refer note 33)	11,516,256	8,989,348
(b) Provision - others:		
Provision for taxation (Refer note (i) below)	11,135,457	22,806,145
Provision for warranty (Refer note 39)	14,297,946	14,805,523
Provision for proposed dividend	30,223,950	151,119,750
Provision for dividend distribution tax	5,136,561	24,515,401
Total	72,310,170	222,236,167

Note (i)

	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
Provision for taxation	25,325,978	273,788,826
Less: Advance tax	14,190,521	250,982,681
Net	11,135,457	22,806,145

NOTES forming part of financial statements

NOTE 12 (A) FIXED ASSETS - TANGIBLE

TANGIBLE ASSETS	Cost			Depreciation			Net Block			
	As at 1 st October, 2012 ₹	Additions during the year ₹	Deductions during the year ₹	As at 30 th September, 2013 ₹	Upto 1 st October, 2012 ₹	For the year ₹	On 30 th September, 2013 ₹	Upto 30 th September, 2013 ₹	As at 30 th September, 2013 ₹	As at 30 th September, 2012 ₹
Land - Freehold	3,832,366	-	-	3,832,366	-	-	-	-	3,832,366	3,832,366
Land - Leasehold	76,830,558	-	-	76,830,558	-	-	-	-	76,830,558	76,830,558
Building	281,715,401	45,463,625	-	327,179,026	82,542,105	15,173,895	-	97,716,000	229,463,026	199,173,296
Plant & Machinery	3,135,434,281	244,531,630	4,824,292	3,375,141,618	1,722,974,075	239,906,376	4,824,286	1,958,056,165	1,417,085,453	1,412,460,206
Furniture & office equipment										
Owned	60,310,576	29,028,574	40,480	89,298,671	36,696,130	8,865,556	9,873	45,551,813	43,746,858	23,614,446
Finance lease	6,675,400	21,863,377	-	28,538,777	66,7540	3,949,529	-	4,617,069	23,921,708	6,007,860
Vehicles										
Own Vehicle	2,245,012	490,000	-	2,735,012	1,504,367	265,296	-	1,769,663	965,349	740,645
Finance lease	2,983,458	-	-	2,983,458	1,977,844	275,288	-	2,253,132	730,326	1,005,614
Total	3,570,02,7052	341,377,205	4,864,772	3,906,539,485	1,846,362,061	268,435,940	4,834,159	2,109,963,841	1,796,575,644	1,723,664,991
Previous year	3,171,251,902	544,167,247	145,392,097	3,570,027,052	1,712,489,439	268,816,250	132,943,628	1,846,362,061	1,723,664,991	

(i) The company has been allotted 41.50 acres of land on leasehold basis at the village Salampur, Tensil Depalpur, Indore for a period of 99 years and no amortisation has been considered thereon.

(ii) All the assets are owned by the company, unless otherwise stated as taken on lease. None of the assets are given on operating lease.

NOTE 12 (B) FIXED ASSETS - INTANGIBLE

INTANGIBLE ASSETS	Cost			Amortisation			Net Block			
	As at 1 st October, 2012 ₹	Additions during the year ₹	Deductions during the year ₹	As at 30 th September, 2013 ₹	Upto 1 st October, 2012 ₹	For the year ₹	On 30 th September, 2013 ₹	Upto 30 th September, 2013 ₹	As at 30 th September, 2013 ₹	As at 30 th September, 2012 ₹
Software	38,674,792	14,349,180	-	53,023,972	71,53,411	16,858,104	-	24,011,515	29,012,457	31,521,381
Total	38,674,792	14,349,180	-	53,023,972	71,53,411	16,858,104	-	24,011,515	29,012,457	31,521,381
Previous year	84,9140	3,7825,652	-	38,674,792	92,188	7,061,223	-	71,53,411	31,521,381	

NOTES forming part of financial statements

NOTE 13 LONG-TERM LOANS AND ADVANCES

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
Unsecured, considered good		
(a) Capital advances	29,092,000	16,288,883
(b) Security deposits	24,331,500	24,050,570
(c) Loans and advance to employees	7,920,922	7,826,659
(d) Advance income tax (Refer note (i) below)	20,800,864	57,543,131
(e) Supplier advances	15,000,040	10,000,000
(f) Balances with Government authorities	846,806	581,154
Total	97,992,132	116,290,397

Note (i)

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
Advance income tax	412,890,254	569,155,890
Less: Provision for taxation	392,089,390	511,612,759
Net	20,800,864	57,543,131

NOTE 14 OTHER NON-CURRENT ASSETS

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Accruals		
Interest accrued on deposits	669,202	207,884
(b) Others		
Fixed deposit (under lien)	15,204,930	5,204,930
Total	15,874,132	5,412,814

NOTES forming part of financial statements

NOTE 15 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Raw materials and components	351,953,241	422,823,933
(b) Goods-in-transit - raw material	956,326	840,832
(c) Work-in-progress	346,640,768	377,381,026
(d) Finished goods	103,516,804	63,138,779
(e) Stores and spares	83,709,461	75,368,175
(f) Goods-in-transit - stores and spares	67,090	558,569
Total	886,843,690	940,111,314

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

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
Brakes	26,248,606	27,388,456
Casting	19,947,325	15,981,634
Drive Head	11,088,950	14,961,248
Forging	41,768,405	40,497,105
Gear & Pinion	92,747,042	100,058,751
Housing	95,272,732	111,246,423
Others	59,567,708	67,247,409
Total	346,640,768	377,381,026

NOTE 16 TRADE RECEIVABLES

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	96,709,589	-
Doubtful	2,155,330	1,042,654
	98,864,919	1,042,654
Less: Provision for doubtful trade receivables	2,155,330	1,042,654
	96,709,589	-
Other trade receivables		
Unsecured, considered good	1,043,327,250	1,591,532,402
Doubtful	-	-
	1,043,327,250	1,591,532,402
Total	1,140,036,839	1,591,532,402

NOTES forming part of financial statements

NOTE 17 CASH AND BANK BALANCES

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Cash on hand	54,832	74,596
(b) Cheques in hand	50,000	1,394,096
(c) Balances with banks		
In current accounts	7,235,364	5,637,808
In earmarked accounts		
- In deposit accounts - Refer Notes below	-	2,354,800
Total Cash and cash equivalents	7,340,196	9,461,300
In earmarked accounts		
- Unpaid dividend accounts	2,784,490	2,790,226
- In deposit accounts - Refer Note below	1,250,000	11,250,000
Total	11,374,686	23,501,526

- (i) Balance with banks in deposit accounts includes margin money deposit amounting to ₹ 1,250,000/- (previous year ₹ 10,000,000) which have an original maturity of more than 12 months
- (ii) Balance with banks in deposit accounts are under lien for loan / guarantee

NOTE 18 SHORT-TERM LOANS AND ADVANCES

Unsecured considered good unless otherwise stated

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Loans and advance to employees	6,654,197	7,336,926
(b) Prepaid expenses	15,977,907	10,587,911
(c) Balances with Government authorities	72,005,799	159,382,621
(d) Others		
Unsecured, considered good	103,829,080	138,486,269
Total	198,466,983	315,793,727

NOTE 19 OTHER CURRENT ASSETS

Particulars	As at 30 th September, 2013	As at 30 th September, 2012
	₹	₹
(a) Unbilled revenue	1,010,841	660,618
(b) Interest accrued on deposits	206,797	2,386,506
(c) Other receivables (sale of electricity)	2,041,887	1,291,152
Total	3,259,525	4,338,276

NOTES forming part of financial statements

NOTE 20 REVENUE FROM OPERATIONS

Sl. No.	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(a)	Sale of products(Refer Note (i) below)	7,127,169,310	10,418,403,499
(b)	Less : Excise duty	712,485,448	1,018,933,033
		6,414,683,862	9,399,470,466
(c)	Other operating revenues (Refer Note (ii) below)	10,658,306	7,028,067
	Total	6,425,342,168	9,406,498,533

Note	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(i)	Sale of products comprises :		
	Axle Housings	237,117,871	336,640,032
	Axles	4,827,717,074	7,109,572,027
	Break Assemblies	1,221,236,910	2,336,529,169
	Gear Sets	347,119,667	244,545,848
	Others	493,977,788	391,116,423
	Total	7,127,169,310	10,418,403,499

Note	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(ii)	Other operating revenue comprises :		
	Export Incentive	145,011	1,179,023
	Other Income Jobbing	-	28,080
	Income from wind power generation	10,513,295	5,820,964
	Total	10,658,306	7,028,067

NOTE 21 OTHER INCOME

Sl. No.	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(a)	Interest income (Refer Note (i) below)	8,001,047	5,764,097
(b)	Other non-operating income (Refer Note (ii) below)	8,304,650	14,439,509
	Total	16,305,697	20,203,606

NOTES forming part of financial statements

Note	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(i)	Interest income comprises:		
	a) Interest on short term deposit	1,482,325	1,348,125
	b) Other interest	6,518,722	4,415,972
	Total	8,001,047	5,764,097

Note	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(ii)	Other non-operating income comprises:		
	a) Liabilities/ provisions no longer required written back	7,374,057	11,055,165
	b) Miscellaneous income	930,593	3,384,344
	Total	8,304,650	14,439,509

NOTE 22.A COST OF MATERIALS CONSUMED

Sl. No.	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(a)	Opening stock	423,664,765	792,460,579
(b)	Add : Purchases	4,726,943,895	6,988,662,117
		5,150,608,660	7,781,122,696
	Less : Closing stock	352,909,566	423,664,765
	Less : Scrap sales and cash discount	253,367,190	412,681,978
	Total	4,544,331,904	6,944,775,953

Note	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(i)	Rawmaterials consumed comprises:		
	Steel	866,210,852	1,658,820,833
	Castings	1,133,898,262	1,398,188,476
	Forgings	1,152,621,339	1,412,602,125
	Bought out finished (BOF)	1,186,763,851	2,156,557,275
	Others	204,837,600	318,607,244
	Total	4,544,331,904	6,944,775,953

NOTES forming part of financial statements

NOTE 22.B CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Sl. No.	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
	Inventories at the end of the year:		
(a)	Finished goods	103,516,803	63,138,779
(b)	Work-in-progress	346,640,768	377,381,026
		450,157,571	440,519,805
	Inventories at the beginning of the year:		
(c)	Finished goods	63,138,779	49,801,177
(d)	Work-in-progress	377,381,026	167,264,459
		440,519,805	217,065,636
	Net (increase) / decrease	(9,637,766)	(223,454,169)

NOTE 23 EMPLOYEE BENEFITS EXPENSE

Sl. No.	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(a)	Salaries and wages	441,284,291	470,226,675
(b)	Contributions to provident and other funds (Refer Note 33)	47,606,581	48,247,568
(c)	Staff welfare expenses	39,118,752	43,413,395
	Total	528,009,624	561,887,638

NOTE 24 FINANCE COSTS

Sl. No.	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(a)	Interest on term loan	34,766,896	41,231,505
(b)	Interest on working capital borrowings	46,339,497	46,959,532
(c)	Other borrowing cost	-	1,825,850
(d)	Interest on finance lease	1,337,635	164,147
(e)	Interest on others	203,752	2,396,546
	Total	82,647,780	92,577,580

NOTES forming part of financial statements

NOTE 25 OTHER EXPENSES

Sl. No.	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(a)	Stores & spares consumed	164,434,879	206,471,664
(b)	Power & fuel	182,876,387	211,872,863
(c)	Increase /(decrease) in excise duty	1,945,169	2,542,894
(d)	Travelling expenses	12,733,775	19,390,649
(e)	Rent including lease rentals	1,768,390	1,860,694
(f)	Repairs and maintenance - buildings	1,758,287	3,583,672
(g)	Repairs and maintenance - plant & machinery	82,545,995	125,396,138
(h)	Repairs and maintenance - others	22,898,532	16,309,611
(i)	Rates & taxes	929,126	1,852,038
(j)	Insurance charges	5,696,472	3,181,555
(k)	Postage, telephone & telegram	2,297,823	2,563,218
(l)	Vehicle running expenses	1,083,491	1,463,170
(m)	Directors' sitting fees	480,000	540,000
(n)	Legal and professional charges	18,686,255	15,867,671
(o)	Auditors remuneration (Refer Note (i) below)	3,632,782	3,635,733
(p)	Technical fees	43,164,426	52,773,263
(q)	Bank charges / commission	2,596,823	5,408,338
(r)	Outside processing charges	206,811,079	341,062,006
(s)	Exchange loss	4,265,001	4,883,862
(t)	Product service	16,535,724	9,245,269
(u)	Warranty (net) (Refer note 39)	11,774,936	24,273,941
(v)	Export expenses	173,562	1,558,009
(w)	Loss on fixed assets sold/ scrapped/ written off	-	7,542,675
(x)	Provision for doubtful trade receivables (net)	1,112,676	642,083
(y)	Bad trade and other receivables, loans and advances written off	489,568	2,744,812
(z)	Miscellaneous expenses	34,730,306	44,614,630
	Total	825,421,464	1,111,280,458

Note	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(i)	Payments to the auditors comprises (net of service tax input credit):		
	a) For statutory audit	2,600,000	2,600,000
	b) For other attest services	700,000	700,000
	c) Reimbursement of expenses	332,782	335,733
	Total	3,632,782	3,635,733

NOTES forming part of financial statements

NOTE 26 COMMITMENTS

Sl. No.	Particulars	For the year ended 30 th September, 2013	For the year ended 30 th September, 2012
		₹	₹
(a)	Commitments		
	Estimated amount of contracts remain to be executed and not provided for		
	i) Tangible asset	82,329,444	91,426,053
	ii) Intangible asset	1,000,000	-

27. 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.

28. Foreign exchange exposure

There is no outstanding forward exchange contract as at 30th September, 2013. Currency exposure as on 30th September, 2013 that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	2012-13		2011-12	
	In ₹	In Foreign Currency	In ₹	In Foreign Currency
Liabilities				
Trade payables	4,461,067	US\$ 70,397	10,830,315	US\$ 203,821
	784,808	EUR 9,139	1,895,164	EUR 27,434
	-	-	1,788,807	GBP 20613
Interest payable	-	-	35,035	US\$ 659
Other current liabilities	-	-	8,897,445	US\$ 167,466

29. Value of imports on C.I.F. basis :

Particulars	2012-13	2011-12
	(₹)	(₹)
Raw Material	59,887,539	48,437,467
Consumable & Spares	4,044,542	6,069,029
Capital Goods	23,634,158	209,046,105
	87,566,239	263,552,601

NOTES forming part of financial statements

30. Value of raw materials, stores & spares consumed during the year :

Particulars	2012-13		2011-12	
	Consumption (%)	(₹)	Consumption %	(₹)
a) Raw Materials				
• Imports	1	60,504,573	1	80,258,215
• Indigenous	99	4,483,827,331	99	6,864,517,738
	100	4,544,331,904	100	6,944,775,953
b) Stores & Spares				
• Imports	4	6,110,120	5	9,403,496
• Indigenous	96	158,324,759	95	197,068,168
	100	164,434,879	100	206,471,664

31. Expenditure in foreign currency:

Particulars	2012-13	2011-12
	(₹)	(₹)
Traveling expenses	1,295,602	2,006,191
Bank charges	5,510	7,912
Technical fee	80,028	6,568,245
Interest expenses	34,175	322,964

32. Remittances in foreign currency on account of dividends to non-resident shareholders :

Particulars	2012-13	2011-12
	(₹)	(₹)
No. of non-resident shareholders	1	1
No. of equity shares held	5,367,275	5,367,275
Amount of dividend paid	53,672,750	53,672,750
Year to which dividend related - final dividend	2011-12	2010-11

33. Employee benefits:

I Defined Contribution Plans:

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

Particulars	2012-13	2011-12
	(₹)	(₹)
Employers' Contribution to Provident Fund Including Family Pension Fund* (Excluding Administration Charges)	25,098,200	24,689,807
Superannuation Fund*	8,639,082	8,200,261
Employers' State Insurance	4,174,295	2,304,709

* Included in Contribution to Provident and Other Funds (Refer Note – 23)

NOTES forming part of financial statements

II Defined Benefit Plan :

Contribution to Gratuity Fund:

In accordance with Accounting Standard 15 (Revised 2005) actuarial valuation as on 30th September, 2013 was carried out in respect of the defined benefit plan of Gratuity based on the following assumptions.

Particulars	Gratuity	
	2012-13	2011-12
Discount Rate	8.71%	8.50%
Expected Return on Plan Assets	8.50%	8.50%
Salary Escalation Rate – Staff	7.50%	12.00%
Salary Escalation Rate – Workmen	5.00%	5.00%

Change in present value of obligation:

Particulars	Gratuity	
	2012-13	2011-12
Opening Present Value of Obligation	69,903,172	61,069,402
Current Service Cost	8,342,569	8,036,415
Interest on Defined Benefit Obligation	5,865,271	5,021,719
Benefits Paid	(5,127,341)	(3,980,709)
Net Actuarial Losses/(Gains) Recognised During the Year	(97,956)	(243,655)
Liability taken over	-	-
Closing Present Value of Obligation	78,885,715	69,903,172

Change in fair value of assets:

Particulars	Gratuity	
	2012-13	2011-12
Opening Fair Value of Plan Asset	52,711,691	50,322,441
Expected Return on Plan Assets	4,262,582	4,142,227
Actuarial Gains/(Losses)	152,298	1,427,732
Contribution by Employer	0	800,000
Benefits Paid	(5,127,341)	(3,980,709)
Fund With LIC	1,500,000	0
Closing Fair Value of Plan Assets	53,499,230	52,711,691

NOTES forming part of financial statements

Investment details of fund assets :

Fund	Percentage 2012-13	2012-13 Amount (₹)	Percentage 2011-12	2011-12 Amount (₹)
Group Balanced Fund	21%	11,264,097	20%	10,436,542
Group Debt Fund	23%	12,149,538	21%	11,289,809
Group Growth Fund	49%	26,412,942	46%	23,969,027
Group Short Term Debt Fund	4%	2,172,653	13%	7,016,313
Group Gratuity Fund	3%	1,500,000	-	-
Total	100%	53,499,230	100%	52,711,691

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

Particulars	Gratuity	
	2012-13	2011-12
Closing Present Value of Funded Obligation	78,885,715	69,903,172
Closing Fair Value of Plan Assets	53,499,230	52,711,691
Unfunded Liability	(25,386,485)	(17,191,481)
Unrecognised Actuarial Gains/(Losses)	--	--
Unfunded Net Asset/(Liability) Recognised in Balance Sheet	(25,386,485)	(17,191,481)

Amount recognised in the balance sheet :

Particulars	Gratuity	
	2012-13	2011-12
Closing Present Value of Obligation	78,885,715	69,903,172
Closing Fair Value of Plan Assets	53,499,230	52,711,691
Liability Recognised In The Balance Sheet		
(i) Other long term liabilities	18,710,458	11,867,019
(ii) Other current liabilities	6,676,027	5,324,462
Total	(25,386,485)	(17,191,481)

Expenses recognised in statement of profit and loss :

Particulars	Gratuity	
	2012-13	2011-12
Service Cost	8,342,569	8,036,415
Interest Cost	5,865,271	5,021,719
Expected Return on Plan Asset	(4,262,582)	(4,142,227)
Actuarial Gains/(Losses)	(250,254)	(1,671,387)
Net Cost	9,695,004	7,244,520

NOTES forming part of financial statements

Experience adjustment

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligations	78,885,715	69,903,172	61,069,402	60,175,568	52,140,084
Plan Assets	53,499,230	52,711,691	50,322,441	52,370,674	42,295,034
Surplus/ Deficit	(25,386,485)	(17,191,481)	(10,746,962)	(7,804,894)	(9,845,050)
Experience Adjustment on Plan Liabilities	(97,956)	(243,655)	(2,650,958)	(847,398)	(225,851)
Experience Adjustment on Plan Assets	152,298	1,427,732	(4,152,839)	1,596,721	3,548,836

Expected payment / contribution within next one year ₹ 6,676,027/-

The estimated rate escalation in salary considered in actuarial valuation, take 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:

Particulars	2012-13	2011-12
Leave salary		
Other long term liabilities	4,997,685	9,342,141
Short term provisions	11,516,256	8,989,348
Other current liabilities	2,495,245	1,627,756
Total	19,009,186	19,959,245

34. 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 geographic segments. Hence the segment information as per Accounting Standard -17 "Segment reporting" is not disclosed.

NOTES forming part of financial statements

b. Transactions with Related Parties

Sl. No.	Transactions	Entity having substantial Influence	Enterprises Under Common Control	Key Management Personnel	Total
<i>Transactions during the year</i>					
1)	Purchase of Goods				
	Bharat Forge Ltd.,		9,486,407 (11,821,886)		9,486,407 (11,821,886)
	Meritor HVS LLC USA	6,196,357 (11,688,066)			6,196,357 (11,688,066)
	Meritor Inc., Troy	- (63,784)			- (63,784)
	Meritor, Brazil		525,300 (244,253)		525,300 (244,253)
	Meritor Vehicle Systems (Wuxi) Co Ltd., China		- (33,450)		- (33,450)
	Meritor HVS, Sweden		3,269,825 (841,720)		3,269,825 (841,720)
	Ege Gren AS Turkey		53,240 (43,633)		53,240 (43,633)
	Meritor HVS Cameri, SPA, Italy		6,613,142 (5,751,374)		6,613,142 (5,751,374)
	Meritor Automotive Inc, Fletcher, USA		81,090 (907,463)		81,090 (907,463)
	Meritor HVS Florence		197,328 (24,302)		197,328 (24,302)
	Meritor Automotive Inc, Ohio USA		36,612 (258,367)		36,612 (258,367)
	Meritor Inc., Maxton, USA		2,774,503 (1,492,086)		2,774,503 (1,492,086)
	Meritor HVBS CWMBRAN		1,954,194 (1,795,678)		1,954,194 (1,795,678)
	Meritor HVS India Limited		1,087,241 (-)		1,087,241 (-)
2)	Sale of Goods				
	Meritor HVS (India) Limited		6,357,614,867 (8,565,117,869)		6,357,614,867 (8,565,117,869)
	Bharat Forge Ltd.,		5,808,301 (42,430,958)		5,808,301 (42,430,958)
3)	Purchase of Fixed Assets				
	Meritor Inc., Troy	- (208,441)			- (208,441)

NOTES forming part of financial statements

Sl. No.	Transactions	Entity having substantial Influence	Enterprises Under Common Control	Key Management Personnel	Total
4)	Services Received				
	Bharat Forge Ltd,		125,919,772 (148,012,111)		125,919,772 (148,012,111)
	Meritor Inc USA	5,100,480 (5,100,480)			5,100,480 (5,100,480)
	Meritor HVS (India) Limited		43,874,492 (43,760,161)		43,874,492 (43,760,161)
5)	Other Recoveries				
	Meritor HVS (India) Limited		5,696,454 (3,844,774)		5,696,454 (3,844,774)
6)	Trade Advances Paid				
	Bharat Forge Ltd,		4,200,000 (46,800,000)		4,200,000 (46,800,000)
7)	Dividend Paid				
	Meritor Inc	53,672,750 (53,672,750)			53,672,750 (53,672,750)
	BF Investments Ltd,		53,678,060 (53,678,060)		53,678,060 (53,678,060)
	Dr. B. N. Kalyani			1,260 (1,260)	1,260 (1,260)
8)	Trade Advances Recovered				
	Bharat Forge Ltd,		- (30,629,424)		- (30,629,424)
9)	Managerial Remuneration and Sitting Fee				
	Dr. B. N. Kalyani			80,000 (60,000)	80,000 (60,000)
	Mr. Ashok Rao			9,020,889 (9,747,560)	9,020,889 (9,747,560)
Amount Outstanding at the Balance Sheet Date					
10)	Debit balance				
	Meritor HVS (India) Limited		971,306,421 (1,445,264,026)		971,306,421 (1,445,264,026)
	Bharat Forge Ltd,		- (47,693,403)		- (47,693,403)

NOTES forming part of financial statements

Sl. No.	Transactions	Entity having substantial Influence	Enterprises Under Common Control	Key Management Personnel	Total
11)	Credit balance				
	Bharat Forge Ltd.,		27,711,824 (23,669,977)		27,711,824 (23,669,977)
	Meritor HVS Cameri, SPA, Italy		- (1,155,675)		- (1,155,675)
	Meritor Inc	5,100,480 (10,264,499)			5,100,480 (10,264,499)
	Meritor HVS (India) Limited		15,644,677 (3,049,863)		15,644,677 (3,049,863)
	Meritor Automotive Export Ltd., UK		- (1,788,807)		- (1,788,807)
	Mr. Ashok Rao			- (1,332,500)	- (1,332,500)
	Meritor Inc, Maxton, USA		- (142,284)		- (142,284)
	Meritor Heavy Vehicle Systems LLC, Morristown		2,194,560 (-)		2,194,560 (-)
	Meritor HVS Sweden		788,246 (-)		788,246 (-)

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.
4. Figures in brackets relate to the previous year.

36. Finance Lease

The Company has taken certain vehicles and office equipments under finance lease on non-cancelable basis. The minimum lease payments under the various agreements are given below:

Particulars	2012-13	2011-12
Amount repayable not later than one year	8,510,100	2,036,428
Amount repayable later than one year and not later than five years	20,505,900	6,370,755
Amount repayable more than five years	--	--
Total	29,016,000	8,407,183
Less: Interest payable	4,948,948	1,745,632
Present value of minimum lease payments	24,067,052	6,661,551

NOTES forming part of financial statements

37. Earnings Per Share

Sl. No.	Particulars	2012-13	2011-12
		(In ₹ Except for No. of Shares)	
1	Profit after tax attributable to ordinary shareholders	126,977,129	450,183,998
2	Weighted average number of shares outstanding during the year	15,111,975	15,111,975
3	Nominal value of ordinary shares	10	10
4	Basic and diluted earnings per ordinary share	8.40	29.79

38. Deferred Tax

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

Particulars	2012-13 (₹)	2011-12 (₹)
Depreciation & Amortisation	413,845,645	411,101,681
Provision for Employee Benefits & Others	(65,290,599)	(28,379,179)
	348,555,046	382,722,502
Net Deferred Tax Liability Relating to the Above	118,473,860	124,173,860

(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.

39. Details of Provisions Under AS - 29 (Provisions, Contingent Liabilities and Contingent Assets)

Particulars	2012-13 (₹)	2011-12 (₹)
Nature of expenses	Warranty	Warranty
Probable outflow estimated within	One Year	One Year
Liability as at beginning of the year	35,143,957	25,669,698
Amount provided during the year	11,373,173	37,368,300
Amount utilised during the year	(12,155,140)	(14,355,996)
Amount reversed during the year	(1,028,115)	(13,538,045)
Liability as on end of the year	33,333,875	35,143,957

NOTES forming part of financial statements

40. Contingent Liability

Sl. No.	Particulars	2012-13	2011-12
a)	Contingent liabilities		
	Amount payable to sales tax authorities	636,000	-

41. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to notes 1 to 41

On behalf of the Board of Directors

Dr. B. N. Kalyani

Chairman

N. Muthukumar

Senior Vice President and
Whole time Director

S. Ramkumar

Chief Financial Officer &
Company Secretary

Place : Bangalore

Date : 25th November, 2013

NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Automotive Axles Limited, will be held at the Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysore 570 018 on 10th February, 2014 at 12.30 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Profit & Loss Account and Balance Sheet as at 30th September, 2013 together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 30th September, 2013
3. To appoint a Director in place of Bhalachandra B. Hattarki who retires by rotation and being eligible offers himself for reappointment
4. To appoint Auditors, Deloitte Haskins & Sells, Chartered Accountants (ICAI Reg.No.008072S) and to authorise the Board of Directors, to fix their remuneration for the period.

Special Business:

5. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that Chris Villavarayan who was appointed Additional Director of the Company by the Board of Directors on 02.05.2013 pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting be and is hereby appointed as a non-retiring Director of the Company."
6. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that Amit B. Kalyani who was appointed Additional Director of the Company by the Board of Directors on 25.11.2013 pursuant to Section 161(1) of the Companies Act, 2013 and holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company subject to retirement by rotation."
7. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that Joseph A. Plomin who was appointed Additional Director of the Company by the Board of Directors on 25.11.2013 pursuant to Section 161(1) of the Companies Act, 2013 and holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company subject to retirement by rotation."
8. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that pursuant to the provisions of Section 198, 269 & 309 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, as amended, the company hereby accords its consent and approval to the appointment of

NOTICE

N. Muthukumar as Whole Time Director of the Company for a period of five years with effect from 01.10.2013, on the terms and conditions set out below:

Components		Compensation
Gross Salary		
1	Basic	₹ 2,50,000 per month
2	House Rent Allowance - 40% of basic	₹ 1,00,000 per month
3	Special Allowance	₹ 89,500 per month
4	Education Allowance	₹ 15,000 per month
5	Medical Reimbursement	₹ 20,333 per month
6	Conveyance	Company Car + Driver + Fuel (Max 200 Ltrs of Petrol per month)
7	LTA	One month's basic Salary per annum
8	Superannuation	15% of Basic Salary per month
9	PF	12% of Basic Salary per month
10	Gratuity	As per Gratuity scheme in force
11	Annual Performance Bonus (Max Limit)	₹ 10,00,000 per annum

Note : Performance Incentive is based on company's, department and individual performance.

By Order of the Board of Directors
For Automotive Axles Limited

Place: Mysore

Date: 25th November, 2013

S. Ramkumar

Chief Financial Officer & Company Secretary

Registered Office: Hootagalli Industrial Area
Off Hunsur Road
Mysore 570 018

Notes:

- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of items Nos 5 to 8 of the Notice is annexed.
- 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 HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form should be submitted to the Company at least 48 hours before the commencement of the Annual General Meeting.
- 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.
- The register of Members and Share Transfer Books will remain closed from 8th February, 2014 to 10th February, 2014 (both days inclusive).
- Those Members who have so far not encashed their Dividend Warrants for the below mentioned Financial Years, may claim or approach the Company's 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

NOTICE

Year	Particulars	Date of Declaration	Due date of Transfer
2005-06	75% Final Dividend	12-Feb-2007	07-Feb-2014
2006-07	60% Interim Dividend	21-Jul-2007	17-Aug-2014
2006-07	65% Final Dividend	18-Jan-2008	21-Feb-2015
2007-08	65% Dividend	21-Jan-2009	20-Feb-2016
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

6. The Members are requested to present the duly filled Attendance slips before the commencement of the Meeting.
7. Members are requested to bring their copy of the Annual Report to the Meeting
8. Shareholders may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.

ANNEXURE TO NOTICE

The following Explanatory Statements sets out material facts relating to the item No.5 to 8 mentioned in the Notice, as required under Section 102 the Companies Act, 2013

Item No. 5

Pursuant to Section 255 & 257 of the Companies Act, 1956 and Clause 113 of the Articles of Association, the Company received notice Dt.26.03.2013 from its Promoter Company, Meritor Heavy Vehicle Systems, LLC to appoint Chris Villavarayan as a non-retiring director who would represent them on the Board.

Hence, pursuant to Clause 117 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Chris Villavarayan was appointed as Additional Director on 2nd May 2013. In terms of Section 260 of the Companies Act, 1956 Mr. Villavarayan shall hold the office only up to the date of the Annual General Meeting and is eligible for reappointment as non-retiring Director. It would be in the best interest of the Company to appoint him as the Director of the Company.

Mr. Villavarayan is not related to any member of the Board or any Key Managerial Personnel or their relatives. And also, he does not hold any shares in the company.

Save and except Mr. Villavarayan, none of the other Directors or Key Managerial Personnel of the Company is in anyway concerned or interested in the resolution set out in the notice.

The Board recommends adoption of the resolution.

Item No. 6

Pursuant to Article 117 of the Articles of Association of the Company read with Section 161(1) of the Companies Act, 2013 Amit B. Kalyani was appointed as Additional Director on 25th November, 2013. In terms of Section 161(1), Mr. Kalyani shall hold the office only up to the date of the Annual General Meeting and is eligible for reappointment as Director. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member specifying his intention to propose the appointment of Mr. Kalyani as a Director subject to retirement by rotation. It would be in the best interest of the company to appoint Mr. Kalyani as the Director of the Company.

Amit B. Kalyani is related to Dr. Babasaheb N. Kalyani, Chairman of the Board. He does not hold any shares in the company.

Save and except Amit B. Kalyani & Dr. Babasaheb N. Kalyani, none of the other Directors or Key Managerial Personnel of the Company or their relatives is in anyway concerned or interested in the resolution set out in the notice.

The Board recommends adoption of the resolution.

NOTICE

Item No. 7

Pursuant to Article 117 of the Articles of Association of the Company read with Section 161(1) of the Companies Act, 2013 Joseph A. Plomin was appointed as Additional Director on 25th November, 2013. In terms of Section 161(1), Mr. Plomin shall hold the office only up to the date of the Annual General Meeting and is eligible for reappointment as Director. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member specifying his intention to propose the appointment of Mr. Plomin as a Director subject to retirement by rotation. It would be in the best interest of the company to appoint Mr. Plomin as the Director of the Company. Mr. Plomin is not related to any member of the Board or any Key Managerial Personnel or their relatives. And also, he does not hold any shares in the company.

Save and except Mr. Plomin, none of the other Directors or Key Managerial Personnel of the Company is in anyway concerned or interested in the resolution set out in the notice.

The Board recommends adoption of the resolution.

Item No. 8

Pursuant to Article 117 of the Articles of Association of the Company read with Section 198, 269 & 309 of the Companies Act, 1956 and having regard to the needs of the Company, N. Muthukumar who was appointed Whole Time Director of the Company, for a period of five years, effective 01.10.2013 on the revised remuneration and perquisites as mentioned in the Resolution. As he was appointed on the board as Additional Director, he would hold office only up to the date of this Annual General Meeting, in terms of provisions under section 260 of the Companies Act, 1956. Notice under Section 257 of the Companies Act, 1956 have been received from a member specifying his intention to propose the appointment of Mr. Muthukumar as director.

Mr. Muthukumar being the recipient of the remuneration, may be regarded as concerned or interested in the Resolution. None of the other Directors or Key Managerial Personnel or their relatives is concerned or interested in the said resolution.

Disclosure under Section 302 of the Companies Act, 1956:

The details of remuneration furnished in the resolution also constitute the abstract of terms and contract, as required to be disclosed, pursuant to provisions under Section 302 of the Companies Act, 1956.

Information required under clause 49 of the listing Agreement with the stock exchanges with respect to the Directors retiring by rotation and being eligible, seeking reappointment and other directors who are getting first time appointed on the board of the company is as under:

- (a) **B. B. Hattarki**, is a Metallurgy and Mechanical Engineer, having 50 years of rich experience in the steel and forging industry. Mr. Hattarki also serves on the Board of Kalyani Steels Limited, Kalyani International Limited, Kalyani Mukand Limited, Hospet Steels Limited, BF Utilities Limited, Khed Developers Limited, BF Investment Limited and Kalyani Investment Company Limited.
- (b) **Chris Villavarayan**, has Honors Bachelor of Civil Engineering from McMaster University, Hamilton, Ontario. He has 18 years of leadership experience in operations management, strategic planning, and project management, delivering flawless execution of cost reduction programs, production transfers, facility rationalisation, and Greenfield startups. Uniquely skilled at developing cohesive and collaborative teams while empowering employees to drive out waste and improve bottom line company performance by driving vigorous action, measurement and implementation. Villavarayan was formerly general manager, Operations, Strategy and Planning, responsible for world wide capacity and manufacturing planning, industrialisation and program management. He has also been the General Manager for Meritor Inc. (formerly ArvinMeritor) Europe Operations. Villavarayan joined Meritor Inc. in 2000 as Site Manager of its facility in St. Thomas, Ontario.

NOTICE

- (c) **Amit B. Kalyani** has a Bachelor's in Mechanical Engineering from Bucknell University, Pennsylvania, USA. In 1999, Amit got appointed as Vice President and Chief Technology Officer at Bharat Forge Ltd., (the Pune based Indian multinational is a technology-driven global leader in metal forming having trans-continental presence across 10 manufacturing locations, serving several sectors including automobile, power, oil and gas, rail & marine, aerospace, construction & mining, etc.) In his initial days, he played a critical role where he was responsible for implementing Unified MIS System SAP R3. He later took charge of Investor Relations and was instrumental in raising funds through QIP, GDR, FCCB, Rights Issue & ECB's, to the tune of \$ 700 million over a period of 5 years. He was also active in strategising and execution of the several acquisitions that the group has done across geographies. Currently he is serving as Executive Director on the Board of Bharat Forge. Amit serves also on the Boards of several group companies such as Kalyani Steels Limited, BF Utilities Limited, Kalyani Alstom Power Ltd, BF-NTPC Energy Systems Ltd, Nandi Infrastructure Corridor Enterprises Limited (NICE), Nandi Economic Corridor Enterprises Limited (NECE), Khed Economic Infrastructure Pvt. Limited (KEIPL), KPIT Cummins Infosystems Ltd, among others. He is also a Member on the Board of Governors of Rajarambapu Institute of Technology, Rajaramnagar since July 2009. He is an active member of the Young President's Organisation (YPO).
- (d) **Joseph A. Plomin** is Bachelor of Arts in Economics from Knox College, Galesburg IL. Started his carrier in 1984 as Product Manager in Federal Signal Corp., Signal Division, University Park, IL and introduced 26 new product lines during his first 4 years of service and derived 65% of sales revenue from those new products. Along with change in organisations, roles & responsibilities Joseph grew manifold and currently, he is Vice President – International operations and Global Brakes (Commercial Truck and Industrial) of Meritor Inc., a US\$5B manufacturer of drive train components for commercial vehicles, including axles, brakes, wheel end components and driveshafts. He owns Profit & Loss responsibility for 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.
- (e) **N. Muthukumar** has done MBA from Thiagarajar School of Management and is Masters in App Sciences from Guindy Engg College, Anna University, Chennai. He has completed his Bachelor's Degree in Chemistry from Sacred Heart College Tirupattur. He is pursuing his Doctoral research in Operations management.

He commenced his career with TVS Srichakra Tyres as Management Trainee in 1987 and became Head of Manufacturing Systems in the same organisation by 1994. In 1998 he headed the Business Process Re-engineering in TVS group and post successful completion became Head Operations for Sundaram Industries Limited. In 2002, he moved to TTK-LIG Limited and was heading Indian Operations as well as Global Continuous Improvement Leader for SSL International INC. In 2008 he joined Automotive Axles and heading operations.

By Order of the Board of Directors
For Automotive Axles Limited

S. Ramkumar

Chief Financial Officer & Company Secretary

Place: Mysore

Date: 25th November, 2013

Registered Office: Hootagalli Industrial Area
Off Hunsur Road
Mysore 570 018



AUTOMOTIVE AXLES LIMITED

Regd. Office: Hootagalli Industrial Area, Off Hunsur Road, Mysore – 570 018

FORM OF PROXY

I/We..... of

being Member(s) of Automotive Axles Limited hereby appoint Mr.or failing him

Mr.ofas my/our Proxy to vote

for me/us and on my/ our behalf at the Thirty Second Annual General Meeting of the Company to be held on 10th February, 2014 and

at any adjournment thereof.

Signed thisday

Regd. Folio No./ Demat Account No.....

No. of Shares

Affix a
Revenue
Stamp

Signature.....



AUTOMOTIVE AXLES LIMITED

Regd. Office: Hootagalli Industrial Area, Off Hunsur Road, Mysore – 570 018

ATTENDANCE SLIP

Thirty Second Annual General Meeting

Regd. Folio No./DP ID/Client ID.....

No. of shares held.....

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the Thirty Second Annual General Meeting of the Company at Regd. Office, Hootagalli Industrial Area, Off Hunsur Road, Mysore – 570 018, at 10th February, 2014.

.....
Name of the member / proxy

.....
Signature of member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Members are requested to bring their copies of the Annual report to the Meeting.

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

Mysore – 570 018

Karnataka