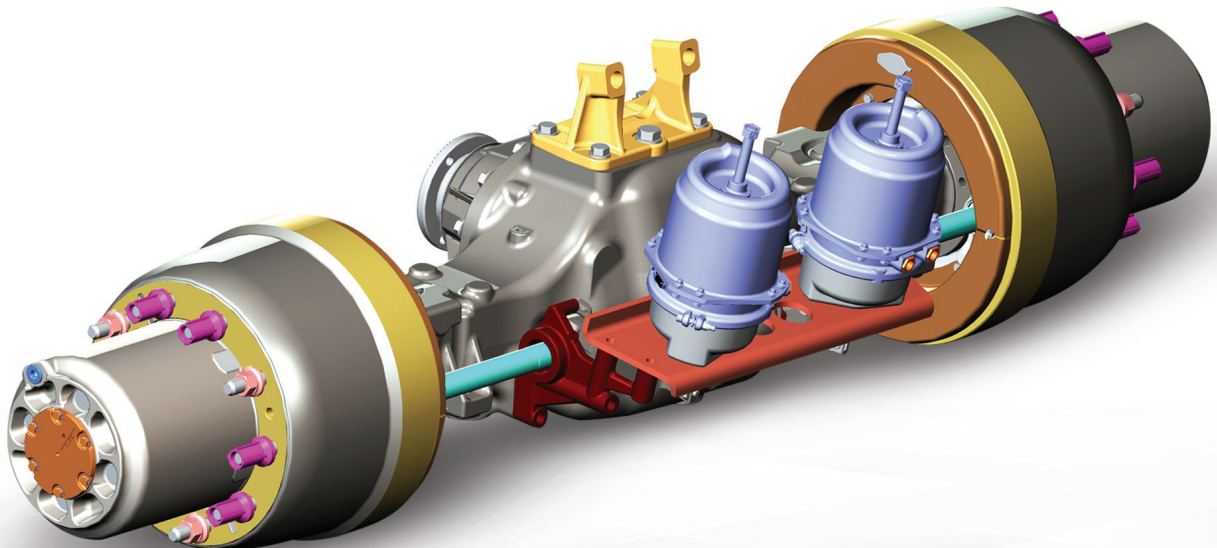


33RD

Annual Report 2013-14



GROWTH AND
PERFORMANCE....
THROUGH TECHNOLOGY
AND TEAMWORK

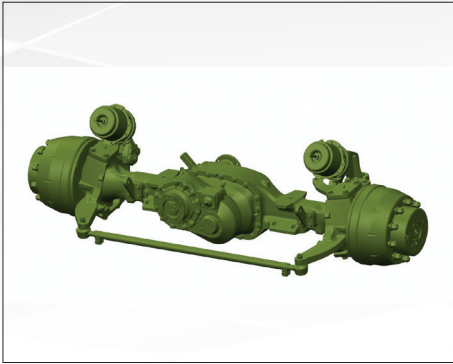
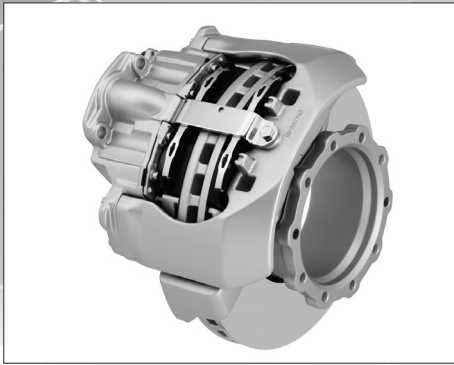
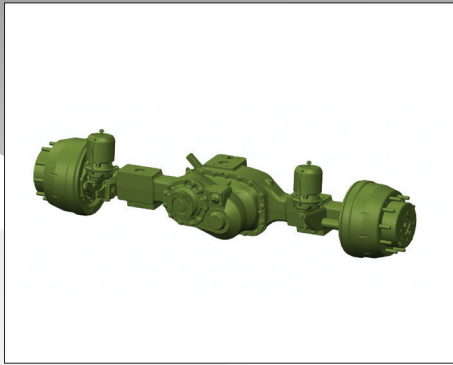


KALYANI

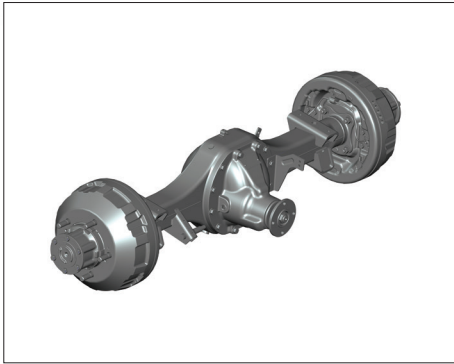
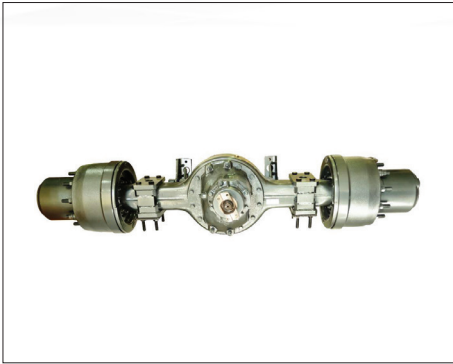
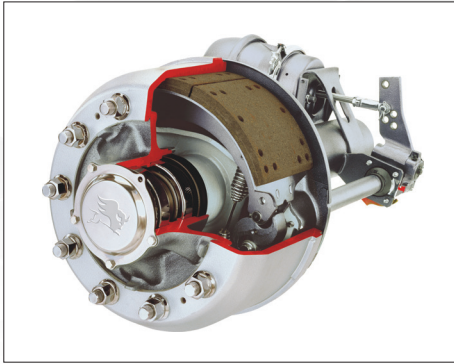
Automotive Axles Limited



MERITOR



Our Product Range



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Babasaheb N Kalyani, Chairman
 Mr. Marco Bassi, Director
 Mr. Bhalachandra B Hattarki, Director
 Mr. B C Prabhakar, Director
 Mr. Satish Sekhri, Director
 Mr. Amit B Kalyani, Director
 Mr. Joseph A Plomin, Director
 Mr. N Muthukumar, Whole-time Director

KEY MANAGERIAL PERSONNEL

Mr. N Muthukumar, Sr.Vice President & Whole-time Director
 Mr. S Ramkumar, Chief Financial Officer & Company Secretary

STATUTORY AUDITORS

Deloitte Haskins and Sells (Chennai), Bangalore

INTERNAL AUDITORS

PriceWaterHouseCoopers Pvt. Ltd., Bangalore

BANKER

HDFC Bank Limited
 Kotak Mahindra Bank
 IDBI 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, Mysuru - 570018.
 Ph: 0821-7197500
 Website: www.autoaxle.com
 Email: sec@autoaxle.com

WORKS

1. **Mysuru** -
Hootagalli Industrial Area, Off Hunsur Road, Mysuru
 2. **Rudrapur** -
6 Km Stone, Kichha Road, Village Shimla Pistor, Rudrapur, Udham Singh Nagar, Uttarakhand
 3. **Jamshedpur** -
Old Khakripara, Vill & Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand
-

CHAIRMAN'S MESSAGE

Dear Shareholders,

We are witnessing an intricate balancing act so far as the global economy is concerned. On the one hand, countries must address the lingering downside risks of the global financial crisis, while at the same time search for fresh pastures of opportunity and growth. The year under review witnessed developed economies gaining traction, mainly due to fiscal stimulus, low interest rates and a positive reassurance by the central bankers. Improved macro-economic indicators, showing encouraging employment numbers and increased spending summed up the US recovery story. The Eurozone dispelled recessionary fears on the back of eased-up credit scenario and improved resilience, while growth in China appears to have rebounded in the second half of the year.

India appears to be on a recovery path from its relative slump, thanks to new political leadership and a general renewal of confidence. The world is looking eagerly at what India can now deliver in terms of economic reforms and greater global integration.

The mid-year economic review pegs India's GDP growth at around 5.5% for the fiscal ending March 2015 and projects it to grow at 7-8% in the years ahead. With a growth and development oriented stable government at the helm, the Indian economy has started to turn around both structurally and cyclically. Low inflation rates clubbed with low oil prices is expected to steer consumption in the months ahead, auguring well for the overall economy and auto-industry in specific. We are also witnessing a general surge in capital investments by industry and expect to see better corporate profits in the quarters ahead.

MORE OPPORTUNITIES

The Government of India (GOI) has initiated a series of reforms to encourage investment and innovation in order to help transform India into a global manufacturing hub.

Particularly, noteworthy is the emphasis which the Prime Minister has laid on manufacturing and infrastructure sectors, as key levers to revive the economic growth. The 'Make in India' initiative by the Government is levered around substituting imports into the country, developing a strong domestic manufacturing base and leveraging the cost-competitiveness to enhance exports.

Falling crude prices together with cost optimising initiatives, such as local sourcing and manufacturing sought by foreign original equipment manufacturers (OEMs), augur well for the automotive industry. The auto components sub-sector within the Indian automotive industry is one of the fastest growing sectors. Automotive Component Manufacturers Association of India (ACMA) estimates that the Indian auto components industry is likely to grow to US\$ 100 Billion by 2020. The sector is also witnessing tailwinds like rising domestic demand in the OEM market, and overseas demand due to the cost advantage (in the form of reduced raw material cost, such as decrease in cost of rubber). India's auto component exports grew 16.7% to ₹ 61,487 Crores (US\$ 10.04 Billion) in 2013-14 from ₹ 52,690 Crores (US\$ 8.61 Billion) in 2012-13. However, despite all this, India's auto component suppliers account for only 1% of total global exports and there is a tremendous opportunity for higher export volumes from the country.

Increased infrastructure investment by the GOI and improved freight rates suggest that medium and heavy commercial vehicles are seeing a slow but stable recovery in the domestic markets. This gives a boost to the commercial vehicle (CV) auto component sector. Moreover, there is export demand from existing markets like the US and Europe and newer markets in Asia. Replacement market also offers a stable and profitable source of income for the auto component industry.

Despite industry challenges, your Company performed encouragingly in 2013-14 (fiscal ending September 2014). Sales increased and so did profitability. Sales rose from ₹ 7,154 Million in 2012-13 to ₹ 7,576 Million in 2013-14. Profit after tax increased from ₹ 127 Million in 2012-13 to ₹ 182 Million in 2013-14, up by 43%.

BETTER PERFORMANCE

Despite industry challenges, your Company performed encouragingly in 2013-14 (fiscal ending September 2014). Sales increased and so did profitability. Sales rose from ₹ 7,154 Million in 2012-13 to ₹ 7,576 Million in 2013-14. Profit after tax increased from ₹ 127 Million in 2012-13 to ₹ 182 Million in 2013-14, up by 43%. Subsequently, our earnings per share grew from ₹ 8.40 in 2012-13 to ₹ 12.03 in 2013-14. This growth in topline and bottom line achieved in spite of M&HCV market going down by 5%. Our achievements reflected by steady focus on customer penetration, new product development, new customer acquisition, technology upgradation and empowerment of the team. We have successfully put in place strategies to enhance growth, reduce costs, improve operational excellence, develop new product and people development.

SMARTER INITIATIVES

We have strengthened our competitive advantage through a number of measures. We have fostered alliances in order to be agile and flexible in a dynamic industry scenario. At our manufacturing plant, the zero Chip and Oil and Coolant (COC) initiative was implemented to cut costs and improve safety. We have also begun an initiative called 'Built in Quality' (BIQ), where every operator ensures consistent quality by not receiving, not producing and not passing on defects.

In a world threatened by climate change, 'green' is a non-negotiable strategy. We are doing our modest bit to drive resource efficiency at our plants and help protect the environment. We have taken several measures to reduce consumption of resources such as LPG, raw water and oil.

Our new 50,000 Sq.Ft. plant at Jamshedpur started operations for manufacturing brakes and trailer axles, with production capacity of 30,000 brakes and 2,500 tag and trailer per month. We also doubled monthly capacity of Hub Reduction Axles from 300 to 600 sets at our Mysuru plant this year.

GREATER EMPOWERMENT

Your Company is all about technology and teamwork. Technology empowers our people to achieve new frontiers of excellence. We have established a culture of meritocracy and transparency that gives our people the confidence to question past actions, challenge conventions and put in place a new paradigm. We build a leadership pipeline through Succession and Development Planning (SDP) and training programmes.

HIGHER ORBIT

I believe we are well on our way to achieving our full potential. In this journey all our stakeholders have a part to play. The trust and support of our stakeholders are critical to elevate your Company to the next orbit of growth and value creation.

I thank our valued customers, shareholders, stakeholders, suppliers, business associates and above all, my colleagues in Automotive Axles for their unwavering support.

With best regards,

B. N. Kalyani
Chairman

DIRECTORS' REPORT

To the Members,

Your Directors have the pleasure in presenting the 33rd Annual Report on the business and operations of the Company and the audited accounts for the financial year ended 30th September, 2014.

FINANCIAL RESULTS

Particulars	(₹ in Million)	
	2013-2014	2012-2013
Profit before Depreciation & Tax	553.41	470.87
Less : depreciation & amortisation	294.79	285.29
Provision for Taxation – Current/ Deferred/ Fringe Benefit Tax	76.83	58.60
Profit After Tax	181.79	126.98
Balance of Profit from Previous Year	2,103.79	2,024.87
Profit available for appropriation	2,285.58	2,151.85
Appropriations :		
Dividend for the year	37.78	30.22
Tax on dividend	6.42	5.14
Transfer to General Reserve	18.18	12.70
Surplus retained in Profit & Loss Account	2,223.20	2,103.79

REVIEW OF PERFORMANCE

The Gross Sales and other income for the financial year under review was ₹ 7,576.72 Million as against ₹ 7,154.12 Million for the previous financial year. The Profit before Tax of ₹ 258.62 Million and the Profit After Tax of ₹ 181.79 Million for the financial year under review as against ₹ 185.58 Million and ₹ 126.98 Million respectively for the previous financial year.

DIVIDEND

Your Directors are pleased to recommend a Final Dividend of ₹ 2.50 per Equity Share (25%) of the face value of ₹ 10/- each, aggregating to ₹ 37.78 (exclusive of tax on dividend) for the financial year ended on 30th September, 2014 for your consideration.

The dividend payout for the year under review has been formulated in accordance with shareholders' aspirations. The Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

DIRECTORS

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

Mr. Marco Bassi was appointed as an Additional Director based on nomination received from the Meritor Heavy Vehicle System LLC, one of the promoters, in the place of Mr. Chris Villavarayan who resigned from the Board. The Board places its appreciation for the valuable contributions made by Mr. Villavarayan during his tenure. Mr. Bassi holds the office upto the ensuing AGM and his appointment is being sought to be regularised at the ensuing AGM.

Pursuant to Sections 149 and 152 of the Companies Act, 2013 and in terms of Clause 49 of the Listing Agreement, the Board of Directors has, at its meeting held on 25th November, 2014, appointed the existing Independent Directors Mr. B B Hattarki, Mr. B C Prabhakar, and Mr. Satish Sekhri as Independent Directors for a term of five consecutive years with effect from the date of ensuing AGM, subject to approval of shareholders in their Meeting. The requisite resolutions for approval of their appointment as Independent Directors are being proposed in the notice of the ensuing AGM for the approval of the members.

The Company has received declarations from all the Independent Directors of the Company, confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company is required to appoint two more Independent Directors and a Woman Director on the Board. The Company is under the process of identifying suitable candidatures for appointment.

AUDITORS & AUDITORS' REPORT

M/s Deloitte Haskins & Sells (Chennai), Bangalore, Chartered Accountants, Statutory Auditors of the Company were holding office as Auditors, prior to the commencement of the Companies Act, 2013 ("the Act") and for more than 10 years now. In terms of the provisions of the Act and the related rules there under, in respect of rotation of auditors, M/s. Deloitte Haskins & Sells (Chennai), Bangalore are eligible for re-appointment for three consecutive financial years subject to ratification of the appointment by the members at every AGM held after the ensuing AGM.

The Directors, based on the recommendation of the Audit Committee, propose the appointment of M/s. Deloitte Haskins & Sells (Chennai), Bangalore for the period from the conclusion of ensuing 33rd AGM till the conclusion of the 36th AGM and seek authority for fixation of their remuneration for the year 2014-15.

The Company has received letter from Deloitte Haskins & Sells (Chennai), Bangalore to the effect that their appointment, if made, would be within the prescribed limits under the Companies Act, 2013, and the conditions prescribed read with the Rule 4 of Companies (Audit and Auditors) Rules, 2014 and that they are eligible for such appointment.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under and based on the recommendation from the Audit Committee, CS. Pracheta M, Practising Company Secretary has been appointed to conduct a secretarial audit of Company's Secretarial and related records for the financial year 2014-15. The Secretarial standards issued by the Institute of Company Secretaries of India (ICSI) from time to time are currently recommendatory in nature. The Company is, however, complying with most of them.

CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 along with the Rules there under and revised Schedule VII to the Act, concerning Corporate Social Responsibility (CSR), have been effective from 1st April, 2014. The Company being covered under the provisions of the said section has taken necessary initial steps in this regard. A committee of the Directors, titled 'Corporate Social Responsibility Committee', has been formed by the Board in its meeting held on 29th April, 2014, consisting of the following Directors:

- a. Mr. Amit B. Kalyani, Chairman
- b. Mr. B. C. Prabhakar, Member
- c. Mr. N. Muthukumar, Member

A policy on CSR has been formulated for the Company and was approved by the Board in its meeting held on 14th August, 2014.

CHANGE IN FINANCIAL YEAR

The new Companies Act, 2013 has mandated the financial year to be in line with the Section 2(41) of the Act which is April to March as against our financial

year October to September. The Act also gives two years' timeline from the date of its notification i.e., 12th September, 2013. Hence, we had option either to close the year 2013-14 on 31st March, 2014 or to close the year 2014-15 on 31st March, 2015. The Board in its meeting held on 10th February, 2014 decided to close the financial year by 6 months from October 2014 to March 2015, so as to comply with the Companies Act, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Management Discussion and Analysis Report is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Policies and Code of Conduct which has set out the systems, processes and policy conforming to the best standards. The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

A Certificate from an Independent Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached 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.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION & PROTECTION FUND

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the dividend which remained unclaimed for a period of seven years has been transferred by the Company to the Investor Education and Protection Fund.

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.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act 1956, the Annual Report excluding the aforesaid information is being sent to all the members and others entitled thereto. Any member interested in obtaining such particulars, may write to the Company Secretary at the Registered Office of the Company.

During the year under review, pursuant to the new legislation "Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act 2013" introduced by the GOI, which came into effect from 9th December, 2013. The Company has constituted a Committee and framed a Policy on Prevention of Sexual Harassment at Workplace as per the applicable rules. So far no complaints have been received by the Committee.

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, 2014 the applicable Accounting Standards had 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, 2014 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 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, 2014 on a 'going concern' basis.

ACKNOWLEDGEMENTS

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

Your Directors wish to place on record their appreciation for the continued cooperation and support received from the Kalyani Group, Pune, and Meritor Inc., USA for and on behalf of the Board of Directors

Place: Mysuru

Date: 25th November, 2014

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, 2014

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 & LPG conservation measures taken in 2013-14	<ol style="list-style-type: none"> 1. Power optimisation through six sigma projects in painting booths and brake liner grinding machines by providing Variable Frequency Drives and optimisation of speed. 2. Upgradation, erection and commissioning of Detroit, USA, Endo Gas Generator for Endo Gas consumption optimisation and quality improvement of Carburizing process. 3. Installation of Eclipse make Heat recovery Recuperators for Continuous Gas Carburizing Furnace Radiant LPG Burners (BGL make furnace). 				
(b) Additional investments and proposals, if any, being implemented to reduce energy / LPG consumption for 2013-14	<ol style="list-style-type: none"> 1. Installation of Mounded Storage facility for LPG with Heaterless Vaporiser and pipelines from LPG yard to Furnaces. One Bullet for Commercial LPG and 2nd Bullet for Straight Run LPG. 2. Using Commercial LPG for Furnace Heating and Straight Run LPG for process application. 3. Power optimisation in effluent treatment plant pumps and blowers. 4. Installation of LED lights for shop office area in place of fluorescent lamps to reduce energy and improve life. 				
(c) The impact of the measures at (a) & (b) for reduction of energy / LPG consumption and consequent impact on the cost of production of goods.	<table border="0"> <tbody> <tr> <td data-bbox="771 1312 803 1344">(a)</td> <td data-bbox="820 1312 1498 1438"> <ol style="list-style-type: none"> 1. Power optimisation through six sigma projects in painting booths and liner grinding machine - ₹1 Million /Annum 2. Endo gas generator optimisation - ₹ 3.24 Million /Annum 3. Heat recovery at BGL furnace - ₹ 2.1 Million /Annum </td> </tr> <tr> <td data-bbox="771 1480 803 1512">(b)</td> <td data-bbox="820 1480 1498 1728"> <ol style="list-style-type: none"> 1. Heater less vaporiser for new LPG bullets - ₹ 0.6 Million /Annum 2. Power optimisation in effluent treatment plant - ₹ 0.08 Million /Annum 3. LED lights to shop office area - ₹ 0.1 Million /Annum <p>Total Energy cost saving during 2013-14 is ₹ 1.78 Million. Total LPG cost saving during 2013-14 is ₹ 5.34 Million.</p> </td> </tr> </tbody> </table>	(a)	<ol style="list-style-type: none"> 1. Power optimisation through six sigma projects in painting booths and liner grinding machine - ₹1 Million /Annum 2. Endo gas generator optimisation - ₹ 3.24 Million /Annum 3. Heat recovery at BGL furnace - ₹ 2.1 Million /Annum 	(b)	<ol style="list-style-type: none"> 1. Heater less vaporiser for new LPG bullets - ₹ 0.6 Million /Annum 2. Power optimisation in effluent treatment plant - ₹ 0.08 Million /Annum 3. LED lights to shop office area - ₹ 0.1 Million /Annum <p>Total Energy cost saving during 2013-14 is ₹ 1.78 Million. Total LPG cost saving during 2013-14 is ₹ 5.34 Million.</p>
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B. I. Research and Development (R&D)

1. Specific areas in which R&D is conducted by the Company	<ol style="list-style-type: none"> 1. Development of Hub Reduction axle for mining and deep mining application. 2. Development of 8x8 axle for military application. 3. Development of noise sensitive gearing for overseas requirement. 4. Development MS 03 & MS06 Carrier assemblies for Light Commercial Vehicle (LCV) for Truck & Bus segment. 5. Development of Dia 360 & Dia 325 brakes for Medium & Light duty commercial vehicles.
2. Benefits derived as a result of the above R&D	<ol style="list-style-type: none"> 1. Creation of New Heavy duty mining axle segment targeted at Existing & New Customers 2. Creation of Military Heavy Duty Axle Segment for all wheel drive application 3. To improve export business segment by addressing noise sensitive gearing requirement. 4. Creation of competitive Light axle segment 5. Creation of Medium & Light duty Brakes segment for Truck & Bus application targeted at Existing & New Customers
3. Future plan of action	<ol style="list-style-type: none"> 1. Industrialisation of Hub Reduction Axles and Brakes and 6x6, 8x8 axles. 2. Industrialisation of MS 03 & MS 06 axles for LCV segment. 3. Industrialisation of Dia 360 & Dia 325 Brakes. 4. Development of 100 Tonne axles for Heavy Duty Dumper application 5. Development and Validation of 13X Axle for Medium duty Truck & Bus. 6. Development of Prototypes for Hub Reduction axle for Bus / Coach.
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, e.g., 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	₹ 101.66 Million
Earned	Nil, as all the sales for export are routed through Meritor HVS (India) Ltd., Mysuru in INR.

For and on behalf of the Board of Directors

B. N. Kalyani
ChairmanPlace: Mysuru
Date: 25th November, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

A GLANCE AT THE INDIAN ECONOMY

The GDP growth in the first half (April to September) of the FY 2014-15 is estimated at 5.5% as against 4.9% during the same period of previous year. In FY 2014, India's GDP increased by 4.7%, compared to 4.5% in FY 2013. Though this has been the second consecutive year of sub-5% growth, Indian economy is expected to have bottomed out and is emerging from its recessionary phase. The economic revival will be driven by improving agricultural performance (due to a positive monsoon), a recuperating export sector, and a pick-up in investment that reflects authorities' efforts to clear structural bottlenecks delaying large industrial projects. (Source: Central Statistics Office, November, 2014) (FY: April to March)

Quarterly GDP Growth (Y-O-Y%)

Growth (%)

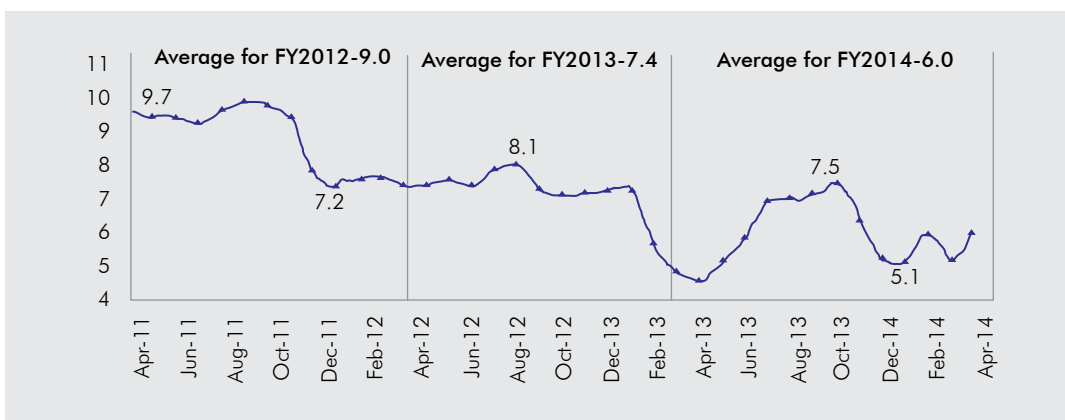
2012-13				2013-14				2014-15	
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
4.5	4.6	4.4	4.4	4.7	5.2	4.6	4.6	5.7	5.3

(Source: Central Statistics Office, November, 2014)

GROWTH IN WHOLESALE PRICE INDEX (WPI)

There was a contraction in the Wholesale Price Index (WPI) based inflation, which reached 6% in FY 2013-14, as compared to 7.4% in FY 2012-13. This has relatively contributed to improved economic growth this fiscal. However, inflation still remains outside the RBI's comfort zone of 5-5.5%. Additionally, increased food prices continue to pose upside volatility. In FY 2014-15, the average WPI-based inflation at 5.6% is lower than the RBI's January projection of 7.1% for Quarter 1 and is expected to remain within RBI's comfort zone for the entire year.

WIP Growth (Y-O-Y, %)



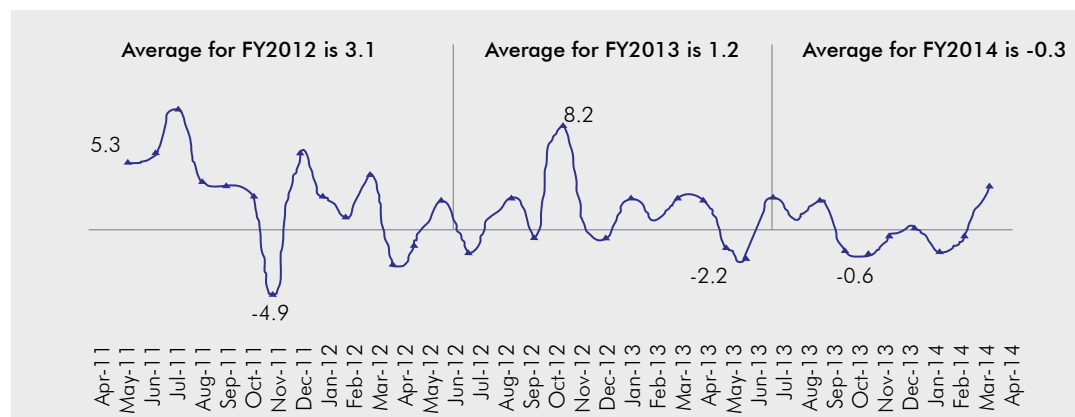
(Source: Monthly Economic Report, Ministry of Finance, KPMG India Analysis)
(FY: April to March)

GROWTH IN INDEX OF INDUSTRIAL PRODUCTION (IIP)

Notwithstanding an ease in inflation, industrial production remained flat, due to high interest rates in FY 2013-14. The IIP contracted 0.3% in FY 2014, but has registered a turnaround in the beginning of FY 2014-15. This further signals a gradual revival for the economy. During the April-July period of FY 2014-15, IIP has grown at 3.3% as against contraction of 0.1% in the same period of FY 2013-14.

(Source: Times of India, 12th September, 2014)

IIP Growth (Y-O-Y, %)



(Source: Monthly Economic Report, Ministry of Finance, KPMG India Analysis)

(FY: April to March)

WAY AHEAD

Rapid economic recuperation during FY 2014-15 is expected to yield prominent impact. However, it will depend on a number of factors with the performance of agriculture industry, inflation rate and policy support being of utmost importance.

STEER INTO THE AUTOMOTIVE INDUSTRY IN INDIA

The automobile industry faced a challenging year in FY 2013-14. Both vehicle and auto component sales witnessed a decline during FY 2013-14. In FY 2014-15, the automotive industry is showing signs of recovery. The industry produced a total of 1,994,248 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in November 2014 as against 1,774,474 in November 2013, registering a growth of 12.39%.

(Source: Society of Indian Automobile Manufacturers, November, 2014)

The export of auto components showed a great deal of improvement registering a growth of 16.7% to ₹ 61,487 Crores (US\$ 10.04 Billion) in FY 2013-14 from ₹ 52,690 Crores (US\$ 8.61 Billion) in FY 2012-13.

(Source: Ministry of External Affairs, Government of India, November, 2014) (FY: April to March)

COMMERCIAL VEHICLE (CV) SEGMENT

The contraction in economic growth, tardy execution and clearance of infrastructure projects posed barriers to the growth in the CV segment. However, the CV segment is also considered a barometer for economic growth and has been witnessing signs of recovery in FY 2014-15.

After two years of downtrend, the domestic CV industry is gradually showing some signs of recovery. Year-to-date 2015, the pace at which domestic CV sales have been declining has reduced to 10.1% compared to 20.2% witnessed during FY 2014. Within the CV space, the Medium & Heavy Commercial Vehicle (M&HCV) Truck segment has in fact posted a positive growth of 4.2% in six months 2015 while the Heavy Commercial Vehicle (HCV) (16T+) segment, which accounts for almost half of total M&HCV (Truck) sales has been witnessing strong demand (up by 22.3% in six months 2015) on back of capacity addition by organised fleet operators and replacement demand to some extent. While the M&HCV Truck segment seems to have bottomed out, the LCV Truck segment is still experiencing demand contraction as significant capacity addition over the past few years and constrained financing environment amidst rising delinquencies remains a challenge for the segment. (Source: ICRA Report, November, 2014) (FY: April to March)

TRENDS IN THE DOMESTIC COMMERCIAL VEHICLE INDUSTRY:

- **Light Commercial Vehicle Segment:** Volatility in trade continued to decrease volumes of LCVs; however there are revival signals as economy witnesses a turnaround
- **Medium & Heavy Commercial Vehicle Segment:** Green shoots emerging with HCVs reporting growth of 9.3% in Q1 2014-15.
(Source: ICRA Report, July 2014)

EMERGING TRENDS IN THE AUTOMOTIVE INDUSTRY

In the coming decade, the Indian automotive industry will notice the increased thrust on green vehicles, rising fuel consumption and costs and the growing awareness on environmental issues. Customer-driven demands for cost-effective vehicles and enhanced vehicle experience is expected to usher innovation in technologies and vehicles. The major trends that will define the automotive industry in the decade ahead are discussed below:

1. Green Vehicles

- Automotive light weighting
- Introduction of smaller engines

2. Differentiated Customer Experience

- In- vehicle infotainment to gain prominence
- Social media platforms to bring auto makers closer to consumers
- Emergence of organised auto services stations
- OEMs to develop their captive financing business
- Used cars market to expand
- Industry to promote use of genuine parts

3. Cost Optimisation

- OEMs to increase focus on local sourcing
- Foreign OEMs to opt for local manufacturing
- Auto makers to have multi-plant operations

4. De-risking

- OEMs to reduce dependence on cyclical businesses
- Component suppliers to diversify into non-auto verticals

5. Geographical Diversification

- Vehicle companies to expand domestic sales & distribution network
- Industry to explore new export markets
- More foreign acquisitions and partnerships to be established

(Source: Future Thought of Business, June 2014- Wipro)

FUTURE PROSPECTS OF THE INDUSTRY

An agile economic growth combined with the government's policies is likely to generate volumes and revive the Indian automobile sector. Interest rates are expected to decline and fuel prices are estimated to remain stable in the medium term and thus create an environment favourable for growth in this industry. Many foreign companies have been coming to India, presenting greater competition and also opportunities for growth.

AUTOMOTIVE AXLES LIMITED (AAL) – OVERVIEW

AAL is an India-based premier automotive axle manufacturer established in 1981. Automotive Axles India is a joint venture of Meritor Inc., USA which is formally the automotive division of Rockwell International Corporation, and the Kalyani Group, India. AAL's manufacturing facilities are located at Mysuru, Panthnagar & Jamshedpur and the Company has a significant presence not only in India but also in international markets. The Company is a market leader and pioneer in the manufacture of automotive axles and is presently, one of the largest manufacturers of Rear Drive Axle Assemblies in India. Apart from that, AAL manufactures S-Cam Actuated quick Change Air Brakes and Trailer Axles for 10 tonnes to 13 tonnes GVW.

Esteemed Clientele

The scale, sophistication and durability of its products make AAL an essential partner for customers who look to the Company to improve their growth performance. The Company is present across USA, France, Italy, China and Brazil in addition to having a strong client base in India. It maintains a strong relationship with all its OEM clients, both in India and overseas. The Company's domestic OEM customers include Ashok Leyland, Daimler India, Man Trucks, Mahindra & Mahindra, Tata Motors, Volvo Eicher and Asia Motor Works, among others.

Infrastructure

The infrastructure at AAL constitutes highly advanced manufacturing processes involving:

- Friction Welding
- Flash Butt Welding
- CO₂ Welding
- Computer Numerical Control (CNC) Machining
- Flexible Machine Centres
- Specially built machines for producing axles and brakes.

The plants are also equipped with state-of-the-art Gleason Gear Manufacturing Equipment backed by a modern Heat Treatment Shop including Continuous Carburising and Sealed Quench Furnaces.

RECOGNITION

Automotive Axles Limited has a Quality Management System that has been certified to ISO/TS 16949:2009 standard and also Environmental Management System that is certified to ISO 14001:2004 standard.

Operational Highlights 2013-14

The Company has expanded its manufacturing foot print with a new state-of-the-art plant at Jamshedpur for manufacturing Brakes and Trailer axles. The plant has 50,000 Sq.Ft built-up area and has a capacity to make 30,000 brakes and 2,500 Tag & Trailer per month.

As part of the Meritor India New Product Development strategy, the Company has installed a facility to manufacture Hub Reduction Axles in its Mysuru plant. Currently the plant can make 300 sets of Hub Reduction Axles per month and further it will be enhanced to a capacity of 600 sets per month. The plant has 1,250 mm bed size Horizontal Machining Centre and 2,400 mm bed size Vertical Machining Centre to machine Cast housings, Hub case and other critical HR Parts.

The Company in its journey towards world class manufacturing has embraced a concept of Built in Quality (BIQ) where the quality is ensured by each and every operator by not receiving, not producing and not passing on defects. Also implemented is the Zero Chips, Oil & Coolant (COC) initiative across the plant to make it clean from Chips, Oil and Coolant on floor, thus making the plant a safe place to work.

The Company has been carrying out continuous improvement in production facilities. In last financial year, mounded type bullet for LPG has been commissioned to eliminate the safety hazard arising out of storage of LPG required for heat treatment process. For reducing the consumption of LPG, various improvements has been implemented such as flexible output Endo gas generator and Robotic gear quenching, which will help in reducing the

consumption by 20%. With all the continuous improvement projects, the Company has made a significant progress in ensuring quality products are delivered to the customer and it is evidenced by the Parts per Million (PPM) levels at 135 PPM for domestic and 80 PPM for exports. A team from the Company represented and won in international Quality Circle competition.

The Company has focused on environmental improvements mainly rain water harvesting and using for manufacturing process, re-charging systems, tree plantations and participation in Green Nurturing Programs. With this the raw-water consumption has been reduced by 40% over a period of four years. Also with our coolant recovery system, the oil consumption has been reduced by 45% over a period of three years.

Financial Highlights

	(₹ in Million)				
Key highlights	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10
Total Revenue	6,825.77	6,114.65	9,426.70	10,130.03	6,720.27
Profit before Depreciation & Tax	553.40	470.87	939.63	1,105.28	868.82
Profit After Tax	181.79	126.98	450.18	575.57	440.74
Earnings Per Share (₹)	12.03	8.40	29.79	38.09	29.17

	(%)				
Key highlights	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10
PBT / Total Income	3.79%	2.88%	7.06%	8.6%	9.80%
PAT / Total Income	2.66%	1.97%	4.78%	5.69%	6.56%
Return on Capital employed	5.73%	4.02%	13.77%	18.85%	16.06%
Return on Net Worth	6.18%	4.53%	16.59%	23.63%	21.63%
Dividend Payout Ratio	24.32%	27.85%	39.01%	30.52%	34.00%

(FY: October to September)

SWOT Analysis

Strengths	<ul style="list-style-type: none"> • Among one of the biggest manufacturers of Rear Drive Axle Assemblies in India • Experiencing steadily growing exports • Enhanced product quality due to adoption of global best practices on the shop-floor • Technology leadership with state-of-the-art manufacturing equipment and machinery • Diverse customer base and strong relationships with customers
Opportunities	<ul style="list-style-type: none"> • Increasing sophistication of vehicles (including production of alternative fuel-enabled vehicles) • Fast growing overseas demand especially from the US and Europe • Increase in installed capacity at many OEMs is likely to increase auto-components sales
Weakness	<ul style="list-style-type: none"> • Slow down in the automotive industry may adversely impact the growth of auto-component industry • High capital costs and high interest costs affects margins for the auto-component industry
Threats	<ul style="list-style-type: none"> • Increase in the import cost for the auto-component industry due to rupee depreciation • Competition from parent OEMs setting up manufacturing units in India

OUR CAPABILITIES

AAL has extensive experience of more than 30 years in axle-production and has technology leadership due to advanced gearing technology know-how from Meritor HVS (India) Ltd. The experience of its employees and access to the best technological expertise has given AAL the competitive advantage to manufacture reliable, long-life heavy duty drive axles. This entails the Company to meet the steer, drive and trailer axle requirements of customers satisfactorily.

AAL has a large customer base and increasing demand in a fast-growing overseas market. The Company has advanced equipment and machinery, and offers a wide variety of automotive components. Our facilities are endowed with innovative design concepts and efficient manufacturing systems that include high efficiency gearing, integral brake to axle design, weight option designs and driver operated differential locks.

EXCELLENCE IN INFORMATION TECHNOLOGY (IT)

AAL aimed to integrate its operations and stabilise its IT infrastructure systems during the year under review. The Company undertook many measures for this.

Implementation of Internet Protocol (IP) Telephony

Analog phones were replaced with IP telephones. Below are the advantages that we have gained through this implementation.

- Single cable and backbone infrastructure for supporting both voice and data.
- Improved quality of voice is achieved.
- When someone moves from one department to another or changes place within the department it is enough to move the IP telephone to the place where they have moved. Thus the same number can be retained as the number moves along with the phone reducing cable relaying cost.
- The availability of voice mail facility.
- It is possible to make conference calls within the office and between office and outside numbers.
- Calls between land line and Closed User Group (CUG) mobile phones are now free of charge.

Extending IT facility at Jamshedpur plant

- a. IT Infrastructure:
 - Setup of servers, networking, CCTV Cameras, MPLS connectivity with the main plant have been completed.
- b. System Application Products (SAP) Configuration:
 - The SAP functionality for Jamshedpur has been extended as per requirement.
 - First round of training to end users has been completed.
 - Remote support is being provided from head office.

Nurturing Human Capital

To meet our customers' changing needs and ensure their success, we started with a culture that values diversity of people and thought. We recognise the creative power of our employees that comes from encouraging collaboration and innovation among a team of knowledgeable experts within us. This unique energy is our greatest competitive advantage in the world marketplace.

At Automotive Axles, everyone contributes to succeed and can take advantage of growth opportunities to enhance ones' career. Our talent management processes help us identify, develop and promote high calibre individuals to support the organisation's future leadership needs.

We empower our teams of talented, diverse individuals to make sound business decisions that drive the Company's success. In return, we provide them with numerous opportunities for personal and professional growth with the growing organisation at multiple locations in India.

Automotive Axles believes that its human capital is the most valuable asset, nurturing and investment in high performing team helps to meet customers' changing needs and remain competitive. Hence it always promotes, to build leadership pipeline and develop strong talent pool for excellence.

Building Leadership Pipeline

Automotive Axles is constantly striving to build leadership pipeline through its Succession and Development Planning (SDP) and training program. 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 SDP process during FY 2013-14 (FY: October to September) for our management staff to build and strengthen the leadership pipeline and continuing the same process.

As a part of SDP process and employee's development, we have given main focus on learning and development. The Company internally rolled out specific and customised leadership and

effective managerial skills training program for the middle management. The key objective of this program was to groom managers as a leader and to succeed and grow at next level.

Invest in High Performing Team

Automotive Axles is consistently driving 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.

The Company is focused to strengthen employee engagement to achieve higher levels of performance by improving culture survey scores as well as positive employee relations and driving HR initiatives such as employee engagement, rewards and recognition, communication and succession development planning. Company is also driving to build a diverse and inclusive culture through improvement in retention, transfers/promotions, job rotations, resource re-deployment and recruitment.

Safety, Health and Environment (SHE) Management

Safety

Automotive Axles' safety and health management is built on the team work and employee involvement adheres to the management principle of "Plan, Do, Check, Act" to prevent accidents and protect employee safety and health as well as Company asset. The Company is committed to bridge all the gaps and working towards institutionalising safety as the first and foremost priority, at all times. This provides a safe and healthy workplace for its employees by establishing the right safety culture across the organisation.

An overview of improved safety practices during FY 2013-14 (FY: October to September) is given below, and with these continual improvements, the Company is marching towards the zero accident and man days loss.

- Won 2nd Prize for the third consecutive time among large scale category industries in Safety Skit Competition on the occasion of 43rd National Safety Day Celebration 2014 organised by Deputy Director of Factories and Boilers, Mysuru, Govt. of Karnataka.
- In one of the Continuous Gas Carburizing Furnace, ROBO is installed for Gear Quenching operation instead of Manual operation to eliminate operator fatigue.
- Risk mitigation done for switching over the existing above ground bulk LPG storage type to mounded type bulk LPG storage.

- Conducted on-site emergency preparedness Mock Drill as a part of regular activities in the presence of Deputy Director of Factories, Mysuru in 3rd Shift and holiday also for reviewing the progressive upgrade of present emergency preparedness activities.
- Details of accidents, along with the root cause analysis and proposed corrective measures are communicated across the Company through local language displayed at the entrance. This enables units to take proactive action in eliminating/controlling similar situations.
- Continuously identifying unsafe conditions and actions through Safety patrol, BIQ cell & Zero COC activities and taking counter measures.
- Reduction of waste generation by promoting suitable recovery, recycle and reuse methods. The skills and knowledge to improve efficiencies in current latest best technologies and process, control pollution and manage waste by-products.
- We have upgraded rain water charging facilities at all our plant locations to help increase water table. We are also using rain water in plant operations to further reduce fresh water consumption.
- Presented a technical paper on Rain Water Harvesting implemented in AAL at Central Ground Water Board, GOI for the workshop on 'Water Conservation Retrospect and Prospects'. Also our technical paper has been published in the proceedings of the workshop.

Environment

Automotive Axles is committed to be an environment friendly Company in all its areas of activities, products and services and providing a safe and healthy work environment.

Environment protection remains a priority for the business and various initiatives adopted which led to significant conservation of precious resources such as energy, oil and water.

Ensures environmental monitoring, reporting requirements and subsequent development and implementation procedures includes better management of regulatory and compliance requirements relevant to organisational operations, environmental audits and accounting.

The ideas and knowledge to reflect on Company's actions to ensure that the environmental pollution control measures practiced, adopted and maintained for Company-wide water/waste water/air quality management comply with the established environmental standards, procedures and compliance requirements.

Contributing and driving continual improvement processes targeting personal and organisational efficiencies in the effective use of resources, reduction of waste and the improvement of products and processes to reduce their environmental impact.

The Company's actions to ensure that environmental pollution control measures adopted across the Company, it has worked on the following key areas:

- Latest generation, energy efficient technology, like auto sensors, solar powered systems, LED lamps, high efficiency motors, inverter drives, screw compressors are being used.
- Diwali Awareness given to our four of adopted GNP Govt schools as a part of CSR activities.
- Celebrated World Environment Day 2014 through plantations and through video clippings on Global Warming and also celebrated Earth day through video clippings.
- Eco-Friendly Ganesha idols distributed to employees free of cost during Ganesha Festival for creating environmental pollution awareness.
- The Company has a system in place to identify and assess potential environmental risks and opportunities in its operations.

Health

Dedicated Safety and Occupational Health Centres are being run in the factory premises taking care of safety and health issues at the work place. Various measures like periodic health and safety awareness campaigns, monitoring of quality of food and water etc. are being taken to ensure best possible safe healthy working environment.

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

- Pre-employment medical check-up has been carried out for all new entrants along with annual checkup to regular employees and trainees. Also special add-on medical check-up was organised for employees working in hazardous workplace in the plant.

- The Company is working towards enhancing the employee well-being by conducting programs such as power yoga, stress management, health talks and preventive health care.
- Counter measures taken for fatigue reduction by ergonomic study of the work place and improved material handling system.

Quality Management System (QMS) and Lean Management System (LMS)

At Automotive Axles, QMS, certified for ISO TS 16949, has attained maturity, encouraging to continue its journey towards world class manufacturing. The Company is implementing BIQ and quality health checks of manufacturing processes and is synergised with 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, the Company has taken up following initiatives:

Problem Solving Tools: Second group 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 product safety, 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 service team to conduct analysis and study of all products in the field. The above mentioned processes cover all employees.

Internal Control Systems

AAL has a conventional and appropriate system of internal control, corresponding to its nature of business and the size of its operations. The Company's internal control assesses all the assets which are protected and are not subjected to any uncertainty. AAL also ensures that assets are properly accounted for and transactions are authorised, recorded and reported accurately. The Internal Audit team verifies all internal controls regularly and audit is executed by PriceWaterhouseCoopers Pvt. Ltd, to ensure autonomy of the auditing body. The Audit Committee of the Board, led by an Independent Director, scrutinises the Internal Audit Reports on a regular basis and makes sure that the auditors' recommendations are implemented effectively.

Cautionary Statement

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

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

Our Company has adopted practices mandated in Clause 49 of Listing Agreement with the Stock Exchanges and has established procedures and systems to be fully compliant with the Agreement.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on 30th September, 2014 Automotive Axles' Board comprises of eight (8) Directors. The Board consists of one (1) Executive Director and seven (7) Non-executive Directors, three (3) of whom are independent.

NUMBER OF BOARD MEETINGS

In 2013-14, the Board met four (4) times on 25th November, 2013, 10th February, 2014, 29th April, 2014 and 14th August, 2014. 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 4	Attendance in last AGM	Nos. of Directorships and Committee Memberships in Indian public companies***		
				Directorships	Committee Memberships	Committee Chairmanships
Dr. B.N. Kalyani	Promoter, Non-Executive	3	No	13	3	1
Mr. Chris Villavarayan*	Non-Executive	0	No	2	1	Nil
Mr. Marco Bassi**	Non-Executive	1	N.A.	2	1	Nil
Mr. B. B. Hattarki	Independent	4	Yes	9	3	4
Mr. Prabhakar B.C	Independent	2	No	3	3	1
Mr. Satish Sekhri	Independent	4	Yes	5	6	Nil
Mr. Joseph A. Plomin	Non-Executive	2	No	1	Nil	Nil
Mr. Amit B. Kalyani	Non-Executive	4	Yes	12	3	1
Mr. N. Muthukumar	Executive	4	Yes	1	1	Nil

* Resigned effective 14th August, 2014

** Appointed effective 14th August, 2014

***Directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only the Audit Committee and Shareholders'/Investors' Grievances Committee in all public limited companies (including Automotive Axles Limited) have been considered.

As mandated by Clause 49 of the Listing Agreement, the Independent Directors on Automotive Axles' Board :

- Apart from receiving Sitting Fee, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not Partners or Executives or were not Partners or Executives during the preceding three financial years of the:
 - a) Statutory Audit Firm or the Internal Audit Firm that is associated with the Company.
 - b) Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of a Director.
- Are not substantial shareholders of the Company, i.e. do not own 2% or more of block of voting shares.
- Are not less than 21 years of age.
- 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
- Making of loans and investments, if any.
- Compliance Certificate with respect to all the laws as applicable to the Company.

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:

COMMITTEES OF THE BOARD

As on 30th September, 2014 the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. The Board Committees are set up under the formal approval of the Board to carry out respective roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board meeting for perusal and noting. The Company Secretary acts as the secretary of all Committees.

To align with the requirements prescribed for such Board Committees under the provisions of the Companies Act, 2013, the Board of Directors on 29th April, 2014 changed nomenclature, constitution of Remuneration Committee by renaming it as 'Nomination and Remuneration Committee', changed nomenclature of Investors Grievances Committee by renaming it as 'Stakeholders Relationship Committee' and formed Corporate Social Responsibility Committee. The details set out below reflect the above amendment/approval of the Board.

AUDIT COMMITTEE

The Audit Committee of your Board consists of Mr. B.B. Hattarki (Chairman), Mr. B. C. Prabhakar, Mr. Satish Sekhri and Mr. Marco Bassi. All the members of the Audit Committee possess accounting, economic and financial management expertise. The composition of the Audit Committee meets with the requirements of Section

177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Annual General Meeting (AGM) held on 10th February, 2014 was attended by the Chairman of the Committee to answer shareholders' queries.

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

The committee met four (4) times during the year on 18th November, 2013, 8th February, 2014, 28th April, 2014 and 8th August, 2014.

Attendance record of Audit Committee members for 2013-14

Director	Category	Status	Meetings	
			Held	Attended
Mr. B. B. Hattarki	Independent	Chairman	4	4
Mr. Prabhakar B.C	Independent	Member	4	4
Mr. Satish Sekhri	Independent	Member	4	4
Mr. Chris Villavarayan*	Non-Executive	Member	4	Nil
Mr. Marco Bassi**	Non-Executive	Member	Nil	N.A.

*Ceased to be a Director effective 14th August, 2014

** Appointed to be a Director effective 14th August, 2014

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

Powers of the Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

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

- Review of Management discussion and analysis of financial condition and results of operations.
- Oversight of Company's financial reporting system 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 with the management the quarterly financial statements before submission to the board for approval.
- Reviewing the adequacy of internal control systems with the management, statutory and internal auditors.
- Evaluation of internal financial controls and risk management systems.
- Review and monitor the auditor's independence and performance effectiveness of audit process;

- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors, scope and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Review of Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- The appointment, removal and terms of remuneration of the Internal Auditors.
- Reviewing the effectiveness and adequacy of internal audit function and discussion with internal auditors any significant findings and follow up thereon.
- Reviewing of credentials of Cost Auditors and recommendation to the Board about the proper candidature.
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- To review the functioning of the Whistle Blower mechanism
- Approval of appointment of CFO or any other person heading the finance function after assessing the qualifications, experience and background, etc. of the candidate.
- Carrying out such other functions, as may be specifically referred to the Committee by the Board of Directors and or other Committees of Directors of the Company.

NOMINATION AND REMUNERATION COMMITTEE

To align with the requirements of the Companies Act, 2013, the nomenclature of 'Remuneration Committee' has been changed to 'Nomination and Remuneration Committee' by the Board on 29th April, 2014 with following new composition of the said Committee:

- Mr. B. C. Prabhakar, Chairman (Independent Director)
- Mr. Amit B. Kalyani, Member
- Mr. Satish Sekhri, Member (Independent Director)
- Mr. Joseph A. Plomin, Member

TERMS OF REFERENCE

- To identify qualified persons to become directors and senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees; and
- To act in terms of any consequent statutory modification(s) / amendment(s) / revision(s) to any of the applicable provisions to the said Committee.

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, their relationship with each other and Equity Shares held as on 30.09.2014 are presented below:

Directors	Relationship with other Directors	Equity Shares held	Audit Committee Meetings Sitting Fees (₹)	Board Meeting Sitting Fees (₹)	Salaries, performance bonus and perquisites (₹)	Total (₹)
Dr. B.N. Kalyani	Father of Mr. Amit B Kalyani	126	N.A.	60,000	Nil	60,000
Mr. Marco Bassi*	None	Nil	Nil	Nil	Nil	Nil
Mr. B B Hattarki	None	Nil	80,000	80,000	Nil	160,000
Mr. B C Prabhakar	None	575	80,000	40,000	Nil	120,000
Mr. Satish Sekhri	None	40	80,000	80,000	Nil	160,000
Mr. Amit B Kalyani	Son of Dr. B. N. Kalyani	Nil	Nil	80,000	Nil	80,000
Mr. Joseph A Plomin**	None	0	Nil	Nil	Nil	Nil
Mr. N Muthukumar***	None	Nil	N.A.	N.A.	7,537,701	7,537,701

* & ** Mr. Marco Bassi & Mr. Joseph A Plomin do 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

Directors with materially significant pecuniary transaction or relationship with the Company

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

The "Stakeholders Relationship Committee" was constituted by the Board on 29th April, 2014 after re-christening the "Investors Grievances Committee". The Committee's composition and the terms of reference meet with the requirements under the provisions of Section 178(5) of the Companies Act, 2013 and of Clause 49 of the Listing Agreement.

Composition of the Committee as on 29th April, 2014 :

- Mr. Amit B.Kalyani, Chairman
- Mr. Satish Sekhri, Member (Independent Director)
- Mr. N. Muthukumar, Member

Terms of Reference inter alia include the following:

- To specifically look into the redressal of grievances of shareholders, debenture holders and other security holders;

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

Compliance Officer

Mr. S. Ramkumar, Chief Financial Officer & Company Secretary is the Compliance Officer for complying with requirements of Securities Laws and Listing Agreements with Stock Exchanges.

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

Nature of Complaint	No. of complaints Received	No. of Complaints Redressed
Non receipt of Dividend	1	1
Issue of Duplicate certificates/ Share certificates	2	2
Non receipt of Annual Report	1	1
Total	4	4

There are no outstanding complaints as on 30th September, 2014

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Considering the requirements of the Companies Act, 2013 the Board on 29th April, 2014 constituted 'Corporate Social Responsibility Committee' (CSR) with composition as under:

- a. Mr. Amit B. Kalyani, Chairman
- b. Mr. B. C. Prabhakar, Member (Independent Director)
- c. Mr. N. Muthukumar, Member

Terms of reference inter alia includes the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy in terms of Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To review the Corporate Social Responsibility Policy of the Company from time to time; and
- To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

General Body-Meetings

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

Financial Year	Date	Time	Venue
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
2012-13	10 th February, 2014	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.

No Extraordinary General Meeting of the Members was held during the year 2013-14.

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

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The Board on recommendation of CSR committee, on 14th August, 2014 have approved CSR policy of the Company and disclosed the contents of the Policy on the Company's website – www.autoaxle.com.

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.

Risk Management System

The 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.

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 set out at Para 35 of Notes Forming part of Financial Statements to the Balance Sheet as at 30th September, 2014.

Management Discussion & Analysis

This Annual Report has a detailed chapter on Management Discussion and Analysis and includes discussion on various matters specified under Clause 49(IV)(F) of the Listing Agreement.

Compliances by the Company

The Company has complied with all the requirements of regulatory authorities. There has been no instance of non-compliance by the Company on any matter related to capital market during the last three years and hence, no penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market during the last three years.

Whistle Blower Policy

The Board on 14th August, 2014 has formulated a Whistle Blower Policy for directors and employees of the Company. The policy comprehensively provides an opportunity for an employee/Director to report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and /or laws applicable to the Company and seek redressal. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been communicated to the employees and also posted on Company's website. The Whistle Blower Policy complies with the requirements of Vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The details of establishment of Whistle Blower Policy/ Vigil Mechanism have been disclosed on website of the Company: www.autoaxle.com

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

Compliance with Mandatory & Non-Mandatory Requirements

The Company has complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement.

The Board

The tenure and other criteria for Independent Directors are now being followed as prescribed under the provisions of the Companies Act, 2013.

Remuneration Committee

The Company has constituted 'Nomination and Remuneration Committee' to meet the requirements of Clause 49 of the Listing Agreement and of the Companies Act, 2013.

Audit Qualification

The Company is in the regime of unqualified financial statements.

Training of Board Members

The Board members are provided with necessary documents/ brochures and reports to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company and business strategy. Certain training programmes will suitably be arranged for directors during the current financial year.

Mechanism for evaluating non-executive Board Members

Suitable mechanism for performance evaluation of non-executive Directors would be devised in terms of the new provisions of the Companies Act, 2013.

Whistle Blower Policy

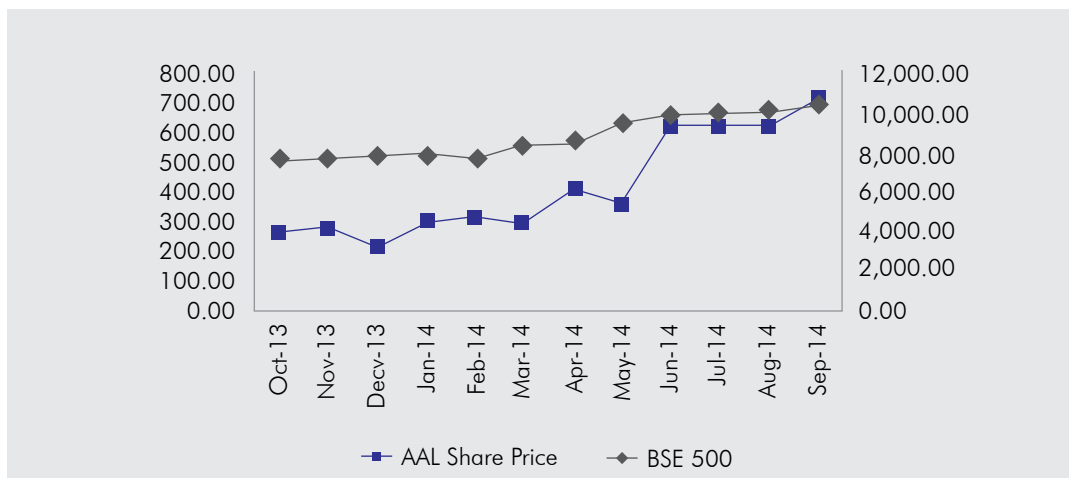
The Company has now adopted Whistle Blower Policy to meet the requirements of the Companies Act, 2013, wherein the employees/directors of the Company are free to report any unethical or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct or violation of laws applicable to the Company.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Date & Time : 5 th February, 2015 at 12.30 p.m Venue : Registered Office, Hootagalli Industrial Area, Off Hunsur Road, Mysuru L51909KA1981PLC004198
Company Identification Number	
Financial Year	1 st October, 2013 to 30 th September, 2014
Record Date and Book Closure Dates	3 rd February, 2015 to 5 th February, 2015 (both days inclusive)
Dividend Payment Date Listing	5 th March, 2015 Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai-400 051. The Company confirms that the annual listing fee for the year 2013-14 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, 2013	265	202	4,246	270	202	75,197
November, 2013	277	215	25,161	269	256	43,723
December, 2013	255	206	90,453	250	205	42,750
January, 2014	302	236	36,123	300	236	313,188
February, 2014	311	261	9,093	312	262	30,208
March, 2014	403	290	36,538	401	290	134,250
April, 2014	405	315	77,738	400	378	214,373
May, 2014	495	331	259,029	495	358	437,975
June, 2014	621	457	70,829	622	465	259,287
July, 2014	662	545	122,546	662	621	402,015
August, 2014	646	565	34,890	658	623	97,448
September, 2014	720	629	94,715	738	681	295,185

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, 2014 :

Pattern of Shareholding by Ownership			Pattern of Shareholding by Share Class			
Ownership	No. of Shares held	Share holding %	Category	No. of Share holders	No. of Shares held	Share holding %
Promoters	10,735,081	71.04	=/< 500	8,056	499,712	3.31
Non Promoter (Public)			501-1000	128	98,567	0.65
Bodies Corporate	1,303,513	8.63	1001-2000	81	116,835	0.77
FIs/Banks	202	0.00	2001-3000	19	46,146	0.31
FII's	17,439	0.12	3001-4000	12	42,294	0.28
NRI's/OCB	22,283	0.15	4001-5000	9	40,684	0.27
Mutual Funds	1,853,467	12.26	5001-10000	14	102,053	0.68
Others	1,179,990	7.81	> 10000	28	14,165,684	93.74
Total	15,111,975	100	Total	8,347	15,111,975	100

Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on 30th September, 2014, dematerialised shares accounted for 99.13% of total equity.

Details of public funds obtained in last 3 years CEO/CFO Certification

Nil

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, 2014.

Registered Office

Hootagalli Industrial Area, Off Hunsur Road
Mysuru - 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, 2014

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, Mysuru - 570 018
Phone : 0821-719750
Fax : 0821-2402451
Email : sec@autoaxle.com

Share Transfer Agents

Integrated Enterprises (I) Limited
Ramana Residency, 4th Cross
Sampige Road, Malleshwaram
Bangalore - 560 003
Phone : 080-23460815-818
Fax : 080-23460819
E-mail : irg@integratedindia.in

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, B. N. Kalyani, Chairman of Automotive Axles Limited hereby declare that all the Board members and Senior Managerial Personnel have affirmed for the year ended 30th September, 2014 compliance with the Code of Conduct of the Company laid down for them.

Place : Mysuru
Date : 25th November, 2014

B. N. Kalyani
Chairman

TO THE BOARD OF DIRECTORS OF AUTOMOTIVE AXLES LIMITED

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

We, the undersigned, in our respective capacities as Sr. Vice President & Whole-time Director and Chief Financial Officer, of Automotive Axles Limited ("the Company") to the best of our knowledge and belief certify that:

- a) We have reviewed financial statements and the cash flow statement for 2013-14 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-14 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

N.Muthukumar
Sr.Vice President &
Whole-time Director

S.Ramkumar
Chief Financial Officer

Place : Mysuru
Date : 25th November, 2014

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, 2014, 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, except the following:

The number of Independent Directors in the Board has fallen below the minimum requirement of 50% since 25th November, 2013 due to resignation of an Independent Director and appointment of 2 non-independent directors. Further, the maximum period within which said provision was to be complied has also expired.

Place : Mysuru
Date: 24th November, 2014

Pracheta.M
Practicing Company Secretary
C. P. No. 9838

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AUDITORS' REPORT

TO THE MEMBERS OF AUTOMOTIVE AXLES LIMITED

1.0 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 September 30, 2014, 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.

2.0 Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of the 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 September 13, 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.

3.0 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

4.0 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 September 30, 2014;
- (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.

5.0 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.

AUDITORS' REPORT

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the 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 September 13, 2013 of the Ministry of Corporate Affairs).
- (e) Since the provisions of Section 274(1)(g) of the Act are not in effect from April 1, 2014, the reporting requirement under Section 227(3)(f) is not applicable as of the balance sheet date.

for **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No: 008072S

S. Ganesh

Partner

Place: Mysuru

Date : November 25, 2014 Membership.No. 204108

ANNEXURE TO THE 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, vi, 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) As explained 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 covered in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable.
- (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) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in

AUDITORS' REPORT

the Register maintained in pursuance of Section 301 of the Companies Act, 1956, during the period the said Section was applicable.

- (vii) In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) 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 made and maintained, for the period the said Section was applicable. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) 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 September 30, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on September 30, 2014 on account of disputes are given below:

Name of statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act 1985	Excise Duty	1,485,399	June 2010-Jan-2011	Custom Excise & Service Tax Appellate Tribunal.

- (x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xiii) 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.
- (xiv) 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.
- (xv) The Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

for **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No: 008072S

S. Ganesh
Partner

Place: Mysuru
Date : November 25, 2014 Membership.No. 204108

BALANCE SHEET as at 30th September 2014

(Amount in ₹)

Particulars	Note No.	As at 30 th September, 2014	As at 30 th September, 2013
A EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	151,119,750	151,119,750
(b) Reserves and surplus	4	2,791,304,348	2,653,716,151
		2,942,424,098	2,804,835,901
2. Non-current liabilities			
(a) Long-term borrowings	5	109,367,754	191,547,762
(b) Deferred tax (Net)	38	111,353,860	118,473,860
(c) Other long-term liabilities	6	-	23,708,143
(d) Long-term provisions	7	11,074,370	19,035,929
		231,795,984	352,765,694
3. Current liabilities			
(a) Short-term borrowings	8	722,925,967	235,178,044
(b) Trade payables	9	915,262,417	646,114,849
(c) Other current liabilities	10	368,153,301	154,440,106
(d) Short-term provisions	11	72,007,995	60,793,914
		2,078,349,680	1,096,526,913
Total		5,252,569,762	4,254,128,508
B ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12(a)	1,650,721,787	1,796,575,644
(ii) Intangible assets	12(b)	12,411,651	29,012,457
(iii) Capital work-in-progress		232,459,371	74,692,420
		1,895,592,809	1,900,280,521
(b) Long-term loans and advances	13	88,959,802	77,191,268
(c) Other non-current assets	14	5,783,760	15,874,132
		1,990,336,371	1,993,345,921
2. Current assets			
(a) Inventories	15	1,142,578,546	886,843,690
(b) Trade receivables	16	1,730,042,246	1,140,036,839
(c) Cash and bank balances	17	7,131,910	11,374,686
(d) Short-term loans and advances	18	379,343,241	219,267,847
(e) Other current assets	19	3,137,448	3,259,525
		3,262,233,391	2,260,782,587
Total		5,252,569,762	4,254,128,508

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

N. Muthukumar
Senior Vice President & Whole-time Director

B. N. Kalyani
Chairman

Place : Mysuru
Date : 25th November, 2014

S. Ramkumar
Chief Financial Officer & Company Secretary

STATEMENT OF PROFIT & LOSS for the year ended 30th September, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
1. Revenue from operations (gross)		7,520,223,767	7,137,827,616
Less : Excise duty		(750,954,624)	(712,485,448)
Revenue from operations (net)	20	6,769,269,143	6,425,342,168
2. Other income	21	56,497,560	16,305,696
3. Total revenue (1 + 2)		6,825,766,703	6,441,647,864
4. Expenses			
(a) Cost of materials consumed	22.a	4,836,298,828	4,544,331,904
(b) Changes in inventories of finished goods and work-in-progress	22.b	(156,459,100)	(9,637,766)
(c) Employee benefits expense	23	609,157,553	528,009,624
(d) Finance costs	24	70,843,835	82,647,780
(e) Depreciation / amortisation expenses	12	294,789,797	285,294,044
(f) Other expenses	25	912,516,954	825,421,463
Total expenses		6,567,147,867	6,256,067,049
5. Profit before tax (3 - 4)		258,618,836	185,580,815
6. Tax expense:			
(a) Tax expenses for the current year		83,950,000	60,250,000
(b) Tax expenses relating to prior years		-	4,053,686
(c) Deferred tax		(7,120,000)	(5,700,000)
		76,830,000	58,603,686
7. Profit for the year (5 - 6)		181,788,836	126,977,129
8. Earnings per share of ₹10/- each:			
Basic & Diluted	37	12.03	8.40
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 : Mysuru
Date : 25th November, 2014

For and on behalf of the Board of Directors

N. Muthukumar
Senior Vice President & Whole-time Director

S. Ramkumar
Chief Financial Officer & Company Secretary

B. N. Kalyani
Chairman

CASH FLOW STATEMENT for the year ended 30th September, 2014

(Amount in ₹)

Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
Net profit before extraordinary items and tax	258,618,836	185,580,815
Adjustments for		
Add :		
Depreciation and amortisation expenses	294,789,797	285,294,044
Net unrealised exchange loss	-	970,560
Provision for doubtful trade and other receivables, loans and advances	2,649,186	1,112,676
Bad debts written off	102,788	489,568
Loss on fixed assets sold/ scrapped / written off (Net)	1,043,676	(661,700)
Interest expense	70,843,835	82,647,780
	628,048,118	555,433,743
Less :		
Unrealised Exchange Gain	(171,822)	(333,932)
Liabilities / provisions no longer required	(5,100,480)	(7,374,057)
Interest Income	(47,635,541)	(8,001,047)
Operating profit before working capital changes	575,140,275	539,724,707
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets		
Inventories	(255,734,856)	53,267,625
Trade receivables	(592,757,381)	449,893,319
Short-term loans and advances	(160,075,394)	117,326,744
Long-term loans and advances	5,847,808	(5,640,885)
Other current assets	611,213	(1,100,958)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	274,419,870	(485,783,861)
Other current liabilities	207,741,879	(93,070,671)
Other long-term liabilities	(23,708,143)	2,498,983
Short-term provisions	(2,005,231)	2,019,331
long-term provisions	(7,961,559)	(1,302,505)
Cash generated from operations	21,518,481	577,831,829
Advance Tax (Net of refunds)	(79,570,816)	(39,232,107)
Net cash from / (used in) operating activities	(58,052,335)	538,599,722
B) CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Capital expenditure on fixed assets (including capital work-in-progress and capital advances)	(314,594,556)	(249,692,536)
Proceeds from sale of assets	8,256,055	692,313
Amounts placed in fixed deposit	11,699,459	-
Interest received	47,261,777	9,719,438
Cash flow from / (used in) investing activities	(247,377,265)	(239,280,785)

(Amount in ₹)

Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
C) CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Inflow		
Proceeds from borrowings (net)	4,149,584,326	3,732,405,501
	4,149,584,326	3,732,405,501
Outflow		
Repayment of borrowings (net)	(3,741,448,021)	(3,777,438,595)
Dividend and tax on dividend	(35,360,511)	(175,640,886)
Movement in unpaid dividend account	(474,459)	5,736
Interest paid	(69,390,052)	(80,771,797)
	(3,846,673,043)	(4,033,845,542)
Cash flow from / (used in) financing activities	302,911,283	(301,440,041)
Net (decrease)/ increase in cash and cash equipments (A + B + C)	(2,518,317)	(2,121,104)
Cash and cash equivalents at the beginning of the year	7,340,196	9,461,300
Cash and cash equivalents at the end of the year (Refer Note 17)	4,821,879	7,340,196

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

S. Ganesh
Partner

Place : Mysuru
Date : 25th November, 2014

For and on behalf of the Board of Directors

N. Muthukumar
Senior Vice President & Whole-time Director

S. Ramkumar
Chief Financial Officer & Company Secretary

B. N. Kalyani
Chairman

NOTES forming part of financial statements

NOTE 3 SHARE CAPITAL

Particulars	As at 30 th September, 2014		As at 30 th September, 2013	
	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, 2014		
- Number of shares	15,111,975	15,111,975
- Amount (₹)	151,119,750	151,119,750
Year ended 30 th September, 2013		
- 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, 2014		As at 30 th September, 2013	
	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)	1,055,346	6.984	1,180,000	7.808

(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

(Amount in ₹)

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Securities premium		
Opening balance	115,588,500	115,588,500
Closing balance	115,588,500	115,588,500
(b) General reserve		
Opening balance	434,336,211	421,636,211
Add : Additions during the year	18,179,000	12,700,000
Closing balance	452,515,211	434,336,211
(c) Surplus in statement of profit and loss		
Opening balance	2,103,791,440	2,024,874,822
Add : Profit for the year	181,788,836	126,977,129
Less : Transferred to general reserve	18,179,000	12,700,000
Less : Proposed dividend (₹ 2.5/- per share) (Previous year ₹ 2/- per share)	37,779,938	30,223,950
Less : Tax on dividend	6,420,701	5,136,561
Closing balance	2,223,200,637	2,103,791,440
Total	2,791,304,348	2,653,716,151

NOTE 5 LONG-TERM BORROWINGS

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Term loans - secured		
From banks (Refer note (i) below)	94,553,062	173,749,004
(b) Long term maturity of finance lease obligations		
Secured (Refer note 36)	-	164,419
Unsecured (Refer note 36)	14,814,692	17,634,339
Total	109,367,754	191,547,762

(i) Details of terms of repayment for long-term borrowings and security provided

Particulars	As at 30 th September, 2014		
	Current (Refer note 10)	Non Current	Total
Term loans from banks - Secured			
(i) HDFC Bank Limited	29,473,684	29,473,685	58,947,369
(ii) KOTAK Bank Limited	40,000,000	-	40,000,000
(iii) AXIS Bank Limited	9,722,372	65,079,377	74,801,749
Total	79,196,056	94,553,062	173,749,118

NOTES forming part of financial statements

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	9,722,372	74,801,635	84,524,007
Total	79,196,056	173,749,004	252,945,060

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, Mysuru. Repayable in equal quarterly installments along with interest ranging from 10.95% to 11.25%
- (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 10.95% to 11.50%
- (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 12.75%

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%

NOTE 6 OTHER LONG TERM LIABILITIES

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Leave salary payable [Refer note 33(III)]	-	4,997,685
(b) Gratuity payable [Refer note 33 (II)]	-	18,710,458
Total	-	23,708,143

NOTE 7 LONG TERM PROVISIONS

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
Provision - others:		
Provision for warranty (Refer note 39)	11,074,370	19,035,929
Total	11,074,370	19,035,929

NOTES forming part of financial statements

NOTE 8 SHORT-TERM BORROWINGS

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Secured Working capital borrowings (refer note (i) and (ii) below)		
From banks - secured	122,925,967	35,178,044
Unsecured	600,000,000	200,000,000
Total	722,925,967	235,178,044

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

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(i) Cash Credit Accounts	122,925,967	35,178,044
(ii) Short term Borrowings	600,000,000	200,000,000
Total	722,925,967	235,178,044

(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 with in 90 days alongwith the interest ranging from 10.00% to 10.75%

NOTE 9 TRADE PAYABLES

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
Trade payables:		
Acceptances	73,884,343	23,255,981
Other than Acceptances	841,378,074	622,858,868
Total	915,262,417	646,114,849

NOTES forming part of financial statements

NOTE 10 OTHER CURRENT LIABILITIES

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Current maturities of long-term debt (Refer Note 5)	79,196,056	79,196,056
(b) Current maturities of finance lease obligations	8,671,448	6,103,057
(c) Interest accrued but not due on borrowings	5,565,230	4,111,447
(d) Unpaid dividends	2,310,030	2,784,488
(e) Other payables		
(i) Statutory remittances	107,940,687	25,297,625
(ii) Payables on purchase of fixed assets	11,316,237	8,892,636
(iii) Advance from customers	139,273,658	3,063,467
(iv) Gratuity payable [Refer note 33 (II)]	-	6,676,027
(v) Superannuation payable	-	4,303,802
(vi) Leave salary payable [Refer note 33 (III)]	13,879,955	14,011,501
Total	368,153,301	154,440,106

For details of security please refer note 5

NOTE 11 SHORT-TERM PROVISIONS

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Provision - others:		
Provision for taxation (Refer note (i) below)	15,514,641	11,135,457
Provision for warranty (Refer note 39)	12,292,715	14,297,946
Provision for proposed dividend	37,779,938	30,223,950
Provision for dividend distribution tax	6,420,701	5,136,561
Total	72,007,995	60,793,914

Note (i)

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
Provision for taxation	109,275,978	25,325,978
Less: Advance income tax	(93,761,337)	(14,190,521)
Net	15,514,641	11,135,457

NOTES forming part of financial statements

NOTE 12 (A) FIXED ASSETS - TANGIBLE

Tangible Assets	Cost			Depreciation			Net Block			
	As at 1 st October, 2013	Additions during the Year	Deductions during the Year	As at 30 th September, 2014	Upto 1 st October, 2013	For the Year	On Deductions	Upto 30 th September, 2014	As at 30 th September, 2013	As at 30 th September, 2014
Particulars	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
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	327,179,026	4,035,201	-	331,214,227	97,716,000	15,317,594	-	113,033,594	218,180,633	229,463,026
Plant & Machinery	3,375,141,618	128,087,059	40,326,967	3,462,901,710	1,958,056,165	243,640,038	31,085,467	2,170,610,736	1,292,290,974	1,417,085,453
Furniture & office equipment										
- Owned	89,298,671	1,523,015	523,716	90,297,970	45,551,813	9,961,934	523,673	54,990,074	35,307,896	43,746,857
- Finance lease	28,538,777	6,970,990	-	35,509,767	4,617,069	7,823,417	-	12,440,486	23,069,281	23,921,708
Vehicles										
- Own Vehicle	5,718,470	-	677,584	5,040,886	4,022,795	427,408	619,396	3,830,807	1,210,079	1,695,676
Total	3,906,539,486	140,616,265	41,528,267	4,005,627,484	2,109,963,842	277,170,391	32,228,536	2,354,905,697	1,650,721,787	1,796,575,644
Previous year	3,570,027,052	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	-

NOTE 12 (B) FIXED ASSETS - INTANGIBLE

Intangible Assets	Cost			Depreciation			Net Block			
	As at 1 st October, 2013	Additions during the Year	Deductions during the Year	As at 30 th September, 2014	Upto 1 st October, 2013	For the Year	On Deductions	Upto 30 th September, 2014	As at 30 th September, 2013	As at 30 th September, 2014
Particulars	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Software	53,023,972	1,018,600	-	54,042,572	24,011,515	17,619,406	-	41,630,921	12,411,651	29,012,457
Total	53,023,972	1,018,600	-	54,042,572	24,011,515	17,619,406	-	41,630,921	12,411,651	29,012,457
Previous year	38,674,792	14,349,180	-	53,023,972	7,153,411	16,858,104	-	24,011,515	29,012,457	-

NOTES forming part of financial statements

NOTE 13 LONG-TERM LOANS AND ADVANCES

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
Unsecured, considered good		
(a) Capital advances	46,708,342	29,092,000
(b) Security deposits	29,946,248	24,331,500
(c) Loans and advance to employees	5,610,364	7,920,922
(d) Supplier advances	6,500,042	15,000,040
(e) Balances with Government authorities	194,806	846,806
Total	88,959,802	77,191,268

NOTE 14 OTHER NON-CURRENT ASSETS

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Accruals		
Interest accrued on deposits	553,830	669,202
(b) Others		
Fixed deposit [As at September 2014 : Nil (Previous year: ₹ 15,204,930) are under lien for loan / guarantee]	5,229,930	15,204,930
Total	5,783,760	15,874,132

NOTE 15 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Raw materials and components	434,044,397	351,953,241
(b) Goods-in-transit - raw material	19,078,091	956,326
	453,122,488	352,909,567
(c) Work-in-progress	511,085,539	346,640,768
(d) Finished goods	95,531,132	103,516,804
(e) Stores and spares	82,839,387	83,709,461
(f) Goods-in-transit - stores and spares	-	67,090
	689,456,058	533,934,123
Total	1,142,578,546	886,843,690

NOTES forming part of financial statements

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

Particulars	As at	
	30 th September, 2014	30 th September, 2013
	₹	₹
Brakes	60,319,775	26,248,606
Casting	23,746,307	19,947,325
Drive Head	23,692,435	11,088,950
Forging	70,735,537	41,768,405
Gear & Pinion	142,967,364	92,747,042
Housing	91,749,257	95,272,732
Others	97,874,864	59,567,708
Total	511,085,539	346,640,768

NOTE 16 TRADE RECEIVABLES

Particulars	As at	
	30 th September, 2014	30 th September, 2013
	₹	₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	8,891,422	96,709,589
Doubtful	4,804,517	2,155,330
	13,695,939	98,864,919
Less: Provision for doubtful trade receivables	4,804,517	2,155,330
	8,891,422	96,709,589
Other trade receivables		
Unsecured, considered good	1,721,150,824	1,043,327,250
Doubtful	-	-
	1,721,150,824	1,043,327,250
Total	1,730,042,246	1,140,036,839

NOTE 17 CASH AND BANK BALANCES

Particulars	As at	
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Cash on hand	14,610	54,832
(b) Cheques in hand	62,150	50,000
(c) Balances with banks		
In current accounts	4,745,119	7,235,364
Total Cash and cash equivalents	4,821,879	7,340,196
(a) In earmarked accounts		
- Unpaid dividend accounts	2,310,031	2,784,490
- In deposit accounts - Refer Note below	-	1,250,000
	2,310,031	4,034,490
Total	7,131,910	11,374,686

- (i) As at September 2014 : Nil (Previous year: ₹ 1,250,000) Balance with banks in deposit accounts are under lien for loan / guarantee)

NOTES forming part of financial statements

NOTE 18 SHORT-TERM LOANS AND ADVANCES

Unsecured considered good unless otherwise stated

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Loans and advance to employees	5,279,931	6,654,197
(b) Prepaid expenses	65,621,933	15,977,907
(c) Balances with Government authorities	126,683,022	72,005,799
(d) Advance income tax (Refer note (i) below)	14,383,072	20,800,864
(e) Others - Advance to suppliers		
Unsecured, considered good- Related party	7,100,000	4,200,000
Unsecured, considered good- Others	160,275,283	99,629,080
Total	379,343,241	219,267,847

Note (i)

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
Advance income tax	406,472,462	412,890,254
Less: Provision for taxation	(392,089,390)	(392,089,390)
Net	14,383,072	20,800,864

NOTE 19 OTHER CURRENT ASSETS

Particulars	As at	As at
	30 th September, 2014	30 th September, 2013
	₹	₹
(a) Unbilled revenue	536,282	1,010,841
(b) Interest accrued on deposits	695,933	206,797
(c) Other receivables (sale of electricity)	1,905,233	2,041,887
Total	3,137,448	3,259,525

NOTE 20 REVENUE FROM OPERATIONS

Sl. No.	Particulars	For the year ended	For the year ended
		30 th September, 2014	30 th September, 2013
		₹	₹
(a)	Sale of products (Refer Note (i) below)	7,510,654,105	7,127,169,310
(b)	Less : Excise duty	(750,954,624)	(712,485,448)
		6,759,699,481	6,414,683,862
(c)	Other operating revenues (Refer Note (ii) below)	9,569,662	10,658,306
Total		6,769,269,143	6,425,342,168

NOTES forming part of financial statements

Note Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
	₹	₹
(i) Sale of products comprises :		
Axle Housings	160,247,727	237,117,871
Axles	4,819,644,876	4,827,717,074
Break Assemblies	1,228,637,154	1,221,236,910
Others	1,302,124,348	841,097,455
Total	7,510,654,105	7,127,169,310

Note Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
	₹	₹
(ii) Other operating revenue comprises :		
Export Incentive	-	145,011
Income from wind power generation	9,569,662	10,513,295
Total	9,569,662	10,658,306

NOTE 21 OTHER INCOME

Sl. No. Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
	₹	₹
(a) Interest income (Refer Note (i) below)	47,635,541	8,001,047
(b) Other non-operating income (Refer Note (ii) below)	8,862,019	8,304,649
Total	56,497,560	16,305,696

Note Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
	₹	₹
(i) Interest income comprises:		
a) Interest on short term deposit	1,265,828	1,482,325
b) Other interest	46,369,713	6,518,722
Total	47,635,541	8,001,047

Note Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
	₹	₹
(ii) Other non-operating income comprises:		
a) Liabilities/ provisions no longer required written back	5,100,480	7,374,057
b) Profit on sale of fixed assets	265,738	188,995
c) Exchange gain	390,971	-
d) Miscellaneous income	3,104,830	741,597
Total	8,862,019	8,304,649

NOTES forming part of financial statements

NOTE 22 A COST OF MATERIALS CONSUMED

Sl. No.	Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
		₹	₹
(a)	Opening stock	352,909,566	423,664,765
(b)	Add : Purchases	5,216,861,273	4,726,943,895
		5,569,770,839	5,150,608,660
(c)	Less : Closing stock	453,122,483	352,909,566
(d)	Less : Scrap sales and cash discount	280,349,528	253,367,190
Total		4,836,298,828	4,544,331,904

Sl. No.	Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
		₹	₹
(i)	Raw materials consumed comprises:		
	Steel	946,863,679	866,210,852
	Castings	1,196,749,628	1,133,898,262
	Forgings	1,216,675,637	1,152,621,339
	Bought out finished (BOF)	1,255,111,757	1,186,763,851
	Others	220,898,127	204,837,600
Total		4,836,298,828	4,544,331,904

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

Sl. No.	Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
		₹	₹
	Inventories at the end of the year:		
(a)	Finished goods	95,531,132	103,516,803
(b)	Work-in-progress	511,085,539	346,640,768
		606,616,671	450,157,571
	Inventories at the beginning of the year:		
(c)	Finished goods	103,516,803	63,138,779
(d)	Work-in-progress	346,640,768	377,381,026
		450,157,571	440,519,805
	Net (increase) / decrease	(156,459,100)	(9,637,766)

NOTE 23 EMPLOYEE BENEFITS EXPENSE

Sl. No.	Particulars	For the year ended 30 th September, 2014	For the year ended 30 th September, 2013
		₹	₹
(a)	Salaries and wages	518,389,466	441,284,291
(b)	Contributions to provident and other funds [Refer Note 33 (l)]	45,499,390	43,485,672
(c)	Staff welfare expenses	45,268,697	43,239,661
Total		609,157,553	528,009,624

NOTES forming part of financial statements

NOTE 24 FINANCE COSTS

Sl. No.	Particulars	For the year ended	For the year ended
		30 th September, 2014	30 th September, 2013
		₹	₹
(a)	Interest on term loan	25,246,038	34,766,896
(b)	Interest on working capital borrowings	42,779,577	46,339,497
(c)	Interest on finance lease	2,058,165	1,337,635
(d)	Interest on others	760,055	203,752
Total		70,843,835	82,647,780

NOTE 25 OTHER EXPENSES

Sl. No.	Particulars	For the year ended	For the year ended
		30 th September, 2014	30 th September, 2013
		₹	₹
(a)	Stores & spares consumed	187,995,385	175,783,664
(b)	Power & fuel	175,848,625	171,527,602
(c)	Increase /(decrease) in excise duty	907,193	1,945,169
(d)	Travelling expenses	13,206,616	12,733,775
(e)	Rent including lease rentals	1,167,862	1,768,390
(f)	Repairs and maintenance - buildings	622,008	1,758,287
(g)	Repairs and maintenance - plant & machinery	94,545,858	82,545,995
(h)	Repairs and maintenance - others	20,089,786	22,898,532
(i)	Rates & taxes	5,624,415	929,126
(j)	Insurance charges	6,598,258	5,696,472
(k)	Postage, telephone & telegram	2,614,936	2,297,823
(l)	Vehicle running expenses	900,089	1,083,491
(m)	Directors' sitting fees	580,000	480,000
(n)	Legal and professional charges	75,168,684	18,686,255
(o)	Auditors remuneration (Refer Note (i) below)	3,778,247	3,632,782
(p)	Technical fees	18,500,573	43,164,426
(q)	Bank charges / commission	1,209,384	2,596,823
(r)	Outside processing charges	256,999,407	206,811,079
(s)	Exchange loss	-	4,265,001
(t)	Product service	11,393,599	16,535,724
(u)	Warranty (net) (Refer note 39)	594,917	11,774,936
(v)	Export expenses	1,518,350	173,562
(w)	Loss on fixed assets sold/ scrapped/ written off	1,309,414	-
(x)	Provision for doubtful trade receivables (net)	2,649,186	1,112,676
(y)	Bad trade and other receivables, loans and advances written off	102,788	489,568
(z)	Miscellaneous expenses	28,591,374	34,730,305
Total		912,516,954	825,421,463

NOTES forming part of financial statements

Note Particulars	For the year ended	For the year ended
	30 th September, 2014	30 th September, 2013
	₹	₹
(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	478,247	332,782
Total	3,778,247	3,632,782

1. CORPORATE INFORMATION

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

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 & assumptions that affect the reported amount of assets & liabilities, disclosure of contingent liabilities as at the date of financial statements & reported amounts of revenue & expenses during the reported period. Actual results could differ from those estimates.

c) Inventories

Raw material, stores & spares, work-in-process and finished goods are valued at 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 cognizance.

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.

NOTES forming part of financial statements

(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.

(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 1 ½ 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
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.

NOTES forming part of financial statements

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.

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

NOTES forming part of financial statements

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.

NOTE 26 COMMITMENTS

Sl No. Particulars	2013-14	2012-13
	₹	₹
Commitments		
Estimated amount of contracts remain to be executed and not provided for		
i) Tangible asset	200,696,473	82,329,444
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, 2014. Currency exposure as on 30th September, 2014 that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	2013-14		2012-13	
	₹	Foreign Currency	₹	Foreign Currency
Trade Payables	11,178,205	USD 179,974	4,461,067	USD 70,397
	13,134,547	EUR 165,861	784,808	EUR 9,139

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

Particulars	2013-14	2012-13
	₹	₹
Raw Material	88,689,422	59,887,539
Consumable & Spares	5,540,560	4,044,542
Capital Goods	19,270,026	23,634,158
	113,500,008	87,566,239

NOTES forming part of financial statements

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

Particulars	2013-14		2012-13	
	Consumption %	₹	Consumption %	₹
a) Raw Material				
Imports	2%	80,591,457	1%	60,504,573
Indigenous	98%	4,755,707,371	99%	4,483,827,331
	100%	4,836,298,828	100%	4,544,331,904
b) Stores & Spares				
Imports	3%	4,820,395	3%	6,110,120
Indigenous	97%	183,174,990	97%	169,673,544
	100%	187,995,385	100%	175,783,664

31. Expenditure in foreign currency:

Particulars	2013-14	2012-13
	₹	₹
Travelling expenses	1,176,723	1,295,602
Bank charges	-	5,510
Technical fee	-	80,028
Interest expenses	-	34,175

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

Particulars	2013-14	2012-13
	₹	₹
No. of non-resident shareholders	1	1
No. of equity shares held	5,367,275	5,367,275
Amount of dividend paid	10,734,550	53,672,750
Year to which dividend related - final dividend	2012-13	2011-12

33. Employee benefits:

1) Defined Contribution Plans:

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

Particulars	2013-14	2012-13
	₹	₹
Employers' Contribution to Provident Fund Including Family Pension Fund* (Excluding Administration Charges)	27,580,914	25,098,200
Superannuation Fund*	8,304,030	8,639,082
Employers' State Insurance	5,056,165	4,174,295

* 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, 2014 was carried out in respect of the defined benefit plan of Gratuity based on the following assumptions.

Particulars	2013-14	2012-13
	₹	₹
Discount Rate	8.50%	8.71%
Expected Return on Plan Assets	8.50%	8.50%
Salary Escalation Rate – Staff	7.50%	7.50%
Salary Escalation Rate – Workmen	5.00%	5.00%
Attrition Rate – Staff	14.00%	9.00%
Mortality table	India Assured lives (2006-08) Ultimate Mortality table	

Change in present value of obligation:

Particulars	2013-14	2012-13
	₹	₹
Opening Present Value of Obligation	78,885,715	69,903,172
Current Service Cost	13,317,721	8,342,569
Interest on Defined Benefit Obligation	6,530,200	5,865,271
Benefits Paid	(4,119,664)	(5,127,341)
Net Actuarial Losses/(Gains) Recognised During the Year	(79,520)	(97,956)
Liability taken over	-	-
Closing Present Value of Obligation	94,534,452	78,885,715

Change in fair value of assets:

Particulars	2013-14	2012-13
	₹	₹
Opening Fair Value of Plan Asset	53,499,230	52,711,691
Expected Return on Plan Assets	5,859,849	4,262,582
Actuarial Gains/(Losses)	4,295,037	152,298
Contribution by Employer	35,000,000	(5,127,341)
Benefits Paid	(4,119,664)	1,500,000
Closing Present Value of Obligation	94,534,452	53,499,230

Investment details of fund assets :

Fund	2013-14		2012-13	
	(%)	₹	(%)	₹
Group Balanced Fund	0%	-	21%	11,264,097
Group Debt Fund	0%	-	23%	12,149,538
Group Growth Fund	0%	-	49%	26,412,942
Group Short Term Debt Fund	0%	-	4%	2,172,653
Group Gratuity Fund - LIC	100%	94,534,452	3%	1,500,000
	100%	94,534,452	100%	53,499,230

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

NOTES forming part of financial statements

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

Particulars	2013-14	2012-13
	₹	₹
Closing Present Value of Funded Obligation	94,534,452	78,885,715
Closing Fair Value of Plan Assets	94,534,452	53,499,230
Unfunded Liability	-	(25,386,485)
Unrecognised Actuarial Gains/(Losses)	-	-
Unfunded Net Asset/(Liability) Recognised in Balance Sheet	-	(25,386,485)

Amount recognised in the balance sheet :

Particulars	2013-14	2012-13
	₹	₹
Closing Present Value of Obligation	94,534,452	78,885,715
Closing Fair Value of Plan Assets	94,534,452	53,499,230
Liability Recognised In The Balance Sheet		
(i) Other long term liabilities	-	18,710,458
(ii) Other current liabilities	-	6,676,027
	-	(25,386,485)

Expenses recognised in statement of profit and loss :

Particulars	Gratuity	
	2013-14	2012-13
Service Cost	13,317,721	8,342,569
Interest Cost	6,530,200	5,865,271
Expected Return on Plan Asset	(5,859,849)	(4,262,582)
Actuarial Gains/(Losses)	(4,374,557)	(250,254)
Net Cost	9,613,515	9,695,004

Experience adjustment

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligations	94,534,452	78,885,715	69,903,172	61,069,402	60,175,568
Plan Assets	94,534,452	53,499,230	52,711,691	50,322,441	52,370,674
Surplus/ Deficit	-	(25,386,485)	(17,191,481)	(10,746,962)	(7,804,894)
Experience Adjustment on Plan Liabilities	(79,520)	(97,956)	(243,655)	(2,650,958)	(847,398)
Experience Adjustment on Plan Assets	4,295,037	152,298	1,427,732	(4,152,839)	1,596,721

Expected payment / contribution within next one year ₹ 8,744,437/-

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: Leave Salary

Particulars	2013-14	2012-13
	₹	₹
Discount Rate	8.50%	8.25%
Expected Return on Plan Assets	8.00%	8.25%
Salary Escalation Rate – Staff	7.50%	12.00%

NOTES forming part of financial statements

Particulars	2013-14	2012-13
Salary Escalation Rate – Workmen	5.00%	5.00%
Attrition Rate – Staff	14.00%	9.00%
Mortality table	India Assured lives (2006-08) Ultimate Mortality table	

Particulars	Leave salary	
	2013-14	2012-13
Leave salary		
Other long term liabilities	-	4,997,685
Short term provisions	-	-
Other current liabilities	13,879,955	14,011,501
Total	13,879,955	19,009,186

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.

35. Related Party Transactions

a) List of Related Parties and Relationships

Relationship	Related Parties
(i) Entity having substantial Influence	Meritor Heavy Vehicle System LLC., USA Meritor Inc., BF Investments Ltd- Pune
(ii) Other Related Parties with whom the Company had transactions :-	
Enterprises under Common Control /	Arvin Meritor Brazil
Enterprises over which Key	Arvin Meritor Sweden
Management Personnel have	Bharat Forge Limited
significant influence	Ege Fren As Turkey Meritor Italy Meritor York Meritor Automotive Inc Heath -Ohio Meritor HVS LLC - Maxtown Meritor HVS -Nc Fletcher Meritor Heavy Vehicle Systems LLC Meritor Hvbs Cwmbran Meritor HVS LLC Morristown Meritor HVS (India) Limited - Mysuru Meritor HVS (India) Limited - Pune Meritor LLC Florence
Key Management Personnel	Dr. B. N. Kalyani Mr. N. Muthukumar
	Chairman (Non-retiring) Senior Vice President & Whole time Director

NOTES forming part of financial statements

Sl No.	Related Parties	Entity having substantial Influence	Enterprises Under Common Control	Key Management Personnel	Total
TRANSACTIONS DURING THE YEAR					
1)	Purchase of Goods				
	Bharat Forge Ltd.,		180,327,149 (9,486,407)		180,327,149 (9,486,407)
	Meritor HVS LLC USA	7,904,365 (6,196,357)			7,904,365 (6,196,357)
	Meritor, Brazil		134,359 (525,300)		134,359 (525,300)
	Meritor HVS, Sweden		15,832,681 (3,269,825)		15,832,681 (3,269,825)
	Ege Fren AS Turkey		- (53,240)		- (53,240)
	Meritor Italy		4,785,234 (6,613,142)		4,785,234 (6,613,142)
	Meritor York		190,890 -		190,890 -
	Meritor Automotive Inc, Fletcher, USA		6,523,644 (81,090)		6,523,644 (81,090)
	Meritor LLC Florence		2,336,989 (197,328)		2,336,989 (197,328)
	Meritor Automotive Inc, Ohio USA		296,822 (36,612)		296,822 (36,612)
	Meritor Inc., Maxton, USA		543,644 (2,774,503)		543,644 (2,774,503)
	Meritor HVBS CWMBRAN		724,364 (1,954,194)		724,364 (1,954,194)
	Meritor HVS India Limited. Pune		1,064,019 (1,087,241)		1,064,019 (1,087,241)
2)	Sale of Goods				
	Meritor HVS (India) Limited. Mysuru		6,025,210,527 (6,357,614,867)		6,025,210,527 (6,357,614,867)
	Bharat Forge Ltd.,		- (5,808,301)		- (5,808,301)
3)	Services Received				
	Bharat Forge Ltd.,		86,978,383 (125,919,772)		86,978,383 (125,919,772)
	Meritor HVS (India) Limited		17,484,947 (43,874,492)		17,484,947 (43,874,492)
4)	Trade Advance Received				
	Meritor HVS (India) Limited		121,450,760 -		121,450,760 -
5)	Other Recoveries				
	Meritor HVS (India) Limited		8,151,784 (5,696,454)		8,151,784 (5,696,454)
6)	Trade Advances Paid				
	Bharat Forge Ltd.,		7,100,000 (4,200,000)		7,100,000 (4,200,000)
7)	Purchase of Fixed Assets				
	Bharat Forge Ltd.,		8,568,000 -		8,568,000 -

NOTES forming part of financial statements

Sl No.	Related Parties	Entity having substantial Influence	Enterprises Under Common Control	Key Management Personnel	Total
8)	Managerial Remuneration and Sitting Fee				
	Dr. B N Kalyani			60,000 (80,000)	60,000 (80,000)
	Amit Kalyani			80,000	80,000
	Mr. Ashok Rao			-	-
	Mr. N. Muthukumar			(9,020,889) 7,537,701	(9,020,889) 7,537,701
				-	-
	Amount Outstanding at the Balance Sheet Date				
9)	Debit balance				
	Meritor HVS (India) Limited		1,544,855,898 (971,306,421)		1,544,855,898 (971,306,421)
10)	Credit balance				
	Meritor HVS (India) Limited. Mysuru		131,728,146 (15,644,677)		131,728,146 (15,644,677)
	Bharat Forge Limited		(11,636,347) (27,711,824)		(11,636,347) (27,711,824)
	Meritor HVS LLC USA	787,377 (2,194,560)			787,377 (2,194,560)
	Meritor HVS (India) Limited. Pune		1,064,019		1,064,019
	Meritor Automotive Inc, Fletcher, USA		-		-
	Meritor cameri Italy		5,459,454		5,459,454
	Meritor Sweden		2,091,980		2,091,980
	Meritor LLC Florance		-		-
	Meritor LLC Florance		15,526 (788,246)		15,526 (788,246)
	Meritor LLC Florance		761,778		761,778
	Meritor Inc., Maxton, USA		-		-
	Meritor Inc., Maxton, USA		293,040		293,040
			-		-
11)	Dividend Paid				
	BF Investments Ltd	10,735,612 (53,678,060)			10,735,612 (53,678,060)
	Meritor HVS LLC USA	10,734,550 (53,672,750)			10,734,550 (53,672,750)
	Dr. B N Kalyani			252 (1,260)	252 (1,260)

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

NOTES forming part of financial statements

36. Finance Lease

The Company has taken certain vehicles and office equipments under finance lease on non- cancelable basis. The minimum lease payments under agreement is given below:

Particulars	2013-14	2012-13
	₹	₹
Amount repayable not later than one year	8,671,448	6,103,057
Amount repayable later than one year and not later than five years	14,814,692	17,634,339
Amount repayable more than five years	-	-
Total	23,486,140	23,737,396
Less: Interest payable	3,522,440	4,948,948
Present value of minimum lease payments	19,963,700	18,788,448

37. Earnings Per Share

Sl No Particulars	2013-14	2012-13
	(In ₹ Except for No. Shares)	
1. Profit after tax attributable to ordinary shareholders	181,788,836	126,977,129
2. Weighted average number of shares outstanding during the year	15,111,975	15,111,975
3. Nominal value of ordinary shares	10.00	10.00
4. Basic and diluted earnings per ordinary share	12.03	8.40

38. Deferred Tax

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

Particulars	2013-14	2012-13
	₹	₹
Depreciation & Amortisation	356,693,654	413,845,645
Provision for Employee Benefits & Others	(29,042,555)	(65,407,721)
	327,651,099	348,437,924
Net Deferred Tax Liability Relating to the Above	111,353,860	118,473,860

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	2013-14	2012-13
	₹	₹
Nature of expenses	Warranty	Warranty
Probable outflow estimated within	Two Year	Two Year
Liability as at beginning of the year	33,333,875	35,143,957
Amount provided during the year	11,900,670	11,373,173
Amount utilised during the year	(11,041,823)	(12,155,140)
Amount reversed during the year	(10,825,637)	(1,028,115)
Liability as on end of the year (Refer note (i) below)	23,367,085	33,333,875

NOTES forming part of financial statements

Note (i)

Particulars	2013-14	2012-13
	₹	₹
Within One Year	12,292,715	14,297,946
Above One Year	11,074,370	19,035,929

40. Contingent Liability

Particulars	2013-14	2012-13
Contingent liabilities		
a) Amount payable to sales tax authorities	-	636,000
b) Excise matters under appeal		
The Company has won the case at Commissioner of Central excise (appeals) however the department has appealed against this order with Customs, Excise and Service tax Appellate Tribunal.	1,802,810	-

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

B. N. Kalyani

Chairman

N. Muthukumar

Senior Vice President and
Whole-time Director

S. Ramkumar

Chief Financial Officer &
Company Secretary

Place : Mysuru

Date : 25th November, 2014

NOTICE

Notice is hereby given that the 33rd Annual General Meeting (AGM) of the Members of Automotive Axles Limited, will be held at the Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru 570 018, Karnataka, India on Thursday, 5th February, 2015 at 12.30 p.m. (IST) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 30th September, 2014 and Balance Sheet as at 30th September, 2014 together with the Report of the Board of Directors and Auditors thereon.
2. To declare Final Dividend on equity shares for the year ended 30th September, 2014.
3. To appoint Director in place of Mr. Joseph A. Plomin (DIN – 06739214) who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors to hold office for a period of three (3) years from the conclusion of 33rd AGM up to conclusion of 36th AGM (subject to ratification of their appointment at every AGM) and to fix their remuneration. 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 139 of the Companies Act, 2013 and the rules made there under, Deloitte Haskins & Sells, Chartered Accountants, Bangalore (Firm Registration No:008072S) be and are hereby re-appointed as auditors of the Company, to hold the office from the conclusion of 33rd AGM upto conclusion of 36th AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) at such remuneration plus service tax and out of pocket expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit Committee.”

SPECIAL BUSINESS :

5. Appointment of Mr. Marco Bassi as Director:

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

“Resolved that **Mr. Marco Bassi (DIN – 06932665)** who was appointed Additional Director of the Company by the Board of Directors on 14th August, 2014 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 non-retiring Director of the Company pursuant to Clause 131(1) of Articles of Association.”

6. Appointment of Mr. B.B.Hattarki as an Independent Director of the Company :

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. B.B.Hattarki** (DIN: 00145710), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from 5th February, 2015.”

7. Appointment of Mr. B.C.Prabhakar as an Independent Director of the Company:

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. B.C.Prabhakar** (DIN: 00040052), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from 5th February, 2015.”

8. Appointment of Mr. Satish Sekhri as an Independent Director of the Company :

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. Satish Sekhri** (DIN: 00211478), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from 5th February, 2015.

9. Authority to the Board to create Charge :

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

“RESOLVED THAT in supersession of the earlier resolution passed at the 25th Annual General Meeting held on 12th January, 2007, and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) to mortgage, hypothecate, create charge, pledge and/or also to create liens, floating charges and all other encumbrances of whatsoever nature on all or any of the Company’s immovable and movable properties wherever situate, present and future, in such form and in such manner as the board may think fit and proper, in favour of any of the banks/Financial institutions/other lenders/trustees of the holders of securities, aggregating to the value not exceeding paid-up share capital and free reserves as per the audited financials, to secure

the principal amount together with interest, compound interest and all costs, charges and expenses and all other monies as may become due and payable by the Company in that behalf and to vary or modify existing securities, from time to time, in such manner and in such form on all or any of the properties or part of any of the property and the undertakings of the Company, both present and future, as may be decided by the Board and as agreed to by the said banks/Financial institutions/other lenders/trustees of the holders of securities issued hereunder and the existing or future series of debentures/bonds or other lenders, bankers and financial institutions, both present and future, to secure existing series of debentures, loans, financial facilities as may be obtained by the Company from time to time and as may be deemed appropriate by the Board.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be necessary for giving effect to the above resolution.”

10. Related Party Transactions of the Company with Meritor HVS (India) Limited :

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

“RESOLVED THAT pursuant to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder and in terms of the revised Clause 49 of the Listing Agreement (including statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other statutory approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into transaction/s of purchase/sale of goods / services, lease, transfer, assign or otherwise etc., whether material or otherwise, for the period of five (5) financial years with effect from 1st October, 2014, of the Company with Meritor HVS (India) Limited - Related Party, upto an estimated annual value of ₹ 25,000 Million, to be discharged in a manner and on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and Meritor HVS (India) Limited.

NOTICE

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate and finalise other terms and conditions and to do all such

acts, deeds and things including delegation of powers as may be necessary, proper or expedient to give effect to this Resolution.”

By Order of the Board of Directors
For Automotive Axles Limited

S. Ramkumar

Chief Financial Officer & Company Secretary

Place: Mysuru

Date: 25th November, 2014

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

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

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of items Nos.5 to 10 of the Notice is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company duly completed and signed not less than forty eight (48) hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions /authority as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case, a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.
4. Corporate Members are requested to send a board resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.
5. The register of Members and Share Transfer Books will remain closed from 3rd February, 2015 to 5th February, 2015 (both days inclusive) for determining the names of the members eligible for final dividend on equity shares, if declared at the meeting.
6. Dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid to those members, whose name appear either on the Company's Register of Members or on the List of Beneficial owners in the records of Depositories as on the date of the Annual General Meeting.
7. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depositories Participants along with the Email IDs or changes in Email IDs and those holding shares in physical form are requested to intimate to the Registrar & Share Transfer Agents of the Company.

NOTICE

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants and Members holding shares in physical form can submit their PAN details to our Registrar & Share Transfer Agent.
9. Equity Shares of the Company are under compulsory demat trading by all investors. Those Members who have not dematerialised their shareholding are advised to dematerialise their shareholding to avoid any inconvenience in future.
10. Those Members who have so far not encashed their Dividend Warrants for the below mentioned Financial Years, may claim or approach the Company's Registrar & Share Transfer Agents for the payment thereof, as the same will be transferred to the Investor Education and protection Fund of the Central Government, pursuant to section 205C of the Companies Act, 1956, on the Respective due date(s) mentioned there against. Kindly note that after such date, the members will not be entitled to claim such dividend.

Year	Particulars	Date of Declaration	Due date of Transfer
2006-07	65% Dividend	18 th January, 2008	21 st February, 2015
2007-08	65% Dividend	21 st January, 2009	20 th February, 2016
2008-09	27% Dividend	15 th January, 2010	14 th February, 2017
2009-10	85% Dividend	21 st January, 2011	20 th February, 2018
2010-11	100% Dividend	17 th January, 2012	16 th February, 2019
2011-12	100% Dividend	6 th February, 2013	7 th March, 2020
2012-13	20% Dividend	10 th February, 2014	11 th March, 2021

11. The Members are requested to present the duly filled Attendance slips before the commencement of the Meeting.
12. Members are requested to bring their copy of the Annual Report to the Meeting
13. Shareholders may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.
14. **Voting through electronic means**
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means and the business that may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):
- The instructions for e-voting are as under:
- The voting period begins on 28th January, 2015 (9.00 AM) and ends on 30th January, 2015 (6.00 PM). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date 2nd January, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - The shareholders should log on to the e-voting website www.evotingindia.com.
 - Click on Shareholders.
 - Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.

NOTICE

- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:
 - a. PAN - For Members holding shares in Demat Form and Physical Form enter your 10 digit alpha-numeric Permanent Account Number issued by Income Tax Department
 - b. Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
 - c. In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
 - d. DOB - Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
 - e. Dividend Bank Details - Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).
- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for Automotive Axles Limited on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

NOTICE

xviii. Note for Non-Individual Shareholders and Custodians :

- a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix.** In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- xx.** The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 2nd January, 2015.
- xxi.** Ms. Pracheta M, Practicing Company Secretary (Membership No. ACS 22452 & CP No.9838) has been appointed as the Scrutinizer to scrutinise the e-voting process in a fair and transparent manner.
- xxii.** The Scrutiniser shall within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

xxiii. Members who do not have access to e-voting facility, may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutiniser appointed by the Board of Directors of the Company, Ms. Pracheta M, Practicing Company Secretary (Membership No. ACS 22452 & CP No.9838) at the Registered Office of the Company not later than 30th January, 2015 (6:00 p.m.). Ballot Form received after this date will be treated as invalid.

xxiv. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

xxv. The Results declared along with the Scrutiniser's Report shall be placed on the Company's website www.autoaxle.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

ANNEXURE TO NOTICE

The following Explanatory Statements sets out material facts relating to the item No.5 to 10 mentioned in the Notice, as required under Section 102 the Companies Act, 2013

Item No.5

Pursuant to Section 152 of the Companies Act, 2013 and Clause 113 of the Articles of Association, the Company received notice from its Promoter Company, Meritor Heavy Vehicle Systems, LLC to appoint Mr. Marco Bassi as a non-retiring director who would represent the promoter on the Board.

Hence, pursuant to Clause 117 of the Articles of Association of the Company read with Section 161(1) of the Companies Act, 2013, Mr. Marco Bassi was appointed as Additional Director on 14th August, 2014. In terms of Section 161(1) of the Companies Act, 2013 Mr. Bassi shall hold the office only up to the date of the Annual General Meeting and is eligible for reappointment as non-retiring Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and it would be in the best interest of the Company to appoint him as the Director of the Company.

NOTICE

Mr. Bassi 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. Bassi, 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, 7 & 8

Pursuant to provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the Company is having 3 Non-executive Independent Directors on the Board liable to retire by rotation. However, in view of the provisions of Sections 149 and 152 and other applicable provisions read with the Schedule IV of the Companies Act, 2013 the appointment of these Directors viz. Mr. B.B.Hattarki, Mr. B.C. Prabhakar, & Mr. Satish Sekhri as Independent Directors is now being placed before the members for their approval for five consecutive years.

The Company has received a declaration in writing from all the above Directors that they meet the criteria of independence as provided in sub-Section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement. In the opinion of the Board, each of these Directors fulfill the condition specified in the Act and the rules framed thereunder for appointment as Independent Directors and they are independent of the management. The Board also considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of all of them as Independent Directors on the Board of the Company and not liable to retire by rotation. The draft letters of appointment setting out the terms and conditions of appointment of independent directors shall be open for inspection by the members at the registered office of the Company during the office hours.

The Board recommends the resolution set out in Item Nos. 6 to 8 of the notice for the approval by the members of the Company.

Brief Profiles alongwith other details of said Directors are provided in the end of the Annexure. Mr. B. B. Hattarki does not hold any shares in the Company. Mr. B. C. Prabhakar & Mr. Satish Sekhri hold 575 & 40 shares respectively. All the 3 Independent Directors being appointees to their respective reappointments, none of the other Directors

and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 6 to 8.

Item No.9

The members of the Company at the 25th Annual General Meeting held on 12th January, 2007 approved an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 and authorised the Board of Directors to hypothecate, mortgage, create charge or otherwise encumber the Company's immovable and movable properties. In terms of the General Circular No. 04/2014 dated 25th March, 2014 issued by the Ministry of Corporate Affairs, the resolution passed under Section 293 of the Companies Act, 1956 prior to 12th September, 2013 in this regard would be valid for a period of one year from the date of notification of Section 180 of the Act. Section 180(1)(a) of the Companies Act, 2013, effective from 12th September, 2013 requires that the Board of Directors shall not hypothecate, mortgage, charge or otherwise encumber such properties of the Company, except with the consent of the Company by way of a Special Resolution.

Therefore, a Special Resolution under Section 180(1) (a) and other applicable provisions of the Companies Act, 2013, as set out at Item No.9 of the Notice, placed before the members, authorising the Board of Directors to hypothecate, mortgage, charge or otherwise encumber the immovable and movable properties of the Company for securing loans etc.,.

The Board recommends the Special Resolution set out at Item No.9 of the Notice for approval by the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution.

Item No.10

Further to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder, the Securities and Exchange Board of India vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014 has amended the Clause 49 (VII) of the Equity Listing Agreement, which is effective from 1st October, 2014. Under the said amendment, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the shareholders by a Special Resolution.

NOTICE

The Company has been in the field of manufacturing Axles, Brakes and other related automotive components for automotive applications. The Company's 90% sales (Apprx.) happens to a single customer i.e., Meritor HVS (India) Ltd., (MHVSIL) Mysuru who is a related party to the Company. MHVSIL is a joint venture Company, promoted by Meritor Heavy Vehicle Systems LLC, Troy, U.S.A., and the Kalyani Group, Pune. MHVSIL is engaged in design, development and marketing of Drive Axles, Non-Drive Steer Axles, Drum Brake and Air Disc Brake Assemblies for commercial vehicles. MHVSIL is equipped with design validation capabilities and has been customising various products of Meritor design to suit various rigorous application requirements in India using the Company's manufacturing facility. MHVSIL has strong marketing, sales & distribution network with customer base consisting of Ashok Leyland, TATA Motors, Daimler and most of the other Heavy & Commercial Vehicle manufacturers in India as well as in abroad.

In light of all these advantages, the Company has been dealing sales transactions with MHVSIL and the Technical support is being availed from MHVSIL. The Company has been focusing on export market as one of the main growth area. It is expanding its customer base as well as geographies with the support of MHVSIL.

The transaction values would be revised, if required, based on mutual discussions to align the same at arm's length rates, as far as possible duly certified / advised by the Third Party Independent Consultants at current market rates. In compliance of the said amendment, the Audit Committee of the Company has reviewed and approved the said ongoing transactions. These transactions are material in terms of the provisions of Revised Clause 49 of the Listing Agreement and therefore, the Board has proposed the same to be placed before the shareholders for their approval as a Special Resolution at the Annual General Meeting of the Company. The said approval would be effective for the period of five financial years with effect from 1st October, 2014. Looking at the nature of business of the Company and the transactions, such approval of shareholders for the period of five years would be essentially required at this point of time.

The key details as required under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as below:

1. Name of the related party and nature of relationship :
Meritor HVS (India) Limited

2. Applicability of the agreement / arrangement is subject to statutory approval, if any : None
3. Notice period for termination : As mutually agreed by the companies
4. Manner of determining the pricing and other commercial terms : On arm's length basis, as far as possible and in tune with market parameters.
5. Disclosure of interest : Dr. B. N. Kalyani & Mr. Marco Bassi are Directors of both the Companies.
6. Duration – 5 years, as stated above.
7. Monetary value : Estimated values as mentioned in the resolution.
8. Nature, material terms and particulars of the arrangement : Sales of Axles & Brakes
9. Any other information relevant or important for the members to make a decision on the proposed transaction: None.

The Board recommends the Special Resolution set out at Item No.10 of the Notice for approval by the members.

Except as mentioned above, no Director, Key Managerial Personnel or their respective relatives are concerned or interested, financially or otherwise, in this resolution.

Information required under clause 49 of the Listing Agreement with the stock exchanges with respect to the Director retiring by rotation and being eligible, seeking reappointment and other director who is getting first time appointed on the board of the Company is as under:

- (a) **Mr. 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 \$5B manufacturer of drive train components for commercial vehicles, including axles, brakes, wheel end components and driveshaft's. 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.

NOTICE

- (b) **Mr. Marco Bassi** is Mechanical Engineer from Milan Polytechnic, Italy and also MBA from Business School of Milan Bocconi, Italy. He has more than 25 years of experience in automotive and commercial truck industry in design, application, product management roles. Also has International experience by working and living in UK, Germany and other parts of the world. He is currently responsible for Product Engineering and Strategy for both Europe & South America at Meritor as Sr. Director-Engineering.
- (c) **Mr. Bhalchandra 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.
- (d) **Mr. B C Prabhakar** holds a Bachelor's Degree in Arts & Law. He has rich experience in the field of IR, Legal Issues and HR Practices and is a Legal Advisor of about 100 companies. He is also the President of Karnataka Employers Association and has represented Employers at various International Forums including ILO (International Labour Organisation), both in India and abroad. He is on the Board of 3 M India Limited & Page Industries Limited., as an Independent Director
- (e) **Mr. Satish Sekhri** is a Mechanical Engineer from Delhi College of Engineering (1971) and MBA (Gold Medalist) from Chandigarh (1973). He has rich experience of 40 years in the automotive industry. He has served as Managing Director in Bosch Chassis Systems India Ltd., Pune. He serves on the board of several auto component manufacturing companies and is also associated with professional bodies like CII, Automotive Component Manufacturers Association, Maharashtra Chamber of Commerce Industry and Agriculture etc., as Executive Committee member."

By Order of the Board of Directors
For Automotive Axles Limited

Place: Mysuru
Date: 25th November, 2014

S. Ramkumar
Chief Financial Officer & Company Secretary

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



AUTOMOTIVE AXLES LIMITED

CIN: L51909KA1981PLC004198

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

Ph: 0821-7197500 Website: www.autoaxle.com Email: sec@autoaxle.com

BALLOT FORM

(In lieu of E-voting) Sr. No. :

1. Name :
2. Registered Address of the sole/first named Shareholder :
3. Name (s) of the Joint Shareholder (s) if any :
4. Registered Folio/DPID & Client ID No. :
5. No. of Shares held :

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of 33rd Annual General Meeting of the Company dated 25th November, 2014 by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (x) mark at the appropriate box below.

Item No.	Description	No. of equity shares	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1.	Adoption of Financial Statements for the year ended 30 th September, 2014 and the reports of the Board of Directors and Auditors thereon.			
2.	Declaration of Final Dividend on equity shares for the year ended 30 th September, 2014			
3.	Re-appointment of Mr. Joseph A. Plomin (as a Director who retires by rotation			
4.	Appointment of M/s. Deloitte Haskins & Sells as Auditors of the Company			
5.	Appointment of Mr. Marco Bassi as Director			
6.	Appointment of Mr. B.B.Hattarki as an Independent Director			
7.	Appointment of Mr. B.C.Prabhakar as an Independent Director			
8.	Appointment of Mr. Satish Sekhri as an Independent Director			
9.	Authority to the Board to create Charge			
10.	Related Party Transactions of the Company with Meritor HVS (India) Limited			

Place : _____

Date: _____

Signature of Shareholder

Note: Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by 6:00 p.m. on 30th January, 2015 shall only be considered.

INSTRUCTIONS

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, Ms. Pracheta. M., Practicing Company Secretary, c/o. Automotive Axles Limited, Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018 or to her email id cscapracheta@gmail.com, so as to reach by 6:00 p.m. on 30th January, 2015. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the of the Company. Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/ DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorised representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorisation / Board resolution to vote should accompany the Ballot Form.
10. Instructions for e-voting procedure are available in the Notice of annual general meeting and are also placed on the website of the Company.



AUTOMOTIVE AXLES LIMITED

CIN: L51909KA1981PLC004198

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

Ph: 0821-7197500 Website: www.autoaxle.com Email: sec@autoaxle.com

PROXY FORM

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

Name of the member (s) :

Registered address :

E-mail Id :

Folio No. :

*Client Id :

*DP ID :

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

1. Name :

Address :

E-mail Id :Signature :..... or failing him

2. Name :

Address :

E-mail Id :Signature :..... or failing him

3. Name :

Address :

E-mail Id :Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Thursday, the 5th day of February, 2015 at 12.30 p.m. (IST) at the Registered Office of the Company, Hootagalli Industrial Area, Off Hunsur Road, Mysuru and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution	Vote *(Optional See Note 4)		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Financial Statements for the year ended 30 th September, 2014 and the reports of the Board of Directors and Auditors thereon.			
2.	Declaration of Final Dividend on equity shares for the year ended 30 th September, 2014			
3.	Re-appointment of Joseph A. Plomin as a Director who retires by rotation			
4.	Appointment of M/s.Deloitte Haskins & Sells as Auditors of the Company			
Special Business				
5.	Appointment of Mr. Marco Bassi as Director			
6.	Appointment of Mr. B.B.Hattarki as an Independent Director			
7.	Appointment of Mr. B.C.Prabhakar as an Independent Director			
8.	Appointment of Mr. Satish Sekhri as an Independent Director			
9.	Authority to the Board to create Charge			
10.	Related Party Transactions of the Company with Meritor HVS (India) Limited			

Signed this..... day of..... 2015

Signature of Member

Signature of Proxy holder(s)

Affix a Revenue Stamp

Notes:

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



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ATTENDANCE SLIP

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

I hereby record my presence at the 33rd Annual General Meeting held at the Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018 on Thursday, 5th February, 2015 at 12.30 p.m. (I.S.T.)

SIGNATURE OF THE MEMBER/PROXY*

--

* Strike out whichever is not applicable.

** Applicable for Members holding shares in Dematerialised form.

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

E-VOTING*

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

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

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

Disclaimer

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

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

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



Automotive Axles Limited
www.autoaxle.com

If undelivered please return to

Automotive Axles Limited
Hootagalli Industrial Area
Mysuru – 570 018
Karnataka