AUTOMOTIVE AXLES LIMITED

19th August, 2017

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code: 505010

National Stock Exchange Limited
Exchange Plaza, Plot No. C/1, G- Block
Bandra (E)
Mumbai - 400 051
Scrip Code: AUTOAXLES

Attn: Listing Department

Dear Sir/Madam,

Sub: Submission of Annual Report for the FY 2016-17

Pursuant to Regulation 34(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 we herewith enclose a soft copy of the Annual Report for the FY 2016-17.

The said Report has been duly approved and adopted by the Members in the 36th Annual General Meeting of the Company held on 18th August, 2017 at the Registered office of the Company at Hootagaali Industrial Area, Off Hunsur Road, Mysuru, Karnataka.

Kindly take the same on your record.

Thanking you,

Yours truly,
For Automotive Axles Limited

Ranganathan S
Chief Financial Officer

Encl: Annual Report for FY 2016-17

Regd. Office & Mysuru Unit :
Hootagalli Industrial Area, Off Hunsur Road, Mysuru - 570 018, Karnataka, India.
Telephone : 91 - 821 - 719 7500, Fax : 91 - 821 - 240 2451
Email : info@autoaxle.com, Website : www.autoaxle.com
CIN : L51909KA1981PLC004198

Management System Solutions
Register Firm
ISO / TS 16949 : 2009
ISO 14001 : 2004

36th Annual Report 2016-17

GROWTH AND PERFORMANCE... THROUGH TECHNOLOGY AND TEAMWORK

KALYANI

Automotive Axles Limited

MERITOR

Drum brake

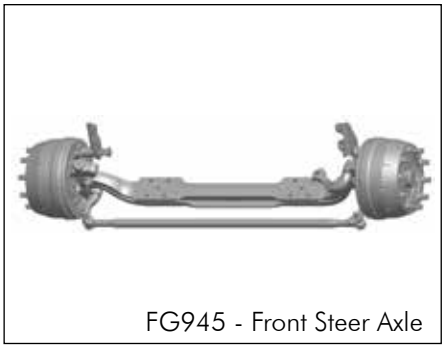
LCV Axle

MT148 - Tandem Axle

Driveline parts

OUR PRODUCT RANGE

After market parts



FG945 - Front Steer Axle

MS1497 - Solo Drive Axle

MT610 - Hub Reduction Axle

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Dr. Babasaheb N Kalyani, Chairman Mr. Joseph A Plomin Jr, Director Mr. Bhalachandra B Hattarki, Independent Director Mr. B C Prabhakar, Independent Director Mr. Satish Sekhri, Independent Director Ms. Supriti Bhandary, Independent Director Dr. N Muthukumar, President & Whole-time Director
KEY MANAGERIAL PERSONNEL	Dr. N Muthukumar, President & Whole-time Director Mr. Ranganathan S, Chief Financial Officer Ms. Thejeshwini N, Company Secretary
STATUTORY AUDITORS	Deloitte Haskins & Sells, Bengaluru
INTERNAL AUDITORS	Price Waterhouse & Co Bangalore LLP, Bengaluru
BANKERS	HDFC Bank Limited Kotak Mahindra Bank Limited State Bank of India Axis Bank Limited
REGISTRAR & SHARE TRANSFER AGENTS (RTA)	Integrated Registry Management Services Private Limited* #30, Ramana Residency, 4th cross Sampige Road, Malleswaram Bangalore – 560 003 Ph: 080-23460815-818; e-mail: irg@integratedindia.in *Earlier name: Integrated Enterprises (India) Limited
REGISTERED OFFICE	Hootagalli Industrial Area, Off Hunsur Road, Mysuru, Karnataka - 570018 Ph: 0821-7197500 Website: www.autoaxle.com Email: sec@autoaxle.com
WORKS	1. **Mysuru** Hootagalli Industrial Area, Off Hunsur Road, Mysuru, Karnataka – 570 018 2. **Rudrapur** 6 Km Stone, Kichha Road, Village Shimla Pistor, Rudrapur, Udham Singh Nagar, Uttarakhand – 263 153 3. **Jamshedpur** Old Khakripara, Village & Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand – 831 015

OUR JOURNEY SO FAR...

2016

As a part of Mission 18 strategy quality and reliability strategy was initiated

Bagged Manchinist Super Shop floor 2016 Award in Green Manufacturing Category.

2015

Established Speciality Axles Plant Manufacturing Unit

Apollo Commercial Vehicle Component of the year 2015 Award for Tandem Axle for 8*8 application.

2012

SAP Implementation successfully launched

'EXCELLENCE' Award for the best-in-class performance in Quality by Ashok Leyland

2010

The QCLDM Award [Quality, Cost, Logistics, Development & Management] at the Supplier Summit by Ashok Leyland

Integrating Total Productive Maintenance, Lean and Six Sigma

1998

Export to Meritor Plant commenced

1990

Export of SKD axles to Indonesia

2016-17

2016 – Certified CQ 15 for Welding process & CQ 9 for Heat treatment process

2016 – Certified as OHSAS 18001-2007

2013-15

2015 – VDA 6.3 Standards approved for Meritor HVS (India) Ltd. supplies to MAN Truck

2015 – Heat treatment facility certified for Continuous Quality Improvement (CQI) 9 Standards

2014 – Score 100 Team launched for Cost Reduction Projects

2014 – Started commercial production at Jamshedpur Plant

2013 – Six Sigma Methodology launch

2013 – ISO/TS-16949:2009 Re-certified by Underwriters Laboratories Inc. for Automotive Axles Ltd. Mysuru

2013 – Received Service Quality Award from Ashok Leyland

2015 – Mission 18 project launched to improve Revenue, profitability, reliability & quality of the product.

2011-12

2012 – ISO/TS-16949: 2009 certification by Underwriters Laboratories Inc. for Automotive Axles Ltd., Rudrapur Plant

2012 – ISO 1400: 2004 re-certification by Underwriters Laboratories Inc.

2011 – ISO 9000/TS-16949: 2009 Re-certification by Underwriters Laboratories Inc.

2011 – Started commercial production at Rudrapur Plant

2011 – Award for being the Best in category for Quality Capacity Ramp up by Ashok Leyland

2001-09

2008 – Introduction of Total Productive Maintenance (TPM) – Japan Institute of Plant Maintenance (JIPM) Methodology

2006 – ISO 14001: 2004 certification by Underwriters Laboratories Inc.

2005 – ISO 9000/TS-16949 : 2002 certification by Underwriters Laboratories Inc.

2003 – Sale of Brake business to a new company – KTMS Engineering Pvt. Ltd.

1991-99

1998 – Meritor HVS (India) Ltd. incorporated to handle Design & Marketing

1998 – ISO 19001:1994 certification by Underwriters Laboratories Inc.

1980-89

1988 – Commercial production of Axle assembly started

1986 – Commercial production of brake assembly started

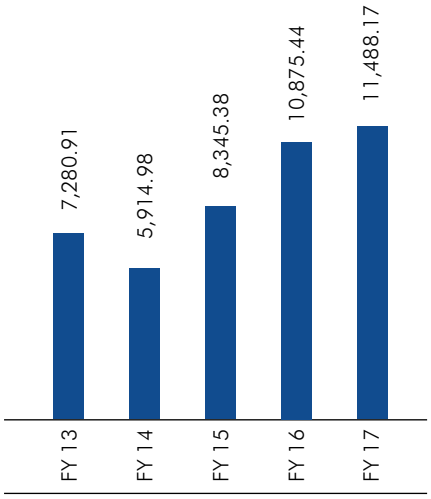
1984 – Commercial production of axle housings started

1981 – Established as a Joint Venture Company between Kalyani Group and Meritor, USA

FINANCIAL PERFORMANCE

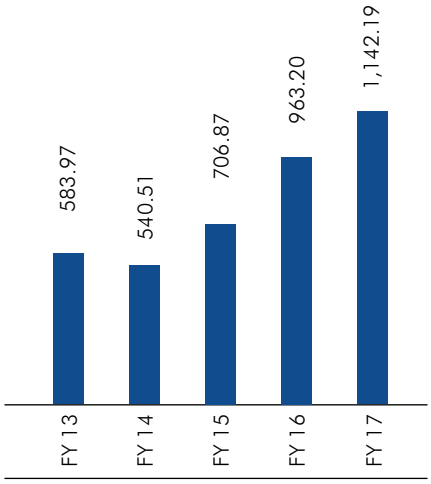
TOTAL REVENUE

(₹ in mn)



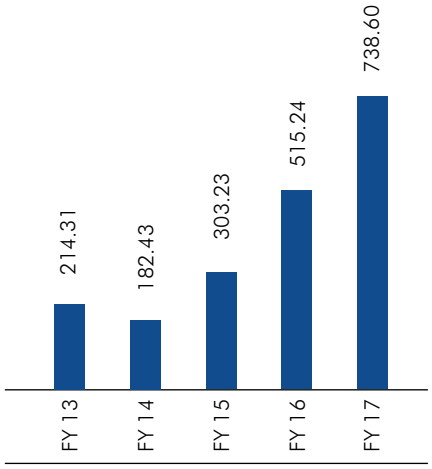
EBIDTA

(₹ in mn)



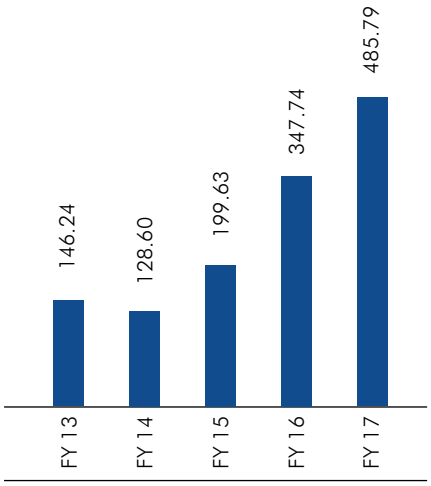
PBT

(₹ in mn)



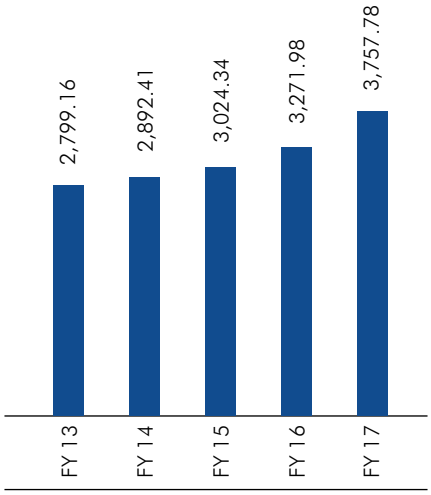
PAT

(₹ in mn)



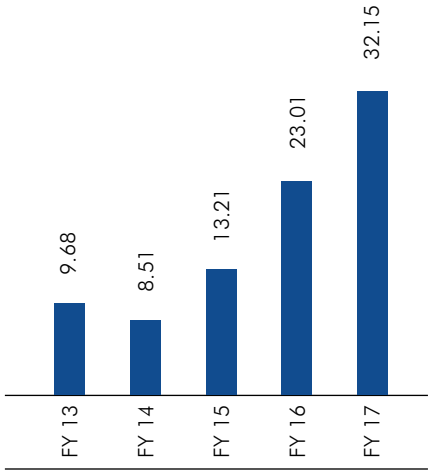
NETWORTH

(₹ in mn)



EPS

(₹)



Note: All the figures in the above bar charts are pertaining to the period from 1st April to 31st March

CHAIRMAN'S PERSPECTIVE

Dear Shareholders,

The global economy seems to be on the road to recovery after a considerable period of volatility. Global growth is expected to rise from 3.1% in CY 2016 to 3.5% in CY 2017 and 3.6% in CY 2018. What we see here is a more gradual elevation of the curve, rather than a significant jump in global growth rates. In other words, downside risks continue to hinder growth rates, especially in advanced countries of the world.

At the other end of the spectrum are emerging markets and developing economies. These economies have become increasingly important in the global economy in recent years. Although the growth patterns in emerging economies are not uniform, we can expect good growth in some of these economies at least for the medium term. And of course, the best performer in the squad continues to be India.

India's GDP growth rate was 7.1% in FY 2016-17, owing to wide-ranging reforms pursued by the Government of India; and even some of the state governments participating in competitive federalism. During the year, the government implemented and approved seminal reforms such as demonetisation and GST. Both these initiatives will usher in long-term benefits for the economy. While demonetisation was the first step towards formalisation and digitalisation of the economy, the GST was a radical step in spurring growth, competitiveness, indirect tax simplification and greater transparency.

During FY 2016-17, India also became the world's sixth largest manufacturing country, rising from the previous ninth position. The Union Budget FY 2017-18 has also provided an impetus to manufacturing.

INDUSTRY INSIGHT

FY 2016-17 has been an eventful year for the auto industry. The early part of the year saw a revival in automobile sales across segments and the second half of FY 2016-17 started witnessing a strong positive sentiment. This was backed by factors such as improved consumer sentiment (following the Seventh Pay Commission pay hike),average monsoon after two successive years of deficit rainfall, and low financing costs. However, factors such as demonetisation and lower than anticipated pre-buy on account of change in emission norms led to weak H2 FY 2016-17. Overall, the Indian automobile industry registered a moderate growth of 5.41% in FY 2016-17 over the same period last year.

> **We are happy to report another successful year for Automotive Axles Limited (AAL). We reported a 5.63% revenue growth of ₹ 11,488 Million in FY 2016-17, compared to ₹ 10,875 Million in FY 2015-16. Simultaneously, our EBIDTA increased 18.58% to ₹ 1,142 Million in FY 2016-17 against ₹ 963 Million in FY 2015-16.**

India's auto component market is growing steadily. Factors such as rising vendor consolidation, faster replacement market growth, increasing localisation, export-oriented growth, and growing electronic content per vehicle are drivers of future growth. Interestingly, the rate of growth was much faster than the Original Equipment Manufacturer (OEM) segment. This, will pave the way for more exports to OEMs from auto component manufacturers. The Make in India initiative is extremely relevant for manufacturing companies like ours.

OUR PERFORMANCE

We are happy to report another successful year for Automotive Axles Limited (AAL). We reported a 5.63% revenue growth of ₹ 11,488 Million in FY 2016-17, compared to ₹ 10,875 Million in FY 2015-16. Simultaneously, our EBIDTA increased 18.58% to ₹ 1,142 Million in FY 2016-17 against ₹ 963 Million in FY 2015-16. Our net profit grew by 39.70% to ₹ 486 Million in FY 2016-17 against ₹ 348 Million in FY 2015-16 and our earnings per share stood at to ₹ 32.15 in FY 2016-17, compared to ₹ 23.01 in FY 2015-16, a growth of 39.7%. Our strong performance was driven by enhanced operational efficiency, stringent end-to-end performance monitoring, increased input-output ratio and better manpower productivity.

We have continued to upgrade our manufacturing facilities through enhanced capacity and adoption of latest technologies, which will benefit us through better productivity. Moreover, we have delivered on our 'consistent quality pledge' by ensuring precise 'part per million' standards.

We reinforced our concept of Built in Quality (BIQ) to achieve world-class manufacturing standards through multiple initiatives. Our teams ensure quality of products by following the principle of 'Don't Accept, Don't Produce, Don't Release' defective products.

We also focused on sustainable business practices like usage of rain harvested water for manufacturing processes, installation of bio-gas plant and solar rooftops. We also implemented energy-efficient lighting solutions across shop floors.

TEAM AAL

At AAL, we believe our most important asset is our people. We nurture our people by continuously upgrading their skillsets. We also encourage diversity in our workforce. We promote a performance-based inclusive culture that awards and recognises quality services. We have a robust talent management system, which helps us to organise need-based training programmes.

"We reinforced our concept of Built in Quality (BIQ) to achieve world-class manufacturing standards through multiple initiatives. Our teams ensure quality of products by following the principle of 'Don't Accept, Don't Produce, Don't Release' defective products.

Our company is on a firm growth track and we will continue to respond to opportunities, reinforce our competitive advantage and play a larger role in India's auto component industry. On behalf of the Board of Directors, I must express my sincere gratitude to our shareholders, employees, customers, business associates and other stakeholders for their trust and support.

Warm regards,

Dr. B N KALYANI
Chairman

BOARD'S REPORT

To the Members,

Your Directors have the pleasure in presenting the 36th Annual Report on the business and operations of your Company together with the Audited Statements of Accounts for the financial period ended March 31, 2017:

FINANCIAL HIGHLIGHTS:

(₹ in million)

Particulars	2016-2017	2015-2016
Total Revenue	11,488.17	10,875.44
Profit before depreciation & tax	1133.23	919.94
Less : Depreciation, amortization & Loss on assets discarded	394.63	404.70
Tax expenses	252.81	167.50
Profit After Tax	485.79	347.74
Balance of Profit from Previous Year	2546.45	2,298.81
Profit available for appropriation	3032.25	2,646.55
Appropriations :		
Dividend for the year	-	83.12
Tax on dividend	-	16.98
Transfer to General Reserve	-	-
Surplus retained in Profit & Loss Account	3032.25	2,546.45

DIVIDEND

The Board, at its meeting held on May 18, 2017, is pleased to recommend a dividend of ₹ 8/- per Equity Share of the face value of ₹ 10/- each for the financial year ended March 31, 2017 subject to the approval of shareholders at the ensuing Annual General Meeting to be held on Friday, August 18, 2017.

The total amount of Dividend aggregates to ₹ 120.90 million, excluding Dividend Distribution Tax.

The register of members and share transfer books will remain closed from August 16, 2017 to August 18, 2017 (both days inclusive) for the payment of final dividend to the shareholders of the Company, for the year ended on March 31, 2017.

The Dividend will be paid to members within 30 days from the date of declaration of dividend to the Members whose names appear in the Register of Members as on August 15, 2017.

Transfer of Amount to Investor Education & Protection Fund

In terms of the provisions of the Companies Act, 2013 and Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 a sum of ₹ 133,753/- which is unpaid/unclaimed dividends pertaining to the FY 2008-09 was transferred to the Investor Education and Protection Fund during the year.

PERFORMANCE OF THE COMPANY

The Sales and other income for the financial year under review was ₹ 11,488.17 Million as against ₹ 10,875.44 Million for the previous financial year. The Profit before tax (PBT) was ₹ 738.60 Million and the Profit after tax (PAT) was ₹ 485.79 Million for the financial year under review, as against ₹ 515.24 Million and ₹ 347.74 Million respectively for the previous financial year.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2017 stood at ₹ 151.12 Million. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options nor sweat equity.

DEPOSITS

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

TRANSFER TO RESERVE

There is no transfer to General Reserve Account during the year under review.

LISTING

The equity shares of the Company are listed with BSE Limited and National Stock Exchange of India Limited. There are no arrears on account of payment of listing fees to the Stock Exchanges.

DIRECTORS & KEY MANAGERIAL PERSONNEL:

As on March 31, 2017 there were seven (7) Directors on the Board of your Company, consisting of four (4) Independent Directors, two (2) Non-Executive Directors of whom one is the Chairman and one (1) Executive Director. None of the Directors have resigned or appointed during the year under review.

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Narayanaswamy Muthukumar, President & Whole Time Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. S Ramkumar, Chief Financial Officer & Company Secretary retired from his office with effect from April 30, 2016 and Mr. Ranganathan Sankaran has been appointed as Chief Financial Officer of the Company with effect from April 1, 2016.

Ms. Thejeshwini. N has been appointed as Company Secretary of the Company with effect from November 5, 2016.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence and that there has been no change in the circumstances which may affect their status as independent director during the year as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

BOARD EVALUATION:

The Companies Act, 2013 states that a formal Annual Evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. Pursuant to these provisions, the Company has developed a framework for the Board evaluation. The framework includes evaluation on various parameters such as information flow, Board dynamics, decision making, company performance and strategy, Board and committee's effectiveness and peer evaluation.

The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

During the year 2016-17, Independent Directors met on February 6, 2017, discussed and reviewed the below:

- Performance of Non Independent Directors
- Performance of the Chairman
- Performance of the Board Committees
- Discussed on the quality, quantity and timeliness of flow of information between the Company management and the Board Members
- Overall performance of the Company

FAMILIARIZATION PROGRAMME FOR THE BOARD MEMBERS

Your Company has in place a structured induction and familiarization programme for all its Directors including Independent Directors and new appointee(s) to the Board. Through such programs, the Directors are briefed on the background of your Company, their roles, rights, responsibilities, nature of the industry in which it operates, business model operations, ongoing events etc.

The Board members are provided with the necessary documents, brochures, reports and internal policies to enable them to familiarize with the Company's procedure and practice.

Periodic presentation are made at the Board Meetings, Board Committee Meetings and Independent Directors Meetings on business and overall performance updates of the Company, business strategy and risk involved.

The details of programs for Familiarization for Independent Directors are posted on the website of the Company and can be accessed at: www.autoaxle.com/Directors.aspx

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, your Directors make the following statements:

(a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;

(b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2017 and of the profit of the company for the year ended on that date;

(c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

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

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

AUDITORS & AUDITORS' REPORT

a. Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountant, Bangalore (Firm Registration No.008072S) were appointed as auditors of the Company since its inception. They were last re-appointed as auditors of the Company at 33rd Annual General Meeting held on February 5, 2015 as per the Companies Act, 2013. Currently, they are holding office of the auditors up to the conclusion of the 36th Annual General Meeting. As per second proviso to Section 139(2) of the Companies Act, 2013, (the Act), a transition period of three years from the commencement of the Act is provided to appoint a new auditor if the existing auditor's firm has already completed the tenure as per the provisions of the Companies Act, 2013.

Accordingly, as per the said requirements of the Act, M/s. S R Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004) are proposed to be appointed as auditors for a period of 5 years commencing from the conclusion of 36th Annual General Meeting till the conclusion of the 41st Annual General Meeting, subject to ratification by shareholders every year, as may be applicable, in place of M/s. Deloitte Haskins & Sells, Chartered Accountants.

M/s. S R Batliboi & Associates LLP, Chartered Accountants, have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Audit Committee and the Board of Directors recommend for the appointment of M/s. S R Batliboi & Associates LLP, Chartered Accountants, as statutory auditors of the Company from the conclusion of the 36th Annual General Meeting till the conclusion of 41st Annual General Meeting, to the shareholders.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Further no frauds have been reported by the Auditors in their reports.

b. Internal Auditor

The Audit Committee and the Board of Directors recommend for the re-appointment of M/s. Price Waterhouse & Co. Bangalore, LLP, Chartered Accountants, as Internal Auditors of the Company for the Financial Year 2017-18.

c. Secretarial Auditor

Pursuant to the provisions of the Section 204 of the Companies Act, 2013 and the rules made there under and based on the recommendations of the Audit Committee, CS Pracheta M, Practicing Company Secretary has been appointed to conduct Secretarial Audit of the Company's secretarial and other related records for the Financial year 2016-17.

The Secretarial Audit Report for the financial year ended March 31, 2017 in form MR-3 is appended to this report under **Annexure – A**.

Explanation for observations made by the Company Secretary in practice:

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

INTERNAL FINANCIAL CONTROL

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

CORPORATE GOVERNANCE

Corporate Governance is about maximizing the value and to ensure fairness to all its shareholders. Your Company is renowned for its exemplary governance standards and believe that sound corporate governance is critical to enhance and retain investor trust. Your Company ensures that performance is driven by integrity.
The Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 [SEBI (LODR Regulations), 2015] have strengthened the governance regime in the country and your Company is in compliance with the governance requirements provided under the law both in letter and spirit. The Board also exercises its fiduciary responsibilities in the widest sense of the term.

Your Company has in place all the statutory committees required under the law. Details of the Board Committees along with their terms of reference, composition and meeting of the Board and its Committees held during the year are provided in the Corporate Governance Report which is presented in a separate section forming 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 Regulation 34(3) [(Schedule V (E)] of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 is attached to the Corporate Governance Report.

MEETINGS OF THE BOARD

During the financial year the Board met four times, details of which are provided in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days as prescribe under the Companies Act, 2013.

COMMITTEES OF THE BOARD

Your Company has the following committees which have been established as a part of the corporate governance practices and are in compliance with the requirements of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

The details with respect to the compositions, roles, number of meetings held during the year is detailed in the corporate governance report of the Company, which forms a part of this Board's Report.

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

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

PARTICULARS OF REMUNERATION OF DIRECTORS & CERTAIN SPECIFIED EMPLOYEES:

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the ratio of remuneration of each Director to the median of the employees' remuneration, a statement containing the names of top ten employees in terms of remuneration drawn and every employee who is employed throughout the financial year and was in receipt of a remuneration of ₹ 102 lacs per annum or more and of every employee who is employed part of the financial year, was in receipt of remuneration of ₹ 8.50 lacs or more per month is appended as **Annexure - C**.

EXTRACT OF ANNUAL RETURN 2016-17

The detail forming part of the extract of Annual Return in MGT – 9 is appended as **Annexure - D**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statement provided in this Annual Report. These loans are primarily granted for furtherance of business of the borrowing companies.

Your Company has not given any guarantee or provided any security in connection with a loan to any other body corporate or persons and has not made any investment in the securities of any other body corporate.

POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. On March 31, 2017, the Board consists of seven members, one of whom is executive or whole-time director, two are non executive directors and four are independent directors out of which one is Independent Woman Director.

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration.

The Nomination and Remuneration policy is appended as **Annexure - E** to this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES (RPT)

The related party transactions that were entered into during the financial year were in the ordinary course of business and on the arm's length basis.

All related party transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions, which are foreseen and of repetitive nature.

For transactions with Meritor HVS (India) Limited, the Company has obtained shareholder' approval in their 33rd Annual General Meeting held on February 5, 2015 for transaction value annually of ₹ 25,000 Million for a period of five (5) financial years starting from October 1, 2014.

Further, all transactions entered into pursuant to the omnibus approval so granted are reviewed and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

In accordance with the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at www.autoaxle.com/Policy.aspx.

Related Party disclosures as per AS-18 have been provided in Note 32 to the financial statement.

The particulars on RPTs in AOC 2 is annexed to the Report as **Annexure – F**.

RISK MANAGEMENT SYSTEM

The Company has a robust risk management framework comprising risk governance structure and defined risk management processes. The risk governance structure of the Company is a formal organisation structure with defined roles and responsibilities for risk management.

The processes and practices of risk management of the Company encompass risk identification, classification and evaluation. The Company identifies all strategic, operational and financial risks that the Company faces, by assessing and analysing the latest trends in risk information available internally and externally and using the same to plan for risk activities.

The Company has set up a Risk Management Committee to review the risks faced by the Company and monitor the development and deployment of risk mitigation action plans and the status is updated to the members of the Audit Committee and the Board of Directors on quarterly basis.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company has been carrying out various Corporate Social Responsibility (CSR) activities. These activities are in terms of section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. During the year the Company has spent ₹ 3.83 Million on various CSR activities.

The Annual Report on CSR activities that includes details about the CSR policy developed and implemented by the Company and CSR initiatives taken during the year is appended to the Report as **Annexure – G**.

STATE OF COMPANY'S AFFAIRS

Discussion on state of Company's affairs has been covered as part of the Management Discussion and Analysis (MDA). MDA for the year under review, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Regulation 34(2)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 Management Discussion and Analysis Report is presented in a separate section forming part of the Annual Report.

VIGIL MECHANISM

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. Under the policy the Directors and Employees are free to report any violation of the applicable laws and regulations and the code of conduct of the Company. The reportable matters are to be disclosed to the Audit Committee. During the year under review, the Company has not received any complaints under the said mechanism.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe workplace for every individual working in Company's premise through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

In terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a Policy to prevent Sexual Harassment of Women at Workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no adverse material changes or commitments occurred after March 31, 2017 which may affect the financial position of the Company or may require disclosure.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Your Company does not have any subsidiary, joint venture nor any associates.

CHANGE IN THE NATURE OF BUSINESS

There are no change in the nature of business of your Company.

AWARDS AND RECOGNITION

During the year 2016-17, your Company was conferred with awards and recognition as listed below:

1. Machinist Super Shop Floor 2016 Award in Green Manufacturing Category on May 26, 2016 at Pune.

2. During Quality Circle Forum of India (QCFI) 7th Regional Convention Quality Concepts-Kaizen Award held on May 22, 2016 at Vidyavardhaka College,

Mysuru your Company bagged 13 gold awards, 1 silver award and 1 bronze award.

3. Your Company won Quality Circle Forum of India (QCFI) – Chapter Convention of Quality Concepts Kaizen Awards at Coimbatore on October 15, 2016 and QCFI – CCQC 2016 Kaizen Awards at Bangalore on October 23, 2016.

Acknowledgements

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, cooperation and dedication during the year. Your Directors sincerely convey their appreciation to customers, shareholders, bankers, business associates, regulatory and government authorities for their continued support.

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

For and on behalf of the Board of Directors

Place: Pune
Date: 18th May, 2017

Dr. B. N. Kalyani
Chairman

ANNEXURE A

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Automotive Axles Limited
CIN: L51909KA1981PLC004198

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

Based on my verification of the Automotive Axles Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Automotive Axles Limited for the financial year ended on 31st March 2017 according to the provisions of:

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

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

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

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

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

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; -Not applicable since no ESOPs or ESPS are issued

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

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

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

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

(vi) No laws are specifically applicable to the Company.

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

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

(ii) Uniform Listing Agreements with the Stock Exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and noted the following:

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except subject to the following observation:

a. *Certain procedural compliances prescribed under the Secretarial Standards on Meetings of Board of Directors are to be complied.*

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the year, there was no changes in the composition of the Board, except that there was regularization of the Independent Director, which was done in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation in the meeting.

Based on the management representation, majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, though no such views were available in the minutes and the management has informed that there were no dissenting views.

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

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

Place : Mysuru
Date : 18th May, 2017

Pracheta. M
Company Secretary in practice
ACS No.: A22452
C P No.: 9838

To,
The Members of
Automotive Axles Limited,

My Secretarial Audit Report of even date is to be read alongwith this letter.

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

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

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

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

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

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

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

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

Place : Mysuru
Date : 18th May, 2017

Pracheta. M
Company Secretary in practice
ACS No.: A22452
C P No.: 9838

ANNEXURE B

Information as per Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY :

(a)	The steps taken or impact on conservation of energy	1. Switch over from LPG operated Forklift to Battery operated Rental Forklift for reduction of LPG consumption 2. Installation of Energy efficient Air compressors in place for new shot peening machine 3. Installation of 30 kWp Roof top Solar Power Plant for Brakes Plant 4. Installation and Commissioning of 150W Induction lamp in place of 250W Metal Halide Lamp for shop floor to reduce power consumption 5. Replacing 400W focus lamp with 120W LED lamp for Peripheral area to reduce power consumption with standard illumination 6. Canteen Peripheral Lighting are illuminated with Solar Power and 9W LED Lights 7. Installation Eclipse make Burner and Recuperators for Sealed Quench Furnace and Pusher furnace 8. Installation of Biogas plant to reduce LPG consumption at Canteen
(b)	The steps taken by the company for utilizing alternate sources of energy	1. Green Power Purchase under Group captive mechanism 2. Perpetuation of Power purchase through Indian energy exchange 3. 100kWp roof top Solar power plant at Vendor Managed Inventory (VMI) / Unit-II area 4. Installation of LED lights for shop office area in place of Compact Fluorescent lamps to reduce energy and improve life – 5. Installation of 120W LED lights for peripheral area to reduce energy and improve life 6. Installation of Variable Frequency Drive (vfd) panel for Heat treatment cooling Tower 7. Endo gas generator 8. Air Compressor Automation for reduction of power Consumption 9. Installation of Auto Power Factor Correction Relay Panel (APFCR) panel for Power Factor Improvement across the plant 10. Solar hot water for component washing machines
(c)	The Capital investment on energy conservation equipment's.	Your Company made capital investments amounting to ₹ 39.70 Mn during the financial year 2016-17 on energy conservation equipment which resulted in savings of ₹ 12.50 Mn.

B. RESEARCH AND DEVELOPMENT (R&D):

1.	The efforts made towards technology absorption:	» Tridem is a special axle which offers equal torque split among the axles are localised and prototypes shipped for validation » Tractor, Loader & Backhoe axles were customized, drawings released and parts are under development with new type of seals called face seals and adaptation of the wet disc brakes » Prototypes of the MT846 medium hub reduction axle with bevel wheel ends developed. » Design of 15I axle is complete to replace MS1497 with better durability with new gear design and axle efficiency. Parts development in progress.

2.	The benefits derived like product improvement, cost reduction, product development or import substitution	» Web forming trials in progress for controls and better quality. » Hub case resourcing for scrap reduction » Cast Housings localised, with current being imported. » MT 846 new product a medium duty hub reduction axle which a value proposition to the customer for better durability. » Design of axle for overseas market under new housing for MT1497 and MS160 with higher housing thickness to protect against overloads. » TLB axle is the new axle to grab the opportunity in the off-highway market. » Axle efficiency and durability to improve in the new 15l axle. Tridem axle with the special Inter axle differential for splitting the three axles with equal torque for all 3 axles required for speciality axles for both the Indian & global market requirements.
3.	In case of imported technology (imported during the last 3 years reckoned from the beginning of financial year) : a. Details of technology imported b. The year of import c. Whether the technology been fully absorbed d. If not fully absorbed, areas where absorption has not taken place and the reasons thereof	NIL
4.	Expenditure on R & D a. Capital b. Recurring c. Total d. Total R & D expenditure as a percentage to total turnover	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

a.	Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans	NIL
b.	Total Foreign Exchange used and Earned: Used Earned	 ₹ 337.04 Million (includes remittance of dividend for the FY 2015-16) Nil, as all the sales for export are routed through Meritor HVS (India) Ltd., Mysuru in INR

For and on behalf of the Board of Directors

Place: Pune
Date: 18th May, 2017

Dr. B. N. Kalyani
Chairman

ANNEXURE C

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

I.

(i)	the ratio of the remuneration of Whole Time Director, Dr.N.Muthukumar to the median remuneration of the employees of the company for the financial year;	21:1
(ii)	the percentage increase in remuneration of : (a) Whole-time Director (b) Chief Financial Officer (c) Company Secretary	 10% 9% 15%
(iii)	the percentage increase in the median remuneration of employees in the financial year;	8%
(iv)	the number of permanent employees on the rolls of company as on March 31 2017;	372
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentage increase made in the salaries of the employees other than managerial personnel in the last financial year i.e. 2016-17 was 8% whereas the increase in the managerial remuneration for 2016-17 was 11%.
It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.		

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

Sl. No	Name	Age	Designation	Remuneration (₹)	Qualification	Experience (years)	Date of employment	Last employment	Related to any Director
1	Dr. N Muthukumar	52	President & Whole Time Director	1,27,30,567/-	M. Sc., MBA, Phd	29	16-Apr-08	TTK Limited	No
2	Mr. Ranganathan S	50	Chief Financial Officer	61,67,331/-	B.com, CA, Cost & Works Accountancy	23	6-May-15	Circor Flow Technologies India Pvt Ltd	No
3	Mr. Shivakumar R	54	Sr. General Manager - Manufacturing & Factory Manager	48,45,017/-	BE (Mech), MS(Engineering Business Management)	32	4-Jan-85	NA	No
4	Mr. Muthusamy E	56	Dy. General Manager– MFE Systems, Capex, Projects, Footprint & IED	39,71,753/-	Dip(Electrical), B. Sc. (Engineering Technology), MS(Mfg. Mgt)	36	2-May-08	TVS Motor Company Ltd	No
5	Mr. Muraleekrishnan V	48	Dy. General Manager- Mission 18	38,02,125 /-	B. Tech, M. Tech	23	13-Oct-08	M & M	No
6	Mr. Satish K S	52	General Manager- Quality & Service	31,87,489/-	Dip (Mech)	30	22-Nov-00	Gleason Works India Pvt Ltd	No

Sl. No	Name	Age	Designation	Remuneration (₹)	Qualification	Experience (years)	Date of employment	Last employment	Related to any Director
7	Mr. Manjunatha S	56	Dy. General Manager-ER/IR	25,19,216/-	MSW, LLB	30	3-Sep-12	Bosch Ltd	No
8	Mr. Abdul Kareem	51	Dy. General Manager – Brakes Manufacturing & Specialty Axles (Plant 2)	26,13,725/-	Dip (Mech)	30	17-Jan-87	NA	No
9	Mr. Murali Barki B	55	Dy. General Manager - Strategic Sourcing	25,57,128/-	BE(Mech)	27	1-Jul-94	Beaver Automotive (P) Ltd	No
10	Mr. Sankar R	50	Head-Sales Administration (Axles & Brakes) & Customer Support	24,49,238/-	Dip (Mech)	27	1-Apr-12	Meritor HVS (India) Ltd	No

Notes:
1. The nature of the employment is permanent
2. None of the employees hold any share in the Company
3. Gross Remuneration includes Salary, Allowances and other perks like Leave Travel Allowance, Medical reimbursement and Company's contribution towards Provident Fund, Gratuity and Superannuation.

For and on behalf of the Board of Directors

Place: Pune
Date: 18th May, 2017

Dr. B. N. Kalyani
Chairman

ANNEXURE D

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2017

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L51909KA1981PLC004198
ii.	Registration Date	21.04.1981
iii.	Name of the Company	Automotive Axles Limited
iv.	Category / Sub-Category of the Company	Public Company Limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018 Ph : 0821-7197500, fax : 0821 240245, email : sec@autoaxle.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Pvt. Ltd #30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengalru, Karnataka Ph:080-23460815 Email: irg@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Rear Drive Axles	29301	70
2	Brakes	29301	18
3	Other Parts	29301	12

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2016				No. of Shares held at the end of the year - 31.03.2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	5367806	-	5367806	35.52	5367806	-	5367806	35.52	-

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2016				No. of Shares held at the end of the year - 31.03.2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	**5367806**	**-**	**5367806**	**35.52**	**5367806**	**-**	**5367806**	**35.52**	**-**
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	5367275	-	5367275	35.52	5367275	-	5367275	35.52	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other…	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	**5367275**	**-**	**5367275**	**35.52**	**5367275**	**-**	**5367275**	**35.52**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	10735081	-	10735081	71.04	10735081	-	10735081	71.04	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	2341239	938	2342177	15.50	2003203	938	2004141	13.26	-2.24
b) Banks/FI	-	-	-	-	4462	-	4462	0.03	0.03
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	27664	-	27664	0.18	34280		34280	0.23	0.05
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	**2368903**	**938**	**2369841**	**15.68**	**2041945**	**938**	**2042883**	**13.52**	**-2.16**
(2) Non Institutions									
a) Bodies corporates									
i) Indian	988302	114	988416	6.54	883871	114	883985	5.85	-0.69
ii) Overseas	-	-	-	-	-	-	-	-	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	632443	122885	755328	5.00	1040747	119231	1159978	7.68	2.68
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	148724	-	148724	0.98	172851	-	172851	1.14	0.16
C) Others (specify)									
NRI	22217	100	22317	0.15	66900	100	67000	0.44	0.29
Clearing Member	92268	-	92268	0.61	50197	-	50197	0.33	-0.28
SUB TOTAL (B)(2):	**1883954**	**123099**	**2007053**	**13.28**	**2214566**	**119445**	**2334011**	**15.44**	**2.16**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**4252857**	**124037**	**4376894**	**28.96**	**4256511**	**120383**	**4376894**	**28.96**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**14987938**	**124037**	**15111975**	**100.00**	**14991592**	**120383**	**15111975**	**100.00**	**0.00**

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in share holding during the year
		No. of Shares	% of total Shares of the Co.	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Co.	%of Shares Pledged / encumbered to total shares	
1.	BF Investment Limited	5,367,806	35.52	-	5,367,806	35.52	-	No Change
2.	Meritor Heavy Vehicle Systems LLC, USA	5,367,275	35.52	-	5,367,275	35.52	-	No Change
	Total	**10,735,081**	**71.04**	**-**	**10,735,081**	**71.04**	**-**	

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

Particulars	Shareholding at the beginning of the year 01.04.2016		Shareholding at the end of the year 31.03.2017	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	10,735,081	71.04	10,735,081	71.04
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease	No change			
At the End of the year	10,735,081	71.04	10,735,081	71.04

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

Sl. No.	NAME OF THE SHARE HOLDER	Shareholding at the beginning of the year - 01.04.2016					Cumulative shareholding during the year (01.04.2016 - 31.03.2017)	
		No. of Shares	% of Total Shares of the Company	Date	Increase/ Decrease in Share Holding	Reason	No of Shares	% of Total Shares of the Company
1	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIANCE VISION FUND.	911007	6.03	01.04.2016	-	-	911007	6.03
				22.04.2016	-240	Transfer	910767	6.03
				13.05.2016	-11798	Transfer	898969	5.95
				20.05.2016	-1233	Transfer	897736	5.94
				27.05.2016	-6752	Transfer	890984	5.90
				17.06.2016	-6232	Transfer	884752	5.85
				09.09.2016	-32513	Transfer	852239	5.64
				16.09.2016	-26315	Transfer	825924	5.47
				23.09.2016	-10994	Transfer	814930	5.39
				30.09.2016	-18763	Transfer	796167	5.27
				07.10.2016	-3405	Transfer	792762	5.25
				21.10.2016	-762	Transfer	792000	5.24
				28.10.2016	-5835	Transfer	786165	5.20
				04.11.2016	-5538	Transfer	780627	5.17
				31.03.2017	-9267	Transfer	771360	5.10

Sl. No.	NAME OF THE SHARE HOLDER	Shareholding at the beginning of the year - 01.04.2016					Cumulative shareholding during the year (01.04.2016 - 31.03.2017)	
		No. of Shares	% of Total Shares of the Company	Date	Increase/ Decrease in Share Holding	Reason	No of Shares	% of Total Shares of the Company
2	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	574482	3.80	01.04.2016	0	-	574482	3.80
				08.04.2016	-1000	Transfer	573482	3.79
				03.06.2016	-6000	Transfer	567482	3.76
				10.06.2016	-42063	Transfer	525419	3.48
				17.06.2016	-2000	Transfer	523419	3.46
				05.08.2016	2000	Transfer	525419	3.48
				02.09.2016	7000	Transfer	532419	3.52
				30.09.2016	10000	Transfer	542419	3.59
				07.10.2016	21000	Transfer	563419	3.73
				25.11.2016	2000	Transfer	565419	3.74
				31.12.2016	6000	Transfer	571419	3.78
				06.01.2017	3000	Transfer	574419	3.80
				17.02.2017	5000	Transfer	579419	3.83
				03.03.2017	2000	Transfer	581419	3.85
				10.03.2017	1000	Transfer	582419	3.85
				31.03.2017	-		582419	3.85
3	UTI-MID CAP FUND	371678	2.46	01.04.2016			NO MOVEMENT DURING THE YEAR	
				31.03.2017			371678	2.46
4	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE TAX SAVER (ELSS) FUND	366285	2.42	01.04.2016	-		366285	2.42
				08.04.2016	400	Transfer	366685	2.43
				30.06.2016	2000	Transfer	368685	2.44
				15.07.2016	10000	Transfer	378685	2.51
				22.07.2016	5000	Transfer	383685	2.54
				21.10.2016	-50	Transfer	383635	2.54
				18.11.2016	29936	Transfer	413571	2.74
				25.11.2016	8850	Transfer	422421	2.80
				02.12.2016	9479	Transfer	431900	2.86
				06.01.2017	9977	Transfer	441877	2.92
				13.01.2017	1522	Transfer	443399	2.93
				31.03.2017	-5725	Transfer	437674	2.90
5	M3 INVESTMENT PRIVATE LIMITED	171889	1.14	01.04.2016	-		171889	1.14
				30.09.2016	-12460	Transfer	159429	1.05
				07.10.2016	-2000	Transfer	157429	1.04
				21.10.2016	-17415	Transfer	140014	0.93
				28.10.2016	-11400	Transfer	128614	0.85
				04.11.2016	-55443	Transfer	73171	0.48
				31.03.2017	-		73171	0.48
6	UTI TRANSPORTATION AND LOGISTICS FUND	156921	1.04	01.04.2016			NO MOVEMENT DURING THE YEAR	
				31.03.2017			156921	1.04

Sl. No.	NAME OF THE SHARE HOLDER	Shareholding at the beginning of the year - 01.04.2016					Cumulative shareholding during the year (01.04.2016 - 31.03.2017)	
		No. of Shares	% of Total Shares of the Company	Date	Increase/ Decrease in Share Holding	Reason	No of Shares	% of Total Shares of the Company
7	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE DIVIDEND YIELD PLUS	128849	0.85	01.04.2016	-		128849	0.85
				12.08.2016	-1900	Transfer	126949	0.84
				26.08.2016	-1000	Transfer	125949	0.83
				02.09.2016	-560	Transfer	125389	0.83
				09.09.2016	-37889	Transfer	87500	0.58
				06.01.2017	-5307	Transfer	82193	0.54
				13.01.2017	-12000	Transfer	70193	0.46
				20.01.2017	-1907	Transfer	68286	0.45
				10.02.2017	-114	Transfer	68172	0.45
				10.03.2017	-943	Transfer	67229	0.44
				31.03.2017	-		67229	0.44
8	RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE REGULAR SAVINGS FUND-BALANCED OPTION	114019	0.75	01.04.2016	-		114019	0.75
				08.07.2016	44380	Transfer	158399	1.05
				31.03.2017	-		158399	1.05
9	ARUN NAHAR	70851	0.47	01.04.2016			NO MOVEMENT DURING THE YEAR	
				31.03.2017			70851	0.47
10	RAPID ESTATES PVT LTD	60000	0.40	01.04.2016			NO MOVEMENT DURING THE YEAR	
				31.03.2017			60000	0.40

*Reasons for Change

1 Bought from Secondary Market

2 Sold in Secondary Market

3 No Change

V. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars of each Director & KMP	Shareholdings at the beginning of the year 01.04.2016		Cumulative holding during the year (01.04.2016 – 31.03.2017)	
		No. of shares	% of total shares	No. of shares	% of total shares
1	**Dr. B N Kalyani (DIN - 00089380)**				
	At the beginning of the year	126	-	126	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	126	-	126	-
2	**Satish Sekhri (DIN - 00211478)**				
	At the beginning of the year	10	-	10	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	10	-	10	-
3	**B C Prabhakar (DIN - 00040052)**				
	At the beginning of the year	575	-	575	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	575	-	575	-

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of Financial Year				
i) Principal Amount	288.42	NIL	NIL	288.42
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**288.42**	**NIL**	**NIL**	**288.42**
Change during the Financial Year				
- Addition	NIL	NIL	NIL	NIL
- Reduction	288.42	NIL	NIL	288.42
Net Change	-288.42	NIL	NIL	-288.42
Indebtedness at the end of the Financial Year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL :

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

Sl. No.	Particulars of Remuneration	Dr. N Muthukumar President & Whole Time Director (In ₹)
1.	**Gross salary**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,05,88,446
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,41,100
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	16,01,021
5.	Total (A)	1,27,30,567
	Ceiling as per the Act	3,75,49,191

B. Remuneration to other directors:

Particulars of Remuneration	Name of Director				
Independent Directors	B B Hattarki	B C Prabhakar	Satish Sekhri	Supriti Bhandary	Total Amount
- Sitting Fee	1,60,000	1,60,000	80,000	60,000	460,000
- Commission & others	-	-	-	-	-
Total (1)	160,000	160,000	80,000	60,000	460,000
Other Non-Executive Directors	B N Kalyani	Joseph A.Plomin	-	-	-
- Sitting Fee	40,000	Nil			40,000
- Commission & others	-	-			
Total (2)	**40,000**	**-**			**40,000**
Total (B)=(1+2)					
Total Managerial Remuneration					**500,000**
Overall Ceiling as per the Act					* ₹ 1.00 Lac Per meeting of the Board or Committee thereof

* Other Directors did not receive any remuneration other than the sitting fees.

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

₹	Particulars of Remuneration	Ranganathan S. CFO (In ₹)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	55,80,859
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	5,86,472
5.	**Total (A)**	**61,67,331**

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

	Particulars of Remuneration	Thejaswini. N Company Secretary (In ₹)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,76,910
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	-
5.	**Total (A)**	**1,76,910**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

ANNEXURE E

NOMINATION AND REMUNERATION POLICY

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

1. OBJECTIVE

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

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

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

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

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

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

1.6. To devise a policy on Board diversity.

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

2. DEFINITIONS

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

2.2. Board means Board of Directors of the Company.

2.3. Directors mean Directors of the Company.

2.4. Key Managerial Personnel (KMP) means

2.4.1. Whole-time Directors;

2.4.2. Chief Financial Officer; and

2.4.3. Company Secretary;

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

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

3. ROLE OF COMMITTEE

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

The Committee shall:

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

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

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

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

3.2.1. Appointment criteria and qualifications

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

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

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

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

3.2.2. Term / Tenure

a) Whole-time Director:

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

b) Independent Director:

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

3.2.3. Evaluation

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

3.2.4. Removal

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

3.2.5. Retirement

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

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

3.3.1. General:

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

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

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

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

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

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

a) Fixed pay:

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

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

3.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

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

b) Sitting Fees:

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

c) Commission:

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

4. MEMBERSHIP

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

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

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

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

5. CHAIRPERSON

5.1 Chairperson of the Committee shall be an Independent Director.

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

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

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

6. FREQUENCY OF MEETINGS

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

7. COMMITTEE MEMBERS' INTERESTS

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

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

8. SECRETARY

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

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such

decision shall for all purposes be deemed a decision of the Committee.

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

10. NOMINATION DUTIES

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

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

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

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

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

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

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

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

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

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

10.10 Recommend any necessary changes to the Board; and

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

11. REMUNERATION DUTIES

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

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

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

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

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

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

12. MINUTES OF COMMITTEE MEETING

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

ANNEXURE F

FORM AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

a.	Name(s) of the related party and nature of relationship	Nil
b.	Nature of contracts/arrangements/transactions	Nil
c.	Duration of the contracts/arrangements/transactions	Nil
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
e.	Justification for entering into such contracts or arrangements or transactions	Nil
f.	date(s) of approval by the Board	Nil
g.	Amount paid as advances, if any:	Nil
h.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

a.	Name(s) of the related party and nature of relationship	Meritor HVS (India) Limited
b.	Nature of contracts/arrangements/ transactions	Purchase of raw material, sale of finish goods, Availing technical service
c.	Duration of the contracts/arrangements/ transactions	On ongoing basis
d.	Salient terms of the contracts or arrangements or transactions including the value, if any:	In tune with the market parameters. Estimated annual transaction value of ₹ 25,000 Million for a period of five (5) years starting from 1st October, 2014.
e.	Date(s) of approval by the Board, if any:	November 14, 2014
f.	Amount paid as advances, if any:	Nil

ANNEXURE G

CORPORATE SOCIAL RESPONSIBILITY

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

1. Corporate Social Responsibility Policy

Business Enterprises are the economic organ of the society and rely on societal resources. Automotive Axles Limited (AAL) believes that a Company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital towards enhancing the societal sustainability. The concept of sustainability, responsibility and social welfare have intrinsically been woven into the corporate ethos of the organization.

CSR initiative has reinforced us as community conscious, socially responsible and value based organization, committed to making the world a better place to live in. All our CSR activities concentrates towards the holistic development of the individual and the society as whole.

The company's CSR policy can be accessed at: www.autoaxle.com/Policy.aspx

2. Composition of the CSR Committee

The Board Committee of CSR comprises of:

(a) Mr. B. C. Prabhakar, Chairman (Independent Director)

(b) Ms. Supriti Bhandary, Member (Independent Director)

(c) Dr. N. Muthukumar, Member

3. Average net profit of the company for last three financial years:

₹ 333.63 Million

4. Prescribed CSR Expenditure (Two percent of the amount as in Item 3 above):

₹ 6.67 Million

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: ₹ 6.67 Million

(b) Amount unspent, if any: ₹ 2.84 Million

(c) Manner in which the amount spent during the financial year is detailed below: (Amt. in Actual)

1	2	3	4	5	6	7	8
S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs at	Amount outlay (budget) (INR)	Amount spent on the projects (INR)	Cumulative expenditure in INR	Amount spent Directly or through Implementing agency
1	Building of Libraries	Promotion of Education	1. Government higher primary school at Hootagalli, Mysuru, Karnataka 2. Government higher primary school at Hinkal, Mysuru, Karnataka	460,000	460,000	460,000	Through Kalisu Foundation
2	Public Convenience facility at Chamundi Hill	Sanitation	Mysuru, Karnataka	6,887,500	3,374,708	6,237,658	Direct
	Total			**7,347,500**	**3,834,708**	**6,697,658**	

Notes:

Taking active part in the Prime Minister Shri. Narendra Modi, Swachh Bharat Abhiyan your Company in association with Confederation of Indian Industry (CII) has constructed eco public convenience room (Drinking water, public toilet with accessibility to physically challenged & childcare) at Chamundi Hills, Mysuru.

The inauguration was done by Shri. Siddaramaiah, Hon'ble Chief Minister of Karnataka on October 1, 2016. The building has been certified as "Green Building" and the first of its kind of public convenience facility in India. This project received positive response from Public & Media.

6. Reason for a part of CSR Amount Un-spent

The Company is interested in the projects with respect to lakes renovation, putting up Public Convenience facilities in tourists' spots, skill development programs etc. where the Company can spend the earmarked amount in a way which is more beneficial to the society but the amount could not be spent due to delay in getting necessary approvals.

7. CSR Committee Responsibility Statement:

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the Board of Directors

Dr. N. Muthukumar
President & Whole-time Director

B.C.Prabhakar
Chairman of the CSR Committee

Place : Bengaluru
Date : 17th May 2017

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY

India recorded an economic growth rate of 7.1% during 2016-17 driven by strong consumption and fiscal reforms. A stable government, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure have made India a favourable destination for investment.

- **Inflation**: The retail inflation stayed above the comfort zone of 5% till August 2016. However, it started moderating thereafter due to a normal monsoon, dropping to a two-year low of 3.4%. The average inflation for FY 2016-17 stood at 4.5% (4.9% in FY 2015-16)

- **Fiscal deficit**: The fiscal deficit as a percentage of GDP stood at 3.5% for 2016-17. This has been revised to 3.2% for 2017-18.

- **Current account deficit**: The current account deficit as a percentage of GDP stood at 0.9% lowest in the last five years.

- **Currency**: The Rupee saw a marginal depreciation as it stood at ₹ 65.90 during 2016-17 (₹ 66 in 2015-16).

FY 2016-17 witnessed some of India's boldest economic reforms: Demonetisation and GST. The demonetisation of high value currency notes was targeted towards preventing corruption, counterfeiting, terrorist activities and accumulation of black money. Further, this move strengthened cash flow into the banking system, which was afflicted with bad loans. Besides, demonetisation is expected to lead India on a path of higher GDP growth, better tax compliances and larger tax revenues by reducing corruption. Additionally, it is likely to have significant positive influence on India's banking habits.

The government envisioned a transparent and formal economy for India, based on digital platforms and demonetisation served as a seminal reform in this vision. Together with the upcoming Goods and Service Tax (GST) bill, it is set to change how the Indian economy functions. GST is to introduce a simplified indirect tax system that will unite the fragmented Indian market under uniform taxation. The new tax structure will not just widen the tax cover but promote transparency and competition in the market. Moreover, it is expected to contribute significantly to the country's GDP in future.

Overall, India is set for a long-term growth trajectory, driven by greater access to banking, technology adoption, urbanisation and other structural reforms.

INDIAN AUTOMOBILES INDUSTRY

India is the third largest automobile industry in the world, and the sector accounts for 7.1% of the country's GDP. India's automobile sector is growing backed by rising disposable incomes and multiplying middle-class and youth populations. Moreover, rapid urbanisation and want for better transport infrastructure along with easily available finance is expanding demand in this sector. Besides, original equipment manufacturers (OEMs) are penetrating rural markets and targeting women across the country, which further augments demand in the automobile sector.

Domestic volume growth trends across segments

Segment-Wise Sales	FY 2016	FY 2017	Change (%)
Passenger Vehicles	2,789,208	3,046,727	9.2%
Commercial Vehicles	685,704	714,232	4.2%
Two Wheelers	16,455,851	17,589,511	6.9%
Three Wheelers	538,208	511,658	(4.9%)

Source: SIAM, Industry Data, ICRA research

IMPLEMENTATION BHARAT STAGE- IV NORMS

The Supreme Court of India had mandated the automobile manufacturers to comply with BS-IV emission norms for all the production and sale of vehicles effective April 1, 2017. This verdict jeopardized the entire commercial vehicle industry as the industry was sitting pretty with a hefty stock of 95,000 vehicles with BS-III emission norms and the Original Equipment Manufacturers (OEMs) and dealers resorted to selling the vehicles with steep discounts to minimize the impact. However, the industry inventory as on close of March 31, 2017still remained at about 35,000~45,000 units aggregating to about ₹46-58 billion. This sizeable inventory levels greatly affected the working capital of the OEMs, thus forcing conversion of the left over inventories to BS-IV or to sell these vehicles in the overseas markets where BS-III (or equivalent) regime still prevails. The miseries of conversion will impact the OEMs due to high retro fitment and logistics costs, while even the export of these vehicles will also take about 2 quarters to liquidate. The significant shift to BS-IV norms would mandate change of engine technology from mechanical to electro-mechanical, exhaust system to either Exhaust Gas Recirculation (EGR) or Selective Catalytic

Reduction (SCR) technology to reduce Nitrogen Oxides (NOx) levels, besides change in other aggregates like the radiators, drivelines, axle reduction ratio etc. depending on the vehicle applications. The monotonous tasks involved in the vehicle conversion and the liquidation of piled up inventory will impact the June 2017 quarter as the sales by and large is likely to be subdued, while the market uptick is expected to happen from July 2017 onwards.

The key changes to the axles due to BS-IV for certain applications involved change of reduction ratio to the shallower ones and input flanges in order to ensure matching performance levels. Your company was cautiously monitoring and coordinating with the OEMs to ensure no impact of any risks arising out of the emission norms change and successfully sailed through to the BS-IV regime conditions.

GOVERNMENT INITIATIVES

Some of the major Government of India (GoI) initiatives that will influence the automobile industry are as follows:

- The GoI plans to introduce a new Green Urban Transport Scheme with a central assistance of about US$ 3.75 billion. It will be aimed at boosting the growth of urban transport along low carbon path for substantial reduction in pollution.

- GoI aims to make automobile manufacturing the main driver of 'Make in India' initiative. This is because it is expected that passenger vehicles market will triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.

- The government wants to promote eco-friendly cars in the country such as CNG based vehicle, hybrid vehicle and electric vehicle. In addition, GoI has made it mandatory to blend 5% ethanol in petrol.

- A scheme for faster adoption and manufacturing of electric and hybrid vehicles in India is on its way, under the National Electric Mobility Mission 2020. This will encourage progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.

COMMERCIAL VEHICLE SEGMENT

The domestic commercial vehicle (CV) industry ended FY 2016-17 with a growth rate of 4.2% in terms of volume. The sector was largely driven by recovery in the light commercial vehicles (LCV) segment. The LCV segment registered a growth of 7.9% in FY 2016-17compared to a marginal decline in FY 2015-16 on year-on-year basis.

In contrast, the medium and heavy commercial vehicles (M & HCV) segment reported flat sales during the year because a) weak replacement-led demand, b) subdued freight demand from industrial segments, which took a further hit post demonetisation and c) lower than expected pre-buying (ahead of the implementation of BS-IV emission norms), despite high discounts being offered by the industry.

During the year, the bus segment contributed 14% to industry sales and witnessed a growth of 5.7% in sales volume. It was steered by a stable demand from almost all segments including the State Road Transport Undertakings (SRTUs), schools and colleges as well as corporate travel.

PASSENGER VEHICLE SEGMENT

During FY 2016-17, domestic passenger vehicle (PV) sales crossed three million milestone for the first time and clocked overall growth of 9.2%. In FY 2016-17, domestic passenger vehicle sales grew by 10% in the backdrop of 20.9% growth in utility vehicle (UV) segment; followed by 8.2% growth in passenger car segment. The top three original equipment manufacturers (OEMs) in this segment continue to maintain their leadership position.

The key highlight of Indian passenger vehicle industry was the overwhelming exports growth. Indian OEMs are focusing on utilising space capacity in domestic operations as export hub for small cars and compact utility vehicles. Strong response to new launches in the compact UV segment was the primary key for growth in this segment.

TRACTORS

For tractors, domestic industry demand remains healthy as volumes continue to grow at a moderate pace. Tractor volumes reported a growth trajectory during FY 2016-17 (growth in volumes of 17.5% in 11 months on a year on year basis). After a minor blip in its growth momentum in November 2016 due to demonetisation, domestic volumes have recovered over the past few months. The industry volumes reported a moderate growth in the December 2016-February 2017 period. In March 2017, leading tractor OEMs reported robust double digit growths in domestic volumes, thereby pointing to continuation of growth momentum in the industry.

INDIAN AUTO COMPONENT INDUSTRY

The Indian auto component industry is witnessing consistent growth due to global original equipment manufacturers (OEMs) sourcing from India.

The Indian auto component industry is highly fragmented. This is represented by the higher number of manufacturing units in the unorganised sector than in the organised sector. Although lesser in number, the organised sector accounts for around 85% of total industry turnover.

GROWTH DRIVERS

- Sustained growth in the PV and M&HCV industry
- Stable aftermarket
- Growth in domestic automotive demand given low vehicle penetration in India
- Increasing localisation by OEMs in procuring structural components
- Increasing component per vehicle
- 'Make in India' initiative – developing India as export hub for auto-components and small cars/utility vehicles.

OUTLOOK

The Indian auto component industry is expected to grow by 8-10% in FY 2017-18. This growth will be based on higher localisation in procurements by OEMs, higher component content per vehicle, and rising exports from India (Source: ICRA Limited).

The aftermarket is expected to grow at 10.5% to touch US$ 13 billion by 2019-20, as compared to US$ 8.4 billion in 2016-17 (Source: IBEF).

Rising vendor consolidation, faster aftermarket growth, and increasing localisation of procuring components are likely to bolster the sector, going forward. Moreover, export-oriented growth and expanding number of electronic components per vehicle will induce the Indian auto component segment to consistently develop.

AUTOMOTIVE AXLE LIMITED (AAL)

- Largest independent manufacturer of Rear Drive Axle Assemblies in India
- A joint venture between Kalyani Group and Meritor Inc., USA
- Listed on National Stock Exchange and BSE Limited
- Manufacturing footprints across Mysuru, Rudrapur and Jamshedpur.

OUR VISION

To be a world class quality manufacturer of axles, providing innovative solutions to customers at competitive price that enhance mobility, safety & environment and retain leadership.

OUR CORE STRENGTHS

Excellence is our forte. The thrust to be among the top is our motto, which helps us in delivering quality and reliable products to our customers. Following are the few aspects which has made AAL become leader in our space.

OUR EXPERIENCE

We have more than thirty-five years of experience in manufacturing reliable and durable products. We possess extensive technological expertise to produce world-class quality products with the validation and confirmation of safety performance to meet international testing standards.

OUR CLIENTELE

Over the years, we have developed a robust client base including esteemed companies like Ashok Leyland, Daimler India, Man Trucks, Mahindra & Mahindra, Tata Motors, Volvo Eicher and Asia Motor Works among others. Our spirit of innovation has helped us find foothold in foreign markets such as China, USA, France, Italy and Brazil, among others. In addition, our joint venture with Meritor Heavy Vehicle Systems LLC, USA gives us technology and brand advantage to further spread our wings.

OUR TALENT POOL

Our dedicated team has the requisite skills and efficiency to take the Company forward. With vast technical knowledge, our team gives us an edge over competition. Together, we will continue the pursuit of excellence.

OUR WIDE PRODUCT RANGE

At AAL, we offer a wide range of products that caters to various customer needs. Our product categories include integral brake, axle designs, and others.

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

OUR BEST-IN-CLASS OPERATIONS

At AAL, we believe our best-in-class operation facilities allow us to deliver our best. We have manufacturing units located in Mysuru (Karnataka), Pantnagar (Uttarakhand) and Jamshedpur (Jharkhand). The Company operations consist of technically advanced manufacturing processes including:

- Friction welding
- Argon CO_2 welding
- Robotic welding
- CNC machining
- Gear and pinion dry cutting
- Robotic gear quenching
- Speciality axles Manufacturing unit
- Robotic Brake Web Hot forming
- Flexible machining centres and specially built machines for producing axles and brakes.
- Metallurgy, Chemical & Metrology lab with CMM

The manufacturing facilities are fitted with state-of-the-art Gleason Gear Manufacturing Equipment, reinforced by a modern heat treatment shop including continuous carburizing and sealed quench furnaces. Further, we have implemented one such furnace with robotic gear quenching facility to improve productivity and save energy.

ADOPTED NEW TECHNOLOGY TO ELIMINATE LPG STORAGE RISKS

We are Karnataka's first industry to adopt LPG ground mounded bullet with a capacity of 30x2 metric ton. This eliminates risks due to LPG storage, which is necessary for the heat treatment process.

OUR CERTIFICATIONS

- Quality Management System certified with ISO/TS 16949:2009
- Environmental Management System certified with ISO 14001:2004
- Occupational Health and Safety certified with BS OHSAS 18001:2007
- Heat Treatment Process certified with CQI 9
- Welding processes certified with CQ 15

AWARDS AND ACCOLADES

Our consistent efforts to make work conditions at Automotive Axles Limited (AAL) more favourable has garnered for us:

1. Machinist Super Shop Floor 2016 Award in Green Manufacturing Category on May 26, 2016 at Pune.
2. During Quality Circle Forum of India (QCFI) 7th Regional Convention Quality Concepts-Kaizen Award held on May 22, 2016 at Vidyavardhaka College, Mysuru your Company bagged 13 gold awards, 1 silver award and 1 bronze award.
3. Your Company won Quality Circle Forum of India (QCFI) – Chapter Convention of Quality Concepts Kaizen Awards at Coimbatore on October 15, 2016 and QCFI – CCQC 2016 Kaizen Awards at Bangalore on October 23, 2016.

PERFORMANCE REVIEW 2016-17

Over the years, we have consistently worked on the concept of Built in Quality (BIQ) to achieve world-class manufacturing standards. This initiative has ensured that every operator maintains quality of products by following the principle of 'Don't Accept, Don't Produce, Don't Release' defective products. The BIQ concept is now being followed across the Company.

To improve safety, health and environment standards, we enhanced our environment management systems by adopting ISO 14001 & BS OHSAS 18001. We have successfully completed the assessment audit and have been awarded OHSAS certification.

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

- Contributed to environmental wellbeing by using rain water harvesting for manufacturing processes, recharging systems and participating in green nurturing programmes, among others. These initiatives have resulted in the reduction of raw water consumption by 40%, over a span of four years.
- Installed bio gas plant; and the generated fuel is used for cooking in canteen
- Launched Mission 18 team initiative to drive organisation-wide improvement and align it to the objective of revenue growth and cost savings
- Initiated capacity expansion projects to ramp up production to cater to increased market requirement
  - Layout change activities
  - Low-cost automation to meet increased requirement of Tandem axles
- Simplified product layout inspection by installing 3D Scanning Machine
- Separated export production line and commissioned specialty axles plant to cater to the demand for customised axles
- Installed induction lamps for shop floor illumination - reduced 47% of power consumption
- Installed 30KW roof top solar plant at brakes plant to reduce power consumption – effective reduction of 5%
- Commenced power factor improvement activity for better energy conservation - sustain at 0.98.

FINANCIAL PERFORMANCE

(₹ in Million)

Key highlights	2016-17 (1st April – 31st March)	2015-16 (1st April – 31st March)	2014-15 (1st October – 31st March) (6 months)	2013-14 (1st October – 30th September)	2012-13 (1st October – 30th September)
Total Revenue	11,488.17	10,875.44	4,617.04	6,825.77	6,441.64
Profit before Depreciation & Tax	1,133.23	909.66	338.03	553.40	470.87
Profit After Tax	485.79	347.74	105.42	181.79	126.98
Earnings Per Share (₹)	32.15	23.01	6.98	12.03	8.40

KEY FINANCIAL RATIOS

(%)

Key financial ratios	2016-17 (1st April – 31st March)	2015-16 (1st April – 31st March)	2014-15 (1st October – 31st March) (6 months)	2013-14 (1st October – 30th September)	2012-13 (1st October – 30th September)
PBT / Total Income	6.43	4.74	3.57	3.79	2.88
PAT / Total Income	4.23	3.20	2.28	2.66	1.97
Return on Capital employed	19.59	16.86	3.32	5.65	4.02
Return on Net Worth	12.93	10.63	3.47	6.09	4.53
Dividend Payout Ratio	24.89	23.90	17.20	24.32	27.85

TALENT MANAGEMENT

Human capital is the sum of workforce's skill and knowledge, without which no company can function. Thus, it is a prerequisite for us to develop our human assets to suit the Company's business needs. AAL focuses on bringing talented people on-board and hone their skills through training.

We believe in diversity of workforce and value every viewpoint put forth by our people. Accordingly, we have designed a diversity and inclusion awareness programme, where employees discuss what inclusion means to them, and how it impacts their day-to-day work.

We encourage a progressive, high performing and inclusive culture that recognises and rewards strengths, restores empowerment (dignity), improves communication and reduces conflict. We motivate our people to collaborate and innovate with experts as we believe these set us apart from competitors. Our talent management processes help identify, develop and promote high calibre individuals to support the organisation's future leadership needs. With us, employees enjoy numerous opportunities for personal and professional growth at multiple locations in India.

Moreover, we understand working in a global organisation requires flexibility to work in a matrix team and often with team members not physically in the same location. Working in virtual teams requires understanding diverse perspectives, recognising the challenges and benefits and identifying the expectations as well as responsibilities of each team member. At AAL, we are trying to make this process seamless.

During FY 2016-17, we successfully rolled out key HR initiatives and talent management processes, including:

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

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

- Communication: We have successfully implemented a clear and transparent communication system across all levels. These include quarterly and monthly town hall gatherings, group meetings and meeting of women employees once in a quarter. Besides, we organised quality and customer feedback meeting, one-on-one discussions with key employees and group meetings to focus on top talent, among others.
- In-house Magazine: We publish a quarterly in-house magazine called 'Parivarthane'. It covers various events including, sports, cultural activities, new product launches, important visits to the Company, awards and accolades received by the Company and management messages to employees.
- Safety and Emergency Preparedness Training: We give safety priority at AAL. Various safety trainings are provided to employees by internal and external trainers. All our processes are covered after Hazard Identification and Risk Assessment (HIRA), reducing risk factor from high to low. This helps lessen accidents and near misses at sites. Besides, we have an on-site emergency plan prepared and approved from Department of Factories and Boilers Office, Karnataka.
- Additionally, we provide periodic safety audits that addresses potential hazards and abnormalities immediately. Our routine on-site emergency is prepared through mock drills. Moreover, we keep well-trained emergency in all shifts to attend any eventual emergencies.
- Occupational Health Centre: Our Occupational Health Centre (OHC) has qualified doctors, paramedical staff and emergency medical equipment for all employees. OHC also conducts health awareness programmes every month for all employees through external doctors.
- Rewards and recognitions: We acknowledge employee achievements to motivate them and promote their interest towards the organisation. We felicitate employees for every month, innovative ideas, special achievements. Besides, AAL rewards the children of its employees to encourage meritocracy.
- Employee engagement: We encourage the concept of one team. We have launched local employee satisfaction surveys, and action plans for this. Additionally, we engage our team with various activities like family day, sports day, festival celebrations, summer

camps, annual sports and cultural activities, among others. We encourage participation in external events such as inter-company best safety worker competition, cricket tournaments and so on. Various competitions like essay writing and slogan writing are organised on special occasion like National Safety Day or World Environment Day. International Women's Day is celebrated every year at AAL.

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

- Learning Centre: We have a specialised learning centre to provide induction, on-the-job-training (OJT) and special trainings to all the operators. The learning centre is fully equipped to give training on Wielding, CNC machine operation, material handling, tools identification and so on to all operators. Additionally, we conduct neuro linguistic training program (NLP) through an external trainer for employees, regularly.

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

- Policy for female employees: There is a stringent policy in place, to address issues pertaining to female employees at AAL. With an aim to provide a safe environment to female employees and ensure redressal of their concerns regarding their safety and dignity at workplace, we organise meetings for all female employees.

SAFETY, HEALTH AND ENVIRONMENT MANAGEMENT

At AAL, we strive to better manage our sustainability drivers – Safety, Health and Environment of our assets. This includes several community initiatives that manoeuvre our workforce, and the communities that surround the Company. These communities include areas around the AAL facilities, consumers, investors and other stakeholders.

We have taken the following initiatives in Safety, Health and Environment Management:

SAFETY

- Completed first surveillance audit of BS: 18001:2007 carried out by DQS India and planned the upgrade of OHSAS of ISO /DIS 45001:2016 for the next year.

- Celebrated 46th National Safety Day with flag hoisting and oath taking ceremony - displayed posters, banners and safety information videos in canteens aiming at creating awareness; conducted various events such as safety quiz, safety slogan and road safety drawing competitions, wherein winners were awarded with prizes.

- Carried out Aspect /Hazard Identification and Risk Assessment for all departments and identified significant aspect/risk resulting in risk strategy implementation.

- Conducted on-site emergency preparedness, mock drills in our bulk LPG storage system, endo-gas generator area and painting booth.

- Installed a CO_2 suppression system for gas carburizing furnace quench oil tank.

- Installed a CO monitoring sensor in endothermic gas generator area to monitor the CO emission.

- Installed an additional LPG leak detector in paint booth with the use of thermic fluid heater LPG.

- Carried out an external safety audit and thermography test across the plant.

- Carried out periodical inspection of pressure vessels, lifting tools and tackles by competent personnel.

HEALTH

- Celebrated World Health Day by conducting 'basic life support training' for all employees.
- Periodic inspections by the inhouse doctor to identify the health hazards in work place
- Conducted monthly trainings on common urological problems like 'Know Your Kidney' by external doctors
- Conducted trainings on team building, stress-free working and potential enhancement with all employees
- Organised pre-recruitment medical check-ups for all recruits and annual check-ups for regular employees and trainees

ENVIRONMENT

- Completed second surveillance audit of ISO: 14001:2004 carried out by DQS India and planned to upgrade the EMS of ISO: 14001:2015 for the next year
- Celebrated World Environment Day 2016 with 'Zero Tolerance for the Illegal Wildlife Trade' - by planting more than 350 saplings in our campus and displaying video clippings in canteen and banners across the plant
- Reduced raw water consumption by 15% by reusing water for wash room flushing – exhibiting a positive approach to water conservation
- Introduced of solar power plant of 30 KW for the brakes plant – demonstrating a positive approach towards reducing carbon footprints
- Planted saplings in four adopted government schools and provided tress guards to protect roadside plants from deterioration, as a part of our CSR activity
- Treated water of effluent treatment plant and sewage treatment plant showcasing 'Zero Non- conformance' Karnataka State Pollution Control Board
- Carried out borewell yield test by the Department of Mines and Geology, an authorised agency, for renewal of license
- Celebrated festivals such as Ganesha Chaturthi and Diwali - by spreading awareness to our four adopted government schools on celebrating eco-friendly festivals, as part of our CSR activities.

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

Around 90% of our operations have matured through the Built-in Quality Concept (BIQ) and ZERO COC (Coolant, Oil and Chip) for manufacturing processes. And it is synergised with the Auto Axle Production Systems (APS). Implementation of Gemba and 5S principle has helped in visual transformation of the plant and significantly improved the process robustness.

To further enhance the quality and reliability of our products, we have taken up the following initiatives:

- Robust quality and environmental system supporting BIQ: We monitor robust quality systems such as CQI9 standard for heat treatment process, CQI15 welding process standards and OHSAS for Environmental, Occupational, Health and Safety Management System.
- Six sigma: We have five engineers certified for level two Six Sigma black belt and 77 engineers certified for level one black belt in various projects.
- Quality and reliability improvement: We initiated quality and reliability improvement through Mission 18 Goal 3, focused on plant transformation. The programme, further, emphasised on SPC, Go Green and Go Lean, Critical to Quality and gauges for customer fit form function.
- End-to-end product performance monitoring: We have a special team of engineers to support key customers. The team stationed at strategic locations, captures and improves end-to-end product performance and reliability.
- Product service training: Customers and their end-users are being provided with technical bulletin and service manuals. Moreover, we provide hands-on training on our products or their performance to trouble shoot and reduce down time.

INTERNAL CONTROL SYSTEMS

Your Company has a robust internal control system that ensures to keep a track of the Company's assets. The system corresponds to the size of the organisation and oversee operations. Your Company conducts regular internal audits to comb any discrepancies. The company employs Price Waterhouse Cooper & Co Bangalore LLP to conduct audit. This ensures autonomy of the auditing body. Your Company ensures to implement auditor's recommendations immediately.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Good Corporate Governance is all about maximizing the shareholder value on a sustainable basis while ensuring fairness to all stakeholders, customers, vendor-partners, investors, employees, government and society.

Your Company is committed to define, follow, practice, achieve and maintain the highest level of corporate governance in all its business functions. Your Company believes in the concept of good corporate governance involving transparency, empowerment, accountability, equity and integrity with a view to enhance stakeholder's value in order to achieve its vision and mission. Your Company's Corporate Governance framework ensures to make timely disclosures and share accurate information regarding the financials and performance, as well as disclosures related to leadership and governance of the Company. Your Company believes that an active, well informed and independent board is necessary to ensure the highest standards of corporate governance.

At Automotive Axles Limited, the Board of Directors (the Board) are at the core of the corporate governance practice. The Board thus oversees the Management's functions and protects the long term interest of its stakeholders. As on March 31, 2017 the Board consists of seven members of which four are independent directors. An independent director is nominated as the chairperson of each of the Board Committees namely audit, nomination and remuneration, stakeholder relationship, risk management and corporate social responsibility committee.

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

BOARD OF DIRECTORS

Size and Composition of the Board

Your Company believes that the Board needs to have appropriate mix of executive and independent directors to maintain its independence and separate its functions of governance and management. On 31st March, 2017, Board comprises of seven (7) Directors.

The Board consists of one (1) Executive Director and six (6) Non-executive Directors, four (4) of whom are independent. This composition comprise of one woman director also. The Board periodically evaluates the need for change in its composition and size.

Composition of the Board, category and particulars of attendance is given below:

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	2	No	7	3	Nil
Mr. Joseph A. Plomin	Promoter, Non-Executive	1	No	2	Nil	Nil
Mr. B.B. Hattarki	Independent	4	No	8	3	4
Mr. B.C. Prabhakar	Independent	4	Yes	3	2	2
Mr. Satish Sekhri	Independent	2	No	5	7	Nil
Ms. Supriti Bhandary	Independent	3	Yes	2	1	Nil
Dr. N. Muthukumar	Executive	4	Yes	1	1	Nil

Notes:

(a) There are no inter-se relationship between our Board members.

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

(c) Leave of absence was granted to the Director(s) for the Board Meeting(s), which they did not attend and sought the leave of absence from the meeting.

AVAILABILITY OF INFORMATION TO THE BOARD MEMBERS

The Board has unrestricted access to all the Company related information necessary for decision making. Detailed notes, as necessary, are presented well in advance of the meeting along with the agenda. The following is the list of some of the information provided regularly to the Board of Directors:

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

ROLE OF BOARD OF DIRECTORS

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. As trustees, the Board has the fiduciary relationship to ensure that the Company has clear goals aligned to shareholder value and its growth. The Board exercises its duties with care, skill, diligence and exercises independent judgement. The Board sets strategic goals and seeks accountability for their fulfillment. The Board also directs and exercise appropriate control ensure that the Company is managed in a manner that fulfils stakeholder's aspirations and societal expectations.

DEFINITION OF INDEPENDENT DIRECTOR

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines an Independent Director as a person who is not a promoter or employee or one of the key managerial personnel of the Company or its substitutes. The law states that the person should not have any material pecuniary relationship or transactions with the Company or its substitutes, apart from receiving remuneration as an independent director.

BOARD MEMBERSHIP CRITERIA

The Nomination and the Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and required experience for the Board as a whole and for individual members. Members are expected to possess the required qualification, integrity, expertise and experience for the position. They should also possess deep expertise and insight in sectors/areas relevant to the Company and ability to contribute to the Company's growth.

The Board members are expected to rigorously prepare to attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments

do not materially interfere with the responsibilities with the Company.

SELECTION OF NEW DIRECTOR

The Board is responsible for the selection for new Directors. The Nomination and the Remuneration Committee makes recommendation to the Board on induction of new member after screening and the selection process.

TRAINING OF BOARD MEMBERS

All new Directors are inducted to the Board are introduced to Company's culture, its operations, customers, practices, organizational structure, role and responsibilities, services, board procedures, matters reserved for the board, risk and the compliance details and such other details to familiarize the new Director about the Company.

A separate Independent Directors meeting was conducted during the year.

BOARD MEETINGS

In FY 2016-17 (Apr'16-Mar'17), the Board met four (4) times on 10th May 2016, 12th August 2016, 5th November 2016 and 6th February 2017. The maximum gap between any two Board Meetings was less than one hundred and twenty (120) days.

Attendance at Board meeting of the Directors during the FY 2016-17

Name of the Director	No. of meetings conducted and attended during the year				Total Attendance	Total No. of Meetings	% of attendance
	10th May 16	12th Aug 16	5th Nov 16	6th Feb 17			
Dr. B N Kalyani	LOA	LOA	✓	✓	2	4	50
Mr. Joseph A Plomin	LOA	LOA	✓	CONCAL	1	4	25
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100
Mr. Satish Sekhri	LOA	LOA	✓	✓	2	4	50
Ms. Supriti Bhandary	LOA	✓	✓	✓	3	4	75
Dr. N Muthukumar	✓	✓	✓	✓	4	4	100

CODE OF CONDUCT

In compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has framed and adopted Code of Conduct (the Code). This is applicable to all Directors, Independent Directors and Senior Management of the Company. The Code gives guidance and support needed for ethical conduct of business and compliance of law. All members of the Board and Senior Management personnel have affirmed the compliance with the Code as on 31st March, 2017.

The Code is available on Company's website www.autoaxle.com/Conduct_code.aspx.

PREVENTION OF INSIDER TRADING

The Board has formulated a policy on Trading of shares by an insider and code of conduct for regulating, monitoring and reporting of trading of shares by insider.

The code lays down guidelines, procedures to be followed and disclosure to be made while dealing with the shares of the Company and cautioning them on consequences of non-compliances.

The copy of the policy is available on Company's website www.autoaxle.com/Policy.aspx

BOARD COMMITTEES

As on March 31, 2017 the Company has five committees namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board Committees are set up under the formal approval of the Board to carry out respective roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board meeting for perusal and noting. The Company Secretary acts as the secretary of all Committees.

BOARD AND COMMITTEE COMPOSITION AS ON MARCH 31, 2017

Sl. No	Directors	Board	Audit Committee	Risk Management Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	Nomination & Remuneration Committee
1	Dr. B N Kalyani	✓					
2	Mr. Joseph A Plomin	✓					
3	Mr. B B Hattarki	✓	Chairman				
4	Mr. B C Prabhakar	✓	Member	Chairman	Chairman	Chairman	Chairman
5	Mr. Satish Sekhri	✓	Member		Member		Member
6	Ms. Supriti Bhandary	✓				Member	Member
7	Dr. N Muthukumar	✓		Member	Member	Member	

AUDIT COMMITTEE

The Audit Committee of your Board consists of three Independent Directors:

Mr. B B Hattarki, Chairman
Mr. B C Prabhakar, Member
Mr. Satish Sekhri, Members

All the members of the Audit Committee possess accounting, economic and financial management expertise.

The committee met four (4) times during the year on 10th May'16, 12th August'16, 4th November'16 and 6th February'17.

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

Attendance record of Audit Committee members for 2016-17

Name of the Director	Audit Committee Meeting held during the year 2016-17				Total Attendance	Total No. of Meetings	% of attendance	Status
	10th May 16	12th Aug 16	4th Nov 16	6th Feb 17				
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100	Chairman
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Member
Mr. Satish Sekhri	LOA	LOA	✓	✓	2	4	50	Member

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

Qualified and Independent Audit Committee

The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

1. Audit Committee presently consists of the three Independent Directors.

2. All members of the committee are financially literate and having requisite financial management expertise.

3. The Chairman of the Audit Committee is an Independent Director.

Powers of the Audit Committee

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

Role of the Audit Committee inter alia includes the following:

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

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

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Nomination and Remuneration Committee consists of three Independent Directors:

Mr. B C Prabhakar, Chairman,
Mr. Satish Sekhri, Member
Ms. Supriti Bhandary, Member

The committee met three (3) times during the year on 12th August, 2016, 4th November, 2016 and 6th February, 2017.

Attendance record of NRC members for 2016-17

Name of the Director	NRC meeting held during the year 2016-17			Total Attendance	Total No. of Meetings	Attendance %	Status
	12th Aug 16	4th Nov 16	6th Feb 17				
Mr. B C Prabhakar	✓	✓	✓	3	3	100	Chairman
Mr. Satish Sekhri	LOA	✓	✓	2	3	66.66	Member
Ms. Supriti Bhandary	✓	✓	✓	3	3	100	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
- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising policy on Board diversity
- To act in terms of any consequent statutory modification(s) /amendment(s) / revision(s) to any of the applicable provisions to the said Committee
- To decide on terms of appointment/re-appointment of Independent Director based on the performance evaluation report received

Independent Directors

Schedule IV of the Companies Act, 2013 and the Rules under mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of non-independent directors and the members of management. It is recommended that all the independent directors to be present at such meetings. These meetings are expected to review the performance of the non-independent directors and the Board as a whole, as well as the chairman of the Board, taking into account the views of the non-executive directors, assess the quality, quantity and timeliness of the flow of information between the management and the Board that is necessary for it to effectively and reasonably perform its duties.

During the year 2016-17, Independent Directors met on 6th February, 2017, discussed and reviewed the below:

- Performance of Non-Independent Directors
- Performance of Chairman
- Performance of Board Committees
- Discussed on the quality, quantity and timeliness of flow of information between the Company management and the Board Members
- Overall performance of the Company

Performance evaluation criteria for independent directors:

a) Attendance and participation in the meetings and timely inputs on the minutes of the meetings.

b) Adherence to ethical standards and code of conduct of company and disclosure of non-independence, as and when exists and disclosure of interest.

c) Raising of valid concerns to the Board and constructive contribution to resolution of issue at meetings.

d) Interpersonal relations with other Directors& Management.

e) Objective evaluation of Board's performance, rendering independent, unbiased opinion.

f) Understanding of the company and the external environment in which it operates and contribution to strategic direction.

g) Safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information.

Remuneration of Directors

The details of remuneration to Directors, their relationship with each other and Equity Shares held as on 31st March 2017 are presented below:

Directors	Relationship with other Directors	Equity Shares held	Board Meeting Sitting Fees (In ₹)	Audit Committee Meetings Sitting Fees (In ₹)	Salaries, performance bonus and perquisites (In ₹)	Total (In ₹)
Dr. B.N. Kalyani	None	126	40,000	N.A.	Nil	40,000
Mr. Joseph A Plomin*	None	Nil	N.A.	N.A.	Nil	N.A.
Mr. B B Hattarki	None	Nil	80,000	80,000	Nil	160,000
Mr. B C Prabhakar	None	575	80,000	80,000	Nil	160,000
Mr. Satish Sekhri	None	10	40,000	40,000	Nil	80,000
Ms. Supriti Bhandary	None	Nil	60,000	NA	Nil	60,000
Dr. N Muthukumar**	None	Nil	NA	NA	1,27,30,567	1,27,30,567

Note:
1. * Joseph A Plomin does not claim any sitting fee, being in conformity with Meritor's Policy for such nominees for attending the meetings.
2. ** The employment of the President & Wholetime Director is permanent.
3. All the above elements are fixed component but for the Performance linked Bonus

Directors with materially significant pecuniary transaction or relationship with the Company

There was no pecuniary relationship or transactions between the Company and any of the Non-Executive Directors during the year as contemplated under relevant guidelines of the SEBI/Stock Exchanges.

STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

The Stakeholders Relationship Committee's comprises of three directors and meets the requirement under section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Mr. B.C. Prabhakar, Chairman
Mr. Satish Sekhri, Member
Dr. N. Muthukumar, Member

The Committee met four (4) times during the year on 10th May, 2016, 12th August, 2016, 4th November, 2016 and 6th February, 2017.

Attendance record of SRC members for 2016-17

Name of the Director	SRC Meeting held during 2016-17				Total Attendance	Total No. of Meeting	Attendance %	Status
	10th May 16	12th Aug 16	4th Nov 16	6th Feb 17				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Mr. Satish Sekhri	LOA	LOA	✓	✓	2	4	50	Member
Dr. N Muthukumar	✓	✓	✓	✓	4	4	100	Member

Terms of Reference inter alia include the following:

- To specifically look into the redressal of grievances of shareholders and other security holders, if any.
- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. 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.

Your Company has 13,330 shareholders as on March 31, 2017. All complaints received during the year has been resolved and there are no complaints which remains unsolved.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Committee comprises of three members as on March 31, 2017:

Mr. B C Prabhakar, Chairman,
Ms. Supriti Bhandary, Member
Dr. N Muthukumar, Member

The CSR committee met four (4) times during the year on 10th May, 2016, 12th August, 2016, 4th November, 2016 and 6th February, 2017.

ATTENDANCE RECORD OF CSR MEMBERS FOR 2016-17

Name of the Director	CSR Meeting held during the year 2016-17				Total Attendance	Total No. of Meetings	Attendance %	Status
	10th May 16	12th Aug 16	4th Nov 16	6th Feb 17				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Ms. Supriti Bhandary	LOA	✓	✓	✓	3	4	75	Member
Dr. N Muthukumar	✓	✓	✓	✓	4	4	100	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
- To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The CSR policy is available on the website of the Company at www.autoaxle.com/Policy.aspx

RISK MANAGEMENT COMMITTEE (RMS)

The Committee comprises of two members as on March 31, 2017:

Mr. B C Prabhakar, Chairman,
Dr. N Muthukumar, Member

The RMS committee met four (4) times during the year on 10th May, 2016, 12th August, 2016, 4th November, 2016 and 6th February, 2017.

Name of the Director	RMS meeting held during the year 2016-17				Total Attendance	Total No. of Meetings	Attendance %	Status
	10th May 16	12th Aug 16	4th Nov 16	6th Feb 17				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Dr. N Muthukumar	✓	✓	✓	✓	4	4	100	Member

Terms of Reference inter alia include the following:

The Committee shall monitor and review the risk management plan and such other functions as it may deem fit.

Your Company has voluntarily constituted the Risk Management Committee though it is not compulsorily required under the SEBI (LODR) Regulations, 2015.

Secretarial Audit for Reconciliation of Share Capital

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

General Body Meetings

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

Financial Year	Date	Time	Venue
2013-14	5th February 2015	12.30 p.m.	Regd. Office of the Company
2014-15	5th August 2015	12.30 p.m.	Regd. Office of the Company
2015-16	12th August 2016	12.30 p.m.	Regd. Office of the Company

No special resolutions were passed at the Annual General Meeting held on August 12, 2016 and August 5, 2015. There were two (2) special resolutions which were passed at AGM held on February 5, 2015. The special resolutions were passed by way of postal ballot, electronic voting and physical ballot voting. The voting mechanism was conducted by an Independent Practicing Company Secretary, CS. Pracheta. M, who was appointed as the Scrutinizer by the Board.

No special resolution is proposed to be conducted at the ensuring Annual General Meeting.

No Extraordinary General Meeting of the Members was held during the financial year 2016-17.

Related Party Transactions:

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the Members is drawn to the disclosure set out in notes to Financial Statement.

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

Management Discussion & Analysis:

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

Whistle Blower Mechanism

The Board has formulated a Whistle Blower Policy for directors and employees of the Company. The policy comprehensively provides an opportunity for an employee/Director to report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and /or laws applicable to the Company and seek redressal. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been communicated to the employees and also posted on Company's website.

The Whistle Blower Policy complies with the requirements of Vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The details of establishment of Whistle Blower Policy/Vigil Mechanism have been disclosed on website of the Company www.autoaxle.com/Policy.aspx.

No personnel have been denied access to audit committee.

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

Compliances by the Company

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

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

Means of Communication:

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

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

Compliance with Mandatory & Non-Mandatory Requirements/Discretionary requirements:

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

Modified Opinion(s) in Audit Report

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

Separate posts of Chairman and Chief Executive Officer (CEO)

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

Reporting of Internal Auditor

The Internal Auditor may report directly to the Audit Committee.

SEBI Complaints System (SCORES)

The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: centralized database of all companies, online upload of Action Taken reports by concerned companies and online viewing by investors of action taken on the complaints and its current status.

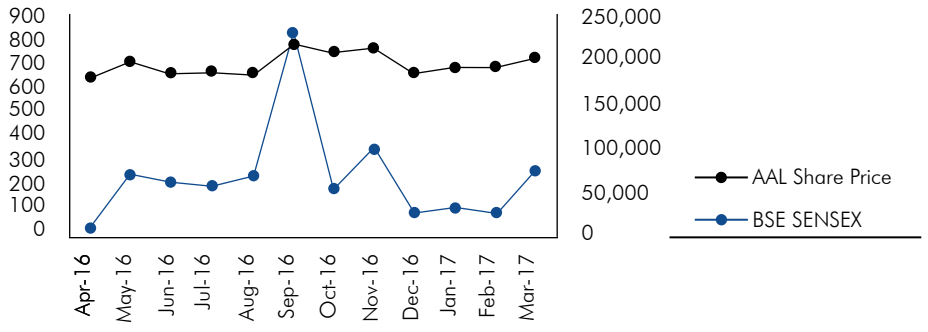
General Shareholder Information

Annual General Meeting	Date & Time	:	18th August, 2017 at 12.30 p.m.
	Venue	:	Registered Office of the Company at Hootagalli Industrial Area, Off. Hunsur road, Mysuru, Karnataka – 570 018
CIN	L51909KA1981PLC004198		
Financial Year	1st April, 2016 to 31st March, 2017		
Book Closure Dates	16th August, 2017 to 18th August, 2017 (both days inclusive)		
Dividend Payment Date	Expected on or before 14th September, 2017		
Plant Locations	Mysuru Plant : Hootagalli Industrial Area, Off Hunsur Road, Mysuru, Karnataka - 570018. Rudrapur Plant : 6 Km Stone, Kichha Road, Village Shimla Pistor, Rudrapur, Udham Singh Nagar, Uttarakhand Jamshedpur Plant : Old Khakripara, Vill & Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand		

Securities Listing	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai-400 051. The Company confirms that the annual listing fee for the year 2016-17 have been paid to both the stock exchanges.
Stock Codes	BSE – 505010 NSE-AUTOAXLES Demat ISIN Number: INE449A01011
Stock Data	Monthly High and Low price at which the shares of the Company were traded at the BSE and NSE are given below:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of Shares Traded	High (₹)	Low (₹)	No. of Shares Traded
April, 2016	644	561	5,303	642	562	34,854
May, 2016	710	600	66,760	710	596	2,85,891
June, 2016	660	586	58,206	660	594	3,05,418
July, 2016	666	589	53,327	653	597	3,35,249
August, 2016	658	594	64,779	661	599	2,80,972
September, 2016	780	650	2,30,167	805	648	9,69,250
October, 2016	752	695	49,988	854	697	2,88,119
November, 2016	765	600	97,427	768	551	3,67,519
December, 2016	657	582	23,036	659	582	1,08,064
January, 2017	680	611	28,888	681	612	1,24,799
February, 2017	684	620	22,283	690	620	1,02,555
March, 2017	724	618	71,438	725	616	4,54,282

AAL Share Price v/s BSE 500 Series



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

Shareholding pattern as on 31st March 2017 :

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	12,912	792,487	5.24
Non Promoter (Public)			501-1000	216	166,585	1.10
Bodies Corporate	90,507	0.59	1001-2000	107	154,305	1.02
FIIs	36,623	0.24	2001-3000	33	79,862	0.53
NRI's	67,000	0.44	3001-4000	10	36,265	0.24
Mutual Funds	2,004,141	13.26	4001-5000	12	57,369	0.38
Others	2,178,623	14.43	5001-10000	19	138,436	0.92
Total	**15,111,975**	**100**	> 10000	21	13,686,666	90.57
			Total	**13,330**	**15,111,975**	**100**

Dematerialization	The Company's Equity Shares are under compulsory demat trading. As on 31st March 2017, dematerialized shares accounted for 99.20% of total equity.
Audit Qualification	There is no audit qualification in the financial Statements of the Company for the year ended 31st March, 2017

Investor Grievance Correspondence :

Company	**Share Transfer Agents**
Secretarial Department	Integrated Registry Management Services Pvt. Ltd
Automotive Axles Limited	Ramana Residency, 4th Cross
Hootagalli Industrial Area,	Sampige Road, Malleswaram
Off Hunsur Road, Mysuru, Karnataka - 570 018	Bangalore, Karnataka – 560 003
Phone : 0821-7197500	Phone: 080-23460815-818
Fax : 0821-2402451	Fax : 080-23460819
Email : sec@autoaxle.com	E-mail : irg@integratedindia.in

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, Dr. N Muthukumar, President & Whole-time Director of Automotive Axles Limited hereby declare that all the Board Members and Senior Managerial Personnel have affirmed for the year ended March 31, 2017 compliance with the Code of Conduct of the Company laid down for them.

Place: Pune
Date: 18th May, 2017

Dr. N.Muthukumar
President & Wholetime Director

TO THE BOARD OF DIRECTORS OF AUTOMOTIVE AXLES LIMITED
Certification by Chief Executive Officer and Chief Financial Officer of the Company

We, Dr. N. Muthukumar, President & Whole time Director and Ranganathan. S, Chief Financial Officer of Automotive Axles Limited as required under the Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the best of our knowledge and belief, certify with respect the financial results for the financial year ending 31st March 2017 as follows:

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

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

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

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

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

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

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

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

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

Place: Pune	**Dr. N Muthukumar**	**Ranganathan. S**
Date : 18th May 2017	President & Whole Time Director	Chief Financial Officer

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

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

To,
The Members of
Automotive Axles Limited

I have examined the compliance of the conditions of Corporate Governance by Automotive Axles Limited (hereinafter referred to as 'Company'), for the financial year ended 31st March 2017, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to LODR Regulations).

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

On the basis of my examination of the records produced, explanations and information furnished to me by the Company, I certify that the Company has complied with the mandatory conditions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Place: Mysuru
Date: 18th May 2017

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
AUTOMOTIVE AXLES LIMITED

1. REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **AUTOMOTIVE AXLES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

3. AUDITOR'S RESPONSIBILITY

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

4. OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

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

S.Ganesh
Partner
Membership No. 204108

Place : Pune
Date: 18th May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

1. REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of AUTOMOTIVE AXLES LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

2. MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

3. AUDITOR'S RESPONSIBILITY

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

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

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

4. MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

5. INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

6. OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S.Ganesh
Partner
Membership No. 204108

Place : Pune
Date: 18th May, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits.

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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

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

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

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

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

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

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

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

S.Ganesh
Partner
Membership No. 204108

Place : Pune
Date: 18th May, 2017

BALANCE SHEET as at 31st March 2017

₹ in Millions

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	151.12	151.12
(b) Reserves and surplus	4	3,606.66	3,120.86
		3,757.78	**3,271.98**
2 Non-current liabilities			
(a) Deferred tax (Net)	35	11.12	66.92
(b) Long-term provisions	5	48.97	34.35
		60.09	**101.27**
3 Current liabilities			
(a) Short-term borrowings	6	-	288.42
(b) Trade payables	7		
(i) Total outstanding dues of micro enterprises and small enterprises		29.69	55.13
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,658.19	1,315.98
(c) Other current liabilities	8	82.85	61.49
(d) Short-term provisions	9	47.65	148.72
		1,818.38	**1,869.74**
TOTAL		**5,636.25**	**5,242.99**
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10(a)	1,547.81	1,679.31
(ii) Intangible assets	10(b)	5.88	4.55
(iii) Capital work-in-progress		72.57	89.07
		1,626.26	**1,772.93**
(b) Long-term loans and advances	11	55.27	84.89
		1,681.53	**1,857.82**
2 Current assets			
(a) Inventories	12	988.01	1,105.76
(b) Trade receivables	13	2,313.96	1,980.07
(c) Cash and bank balances	14	350.54	2.52
(d) Short-term loans and advances	15	300.72	287.10
(e) Other current assets	16	1.49	9.72
		3,954.72	**3,385.17**
TOTAL		**5,636.25**	**5,242.99**
See accompanying notes forming part of the financial statements	1 - 41		

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

For and on behalf of the Board of Directors

S. GANESH
Partner

Dr. B N KALYANI
Chairman
DIN: 00089380

Dr. N MUTHUKUMAR
President
& Whole time Director
DIN: 06708535

RANGANATHAN S
Chief Financial Officer

THEJESHWINI. N
Company Secretary

Place : Pune
Date : 18th May, 2017

Place : Pune
Date : 18th May, 2017

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2017

₹ in Millions

	Particulars	Note No.	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
1	Revenue from operations (gross)		12,765.00	12,058.44
	Less : Excise duty		(1,296.65)	(1,198.77)
	Revenue from operations (net)	17	**11,468.35**	**10,859.67**
2	Other income	18	19.82	15.77
3	**Total revenue (1+2)**		**11,488.17**	**10,875.44**
4	**Expenses**			
	(a) Cost of materials consumed	19.a	8,208.22	7,787.66
	(b) Changes in inventories of finished goods and work-in-progress	19.b	(3.63)	25.03
	(c) Employee benefits expense	20	823.08	798.22
	(d) Finance costs	21	8.96	53.54
	(e) (i) Depreciation / amortisation expenses	10 (a) & (b)	394.63	394.42
	(ii) Loss on assets discarded		-	10.28
	(f) Other expenses	22	1,318.31	1,291.05
	Total expenses		**10,749.57**	**10,360.20**
5	**Profit before tax (3 - 4)**		738.60	515.24
6	**Tax expense:**			
	(a) Tax expenses for the current year		308.30	212.30
	(b) Tax expenses relating to prior years		0.31	-
	(c) Deferred tax		(55.80)	(44.80)
	Net tax expense		**252.81**	**167.50**
7	**Profit for the year (5 - 6)**		**485.79**	**347.74**
8	**Earnings per share of ₹10/- each:**			
	Basic & Diluted	34	32.15	23.01
	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 : Pune
Date : 18th May, 2017

For and on behalf of the Board of Directors

Dr. B N KALYANI
Chairman
DIN: 00089380

Dr. N MUTHUKUMAR
President
& Whole time Director
DIN: 06708535

RANGANATHAN S
Chief Financial Officer

THEJESHWINI. N
Company Secretary

Place : Pune
Date : 18th May, 2017

CASH FLOW STATEMENT for the year ended 31st March 2017

₹ in Millions

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		
Net profit before extraordinary items and tax	738.60	515.24
Adjustments for		
Add :		
Depreciation and amortisation expenses	394.63	394.42
Provision for doubtful trade and other receivables	12.85	1.70
Provision for warranty	45.65	32.14
Provision for slow moving and non moving items	5.00	16.82
Bad debts written off	0.98	-
Loss on fixed assets sold/ scrapped / written off (Net)	-	0.36
Interest expense	8.96	53.54
Loss on assets discarded	-	10.28
	1,206.67	**1,024.50**
Less :		
Profit on sale of assets	(2.55)	-
Unrealized Exchange Gain	(0.02)	(0.02)
Liabilities / provisions no longer required	-	(2.41)
Interest Income	(8.87)	(5.95)
Operating profit before working capital changes	**1,195.23**	**1,016.12**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets		
Inventories	112.76	35.80
Trade receivables	(347.72)	(226.57)
Short-term loans and advances	(13.62)	(72.00)
Long-term loans and advances	21.35	0.96
Other current assets	8.23	(0.73)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	316.79	35.26
Other current liabilities	18.47	(37.92)
Short-term provisions	3.02	4.06
Long-term provisions	(31.03)	(8.23)
Cash generated from operations	**1,283.48**	**746.75**
Advance Tax (Net of refunds)	(312.66)	(177.70)
Net cash from / (used in) operating activities	**970.82**	**569.05**
B) CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Capital expenditure on fixed assets	(244.07)	(282.60)
(including capital work-in-progress and capital advances)		
Proceeds from sale of assets	9.82	23.74
Interest received	8.87	5.95
Cash flow from / (used in) investing activities	**(225.38)**	**(252.91)**

CASH FLOW STATEMENT for the year ended 31st March 2017

₹ in Millions

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
C) CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Inflow		
Proceeds from borrowings	-	4,441.14
	-	**4,441.14**
Outflow		
Repayment of borrowings	(288.42)	(4,716.80)
Dividend and tax on dividend	(100.04)	(18.19)
Dividend of earlier years paid	(0.28)	0.11
Interest paid	(8.96)	(55.55)
	(397.70)	**(4,790.43)**
Cash flow from / (used in) financing activities	**(397.70)**	**(349.29)**
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	347.74	(33.15)
Cash and cash equivalents at the beginning of the year	0.53	33.68
Cash and cash equivalents at the end of the year	**348.27**	**0.53**
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents (Refer Note 14)	350.54	2.52
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
(a) In earmarked accounts	(2.20)	(1.92)
Unpaid dividend accounts		
In deposit accounts - Under lien for bank guarantee	(0.07)	(0.07)
	348.27	**0.53**

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

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

S. GANESH
Partner

Place : Pune
Date : 18th May, 2017

For and on behalf of the Board of Directors

Dr. B N KALYANI
Chairman
DIN: 00089380

Dr. N MUTHUKUMAR
President
& Whole time Director
DIN: 06708535

RANGANATHAN S
Chief Financial Officer

THEJESHWINI. N
Company Secretary

Place : Pune
Date : 18th May, 2017

NOTES forming part of the financial statements

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention

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

b) Use of Estimates

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

c) Inventories

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

d) Cash and Cash Equivalents

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

e) Cash flow Statement

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

f) Fixed Assets and Depreciation

(i) Tangible Fixed Assets

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

(ii) Intangible Fixed Assets

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

NOTES forming part of the financial statements

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

(iii) Depreciation / Amortisation

Depreciation on tangible fixed assets: Depreciation on Buildings and Plant & Machinery is provided under the straight line and on other assets depreciation is provided under the reducing balance method. Useful life considered for providing depreciation on all classes of assets is lower of useful prescribed in Schedule II to the Companies Act, 2013 and useful life based on technical estimates.

Intangible assets:

Software amortised over its estimated useful life of 3 years under reducing balance method.

g) Revenue Recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

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.

Other income

Interest income is accounted on accrual basis.

h) Foreign Currency Transactions

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

i) Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Defined Contribution Plan

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(ii) Defined Benefit Plan

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

NOTES forming part of the financial statements

(iii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under : (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and (b) in case of non-accumulating compensated absences, when the absences occur.

(iv) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

j) Borrowing Cost

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

k) Leases

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

l) Earnings Per Share

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

m) Taxes on income

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

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

NOTES forming part of the financial statements

recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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

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

n) Research and Development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

o) Impairment of Assets

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

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

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

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

p) Provision & Contingencies

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

NOTES forming part of the financial statements

q) Provision for warranty

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

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

r) Service tax input credit

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

s) Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTE 3 SHARE CAPITAL

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	₹ in Millions	Number of shares	₹ in Millions
(a) Authorised				
Equity shares of ₹10 /- each (PY : ₹ 10/- each) with voting rights	23,000,000	230.00	23,000,000	230.00
Preference shares of ₹10 /- each (PY : ₹ 10/- each)	2,000,000	20.00	2,000,000	20.00
(b) Issued, subscribed and fully paid up				
Equity shares of ₹10 /- each (PY : ₹ 10/- each) with voting rights	15,111,975	151.12	15,111,975	151.12
	15,111,975	**151.12**	**15,111,975**	**151.12**

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

Particulars	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31st March, 2017		
- Number of shares	15,111,975	15,111,975
- Amount (₹ In Millions)	151.12	151.12
Year ended 31st March, 2016		
- Number of shares	15,111,975	15,111,975
- Amount (₹ In Millions)	151.12	151.12

NOTES forming part of the financial statements

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

Class of shares / Name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	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)	771,360	5.104	911,007	6.028

(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.

NOTE 4 RESERVES AND SURPLUS

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
(a) Securities premium	115.59	115.59
(b) General reserve	458.82	458.82
(c) Surplus in statement of profit and loss		
Opening balance	2,546.45	2,298.81
Add : Profit for the year	485.80	347.74
Less: Proposed dividend (Previous year ₹ 5.50 per share)	-	83.12
Less : Tax on dividend	-	16.98
Closing balance	**3,032.25**	**2,546.45**
Total	**3,606.66**	**3,120.86**

NOTE 5 LONG TERM PROVISIONS

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Provision - others:		
Provision for warranty [Refer note 36]	42.54	29.28
Deferred rent	6.43	5.07
Total	**48.97**	**34.35**

NOTE 6 SHORT-TERM BORROWINGS

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Secured Working capital borrowings from banks	-	288.42
[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).]		
Total	**-**	**288.42**

NOTES forming part of the financial statements

NOTE 7 TRADE PAYABLES

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Trade payables:		
(a) Total outstanding dues of micro enterprises and small enterprises [ref note 24]	29.69	55.13
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	176.95	133.07
(ii) Other than acceptances	1481.24	1182.91
Total	**1687.88**	**1371.11**

NOTE 8 OTHER CURRENT LIABILITIES

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
(a) Current maturities of finance lease obligations [Refer Note 33]	-	10.66
(b) Unpaid dividends	2.20	1.92
(c) Other payables		
(i) Statutory remittances	35.43	15.05
(ii) Payables on purchase of fixed assets	8.95	6.06
(iii) Advance from customers	28.32	24.80
(iv) Superannuation payable	-	1.70
(v) Gratuity payable	2.30	-
(vi) Leave salary payable [Refer note 30 (III)]	5.65	1.30
Total	**82.85**	**61.49**

NOTE 9 SHORT-TERM PROVISIONS

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
(a) Provision for employee benefits		
Provision for compensated absences	-	0.98
(b) Provision - others:		
Provision for taxation [Refer note (i) below]	30.55	34.60
Provision for warranty [Refer note 36]	17.10	13.10
Provision for proposed dividend	-	83.12
Provision for dividend distribution tax	-	16.92
Total	**47.65**	**148.72**

Note (i)

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Provision for taxation	630.49	322.19
Less: Advance income tax	(599.94)	(287.59)
Net	**30.55**	**34.60**

NOTES forming part of the financial statements

NOTE 10 (A) FIXED ASSETS - TANGIBLE

₹ in Millions

TANGIBLE ASSETS	Cost				Depreciation				Net Block	
Particulars	As at April 1st, 2016	Additions during the Period	Deductions during the Period	As at 31st March, 2017	Upto April 1st, 2016	For the Period	On Deductions	Upto 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land - Freehold	3.83	-	-	3.83	-	-	-	-	3.83	3.83
Land - Leasehold [Refer Note (a) below]	96.95	-	-	96.95	-	0.99	-	0.99	95.96	96.95
Building	378.63	50.82	2.48	426.97	146.92	20.81	1.01	166.72	260.25	231.71
Road	18.49	-	-	18.49	9.74	2.01	-	11.75	6.74	8.75
Plant & Machinery	3,917.90	201.47	19.91	4,099.46	2,618.24	343.83	14.15	2,947.92	1,151.54	1,299.66
Furniture & Fittings	36.48	-	-	36.48	25.31	3.24	-	28.55	7.93	11.17
Office equipments & Electricals	42.18	10.22	0.11	52.29	31.20	7.29	0.11	38.38	13.91	10.98
Computers & Data processing units	59.42	2.87	-	62.29	44.77	12.51	-	57.28	5.01	14.65
Vehicles	5.65	2.49	0.80	7.34	4.04	1.42	0.76	4.70	2.64	1.61
Total	**4,559.53**	**267.87**	**23.30**	**4,804.10**	**2,880.22**	**392.10**	**16.03**	**3,256.29**	**1,547.81**	**1,679.31**

NOTE 10 (B) FIXED ASSETS - INTANGIBLE

₹ in Millions

INTANGIBLE ASSETS	Cost				Amortisation				Net Block	
Particulars	As at April 1st, 2016	Additions during the Period	Deductions during the Period	As at 31st March, 2017	Upto April 1st, 2016	For the Period	On Deductions	Upto 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Others										
Software	56.24	3.86	0.00	60.10	51.69	2.53	0.00	54.22	5.88	4.55
Total	**56.24**	**3.86**	**0.00**	**60.10**	**51.69**	**2.53**	**0.00**	**54.22**	**5.88**	**4.55**

Note: -

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

NOTES forming part of the financial statements

NOTE 11 LONG-TERM LOANS AND ADVANCES

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Unsecured, considered good		
(a) Capital advances	22.65	30.92
(b) Security deposits	31.13	30.04
(c) Loans and advance to employees	1.35	3.44
(d) Supplier advances	-	10.10
(e) Balances with Government authorities	0.14	0.14
(f) Advance tax [Refere note (i) below]	-	10.25
Total	**55.27**	**84.89**

Note (i)

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Advance income tax	50.73	65.13
Less: Provision for taxation	(50.73)	(54.88)
Net	**-**	**10.25**

NOTE 12 INVENTORIES

(At lower of cost and net realisable value)

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
(a) Raw materials and components	341.19	445.07
(b) Goods-in-transit - raw material	15.61	22.49
(c) Goods-in-transit - spares	1.96	-
	358.76	**467.56**
(d) Work-in-progress (Refer note (i) below)	518.88	491.76
(e) Finished goods	54.75	75.20
(f) Stores and spares	77.44	88.06
Less: Provision for slow moving and non moving Items	(21.82)	(16.82)
	629.25	**638.20**
Total	**988.01**	**1105.76**

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

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Brakes	31.55	33.55
Casting	25.53	27.37
Drive Head	23.81	26.30
Forging	65.67	64.13
Gear & Pinion	182.90	168.89
Housing	104.46	99.88
Others	84.96	71.64
Total	**518.88**	**491.76**

NOTES forming part of the financial statements

NOTE 13 TRADE RECEIVABLES

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	27.68	15.75
Doubtful	11.78	7.30
	39.46	**23.05**
Less: Provision for doubtful trade receivables	(11.78)	(7.30)
	27.68	**15.75**
Other trade receivables		
Unsecured, considered good	2,286.28	1,964.32
Doubtful	-	-
	2,286.28	**1,964.32**
Total	**2,313.96**	**1,980.07**

NOTE 14 CASH AND BANK BALANCES

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
A. Cash and cash equivalents		
(a) Cash on hand	0.10	0.21
(b) In current accounts	348.17	0.32
Total Cash and cash equivalents	**348.27**	**0.53**
B. Other bank balances		
(a) In earmarked accounts		
- Unpaid dividend accounts	2.20	1.92
- In deposit accounts - Under lien for bank guarantee	0.07	0.07
	2.27	**1.99**
Total	**350.54**	**2.52**

NOTE 15 SHORT-TERM LOANS AND ADVANCES

Unsecured considered good unless otherwise stated

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
(a) Loans and advance to employees	6.33	7.43
(b) Prepaid expenses	14.60	18.22
(c) Balance with Government authorities	167.18	97.06
(d) Others - Advance to suppliers and others		
Unsecured, considered good- Related party	4.27	9.37
Unsecured, considered good- Others	108.34	155.02
Total	**300.72**	**287.10**

NOTES forming part of the financial statements

NOTE 16 OTHER CURRENT ASSETS

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
(a) Unbilled revenue	0.75	0.62
(b) Interest accrued on deposits	0.04	0.04
(c) Freight Receivable	0.70	0.70
(d) Receivables Others		
Sale of asset	8.36	8.36
Less: Provision for doubtful receivables	(8.36)	-
Net receivable	-	8.36
Total	**1.49**	**9.72**

NOTE 17 REVENUE FROM OPERATIONS

₹ in Millions

Sl. No. Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	₹	₹
(a) Sale of products [Refer note (i) below]	12,749.29	12,026.64
(b) Less : Excise duty	(1,296.65)	(1,198.77)
	11,452.64	**10,827.87**
(c) Other operating revenues [Refer note (ii) below]	15.71	31.80
Total	**11,468.35**	**10,859.67**

₹ in Millions

Note Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	₹	₹
(i) Sale of products comprises :		
Axle Housings	410.63	360.17
Axles	8,952.92	8,000.29
Break Assemblies	2,344.34	2,438.67
Others	1,041.40	1,227.51
Total	**12,749.29**	**12,026.64**

₹ in Millions

Note Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	₹	₹
(ii) Other operating revenue comprises :		
Tooling Income	3.97	20.79
Income from wind power generation	11.74	11.01
Total	**15.71**	**31.80**

NOTES forming part of the financial statements

NOTE 18 OTHER INCOME

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
(a)	Interest income (Refer Note (i) below)	8.87	5.95
(b)	Other non-operating income (Refer Note (ii) below)	10.95	7.41
(c)	Liabilities no longer required written back	-	2.41
Total		**19.82**	**15.77**

₹ in Millions

Note	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
(i)	**Interest income comprises:**		
a)	Interest on short term deposit	1.96	-
b)	Other interest	6.91	5.95
Total		**8.87**	**5.95**

₹ in Millions

Note	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
(ii)	**Other non-operating income comprises:**		
a)	Profit on sale of fixed assets	2.55	-
b)	Miscellaneous income	5.77	6.28
c)	Export Incentive	2.63	1.13
Total		**10.95**	**7.41**

NOTE 19.A COST OF MATERIALS CONSUMED

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March, 2017	As at 31st March, 2016
		₹	₹
(a)	Opening stock	467.56	494.97
(b)	**Add :** Purchases	8,363.37	8,050.57
		8,830.93	**8,545.54**
(c)	**Less :** Closing stock	(356.82)	(467.56)
(d)	**Less :** Scrap sales and cash discount	(265.89)	(290.32)
Total		**8,208.22**	**7,787.66**

NOTES forming part of the financial statements

₹ in Millions

Note	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
(i)	**Raw materials consumed comprises:**		
	Steel	805.40	1,142.03
	Castings	1,635.31	1,643.83
	Forgings	2,410.85	2,455.35
	Bought out finished (BOF)	2,017.58	1,814.40
	Others	1,339.08	732.05
Total		**8,208.22**	**7,787.66**

NOTE 19.B CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
	Inventories at the end of the year:		
(a)	Finished goods	56.71	75.20
(b)	Work-in-progress	518.88	491.76
	Less: Provision for slow moving and non moving Items	(21.82)	(16.82)
		553.77	**550.14**
	Inventories at the beginning of the year:		
(c)	Finished goods	75.20	67.00
(d)	Work-in-progress	491.76	508.17
	Less: Provision for slow moving and non moving Items	(16.82)	0.00
		550.14	**575.17**
Net (increase) / decrease		**(3.63)**	**25.03**

NOTE 20 EMPLOYEE BENEFITS EXPENSE

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
(a)	Salaries and wages	689.15	675.66
(b)	Contributions to provident and other funds [Refer Note 30 (I)]	59.86	55.53
(c)	Staff welfare expenses	74.07	67.03
Total		**823.08**	**798.22**

NOTE 21 FINANCE COSTS

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
(a)	Interest on term loan	-	1.88
(b)	Interest on working capital borrowings	2.92	48.45
(c)	Interest on finance lease	0.71	1.69
(d)	Interest on others	5.33	1.52
Total		**8.96**	**53.54**

NOTES forming part of the financial statements

NOTE 22 OTHER EXPENSES

₹ in Millions

Sl. No.	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
(a)	Stores & spares consumed	292.59	281.22
(b)	Power & fuel	193.61	186.78
(c)	Increase /(decrease) in excise duty	(1.09)	(0.77)
(d)	Travelling expenses	19.81	18.35
(e)	Rent including lease rentals	15.55	14.89
(f)	Repairs and maintenance - buildings	2.22	1.01
(g)	Repairs and maintenance - plant & machinery	158.86	168.43
(h)	Repairs and maintenance - others	19.09	23.27
(i)	Rates & taxes	9.75	6.81
(j)	Insurance charges	8.00	7.38
(k)	Postage, telephone & telegram	2.76	2.16
(l)	Vehicle running expenses	0.72	0.66
(m)	Directors' sitting fees	0.50	0.59
(n)	Legal and professional charges	22.00	28.47
(o)	Auditors remuneration (Refer Note (i) below)	3.41	3.76
(p)	Technical fees	76.64	84.06
(q)	Bank charges / commission	0.22	3.09
(r)	Outside processing charges	350.89	358.02
(s)	Exchange loss	0.98	6.17
(t)	Product service	1.81	3.96
(u)	Warranty (net) (Refer note 36)	45.65	32.14
(v)	Freight Charges	46.33	28.94
(w)	Loss on fixed assets sold/ scrapped/ written off	-	0.36
(x)	Provision for doubtful receivables	12.85	1.70
(y)	Provision for doubtful advances	0.98	-
(z)	CSR Expenses	6.71	4.67
(aa)	Miscellaneous expenses	27.47	24.93
Total		**1,318.31**	**1,291.05**

₹ in Millions

Note	Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
		₹	₹
(i)	**Payments to the auditors comprises (net of service tax input credit):**		
	a) For statutory audit	3.20	3.20
	b) Reimbursement of expenses	0.21	0.56
Total		**3.41**	**3.76**

NOTES forming part of the financial statements

NOTE 23. COMMITMENTS

₹ in Millions

Sl. No. Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	₹	₹
Commitments		
Estimated amount of contracts remaining to be executed and not provided for		
i) Tangible asset	116.23	120.87
ii) Intangible asset	0.65	2.10

NOTE 24. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

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

NOTE 25. FOREIGN EXCHANGE EXPOSURE :

There is no outstanding forward exchange contract as at 31st March 2017. Currency exposure as on 31st March 2017 that have not been hedged by a derivative instrument or otherwise are given below:

₹ in Millions

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	₹	Foreign Currency		₹	Foreign Currency	
Trade Payables	10.50	USD	0.15	18.47	USD	0.28
	0.25	EUR	-	2.62	EUR	0.03

NOTE 26. VALUE OF IMPORTS ON C.I.F. BASIS :

₹ in Millions

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	₹	₹
Raw Material	229.76	214.91
Consumable & Spares	34.74	7.03
Capital Goods	41.13	4.17
Total	**305.63**	**226.11**

NOTE 27. VALUE OF RAW MATERIALS, STORES & SPARES CONSUMED DURING THE YEAR :

₹ in Millions

Particulars	For the year ended 31st March 2017		For the year ended 31st March 2016	
	Consumption%	₹	Consumption %	₹
a) Raw Material				
• Imports	3%	241.70	2%	188.88
• Indigenous	97%	7,966.52	98%	7,598.78
	100%	**8,208.22**	**100%**	**7,787.66**
b) Stores & Spares				
• Imports	2%	4.60	1%	2.93
• Indigenous	98%	287.99	99%	278.29
	100%	**292.59**	**100%**	**281.22**

NOTES forming part of the financial statements

NOTE 28. EXPENDITURE IN FOREIGN CURRENCY:

₹ in Millions

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	₹	₹
Traveling expenses	1.89	0.38

NOTE 29. REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS TO NON-RESIDENT SHAREHOLDERS :

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Total number of non-resident shareholders	1	1
No. of equity shares held	5,367,275	5,367,275
Amount of dividend paid	29.52	5.37
Year to which dividend related - final dividend	2015-16	2014-15

NOTE 30. EMPLOYEE BENEFITS:

I Defined Contribution Plans:

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

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Employers' Contribution to Provident Fund Including Family Pension Fund* (Excluding Administration Charges)	38.33	35.46
Superannuation Fund*	7.24	7.39

* Included in Contribution to Provident and Other Funds (Refer Note – 20)

II Defined Benefit Plan :

Contribution to Gratuity Fund:

In accordance with Accounting Standard 15 (Revised 2005) actuarial valuation as on March 31st, 2017 was carried out in respect of the defined benefit plan of Gratuity based on the following assumptions.

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Discount Rate	6.85%	7.64%
Expected Return on Plan Assets	6.85%	8.00%
Salary Escalation Rate – Staff	5.00%	7.50%
Salary Escalation Rate – Workmen	5.00%	5.00%
Attrition Rate – Staff	12.00%	10.25%
Mortality table	India Assured lives (2006-08) Ultimate Mortality table	

NOTES forming part of the financial statements

Change in present value of obligation:

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Opening Present Value of Obligation	117.59	104.58
Current Service Cost	8.32	7.28
Interest on Defined Benefit Obligation	8.64	7.77
Benefits Paid	(9.02)	(5.83)
Net Actuarial Losses/(Gains) Recognized During the Year	8.75	3.79
Closing Present Value of Obligation	**134.28**	**117.59**

Change in fair value of assets:

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Opening Fair Value of Plan Asset	120.10	100.53
Expected Return on Plan Assets	8.33	8.49
Actuarial Gains/(Losses)	0.57	(0.09)
Contribution by Employer	12.00	17.00
Benefits Paid	(9.02)	(5.83)
Closing Fair Value of Plan Assets	**131.98**	**120.10**

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.

Net assets / (liabilities) recognised in balance sheet

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Closing Present Value of Funded Obligation	134.28	117.59
Closing Fair Value of Plan Assets	131.98	120.10
Net assets / (liabilities) recognised in balance sheet	(2.30)	-

NOTES forming part of the financial statements

Expenses recognized in statement of profit and loss :

₹ in Millions

Particulars	Gratuity	
	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	₹	₹
Service Cost	8.32	7.28
Interest Cost	8.64	7.77
Expected Return on Plan Asset	(8.33)	(8.49)
Actuarial Gains/(Losses)	8.18	3.88
Net Cost	**16.81**	**10.44**

Experience adjustments

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 30th September, 2014	As at 30th September, 2013
Present Value of Defined Benefit Obligations	134.28	117.59	104.58	94.54	78.89
Fair Value of Plan Assets	131.98	120.10	100.53	94.54	53.50
Funded Status [Surplus/ (Deficit)]	2.30	(2.51)	(4.05)	-	(25.39)
Experience Adjustment on Plan Liabilities	8.75	3.79	(1.33)	(0.08)	(0.10)
Experience Adjustment on Plan Assets	0.57	(0.09)	(2.12)	4.30	0.15

Expected payment / contribution within next one year ₹ 2.3 Million

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

III Other long term benefits - funded: Leave Salary

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Discount Rate	6.85%	7.64%
Expected Return on Plan Assets	6.85%	8.00%
Salary Escalation Rate – Staff	5.00%	7.50%
Salary Escalation Rate – Workmen	5.00%	5.00%
Attrition – Staff	12.00%	10.25%
Mortality table	India Assured lives (2006-08) Ultimate Mortality table	

NOTES forming part of the financial statements

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Leave salary		
Other current liabilities	5.65	1.30
Total	**5.65**	**1.30**

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

NOTE 31. SEGMENT REPORTING

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

NOTE 32. RELATED PARTY TRANSACTIONS :

a. List of Related Parties and Relationships

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

NOTES forming part of the financial statements

b. Transactions with Related Parties

₹ in Millions

Sl No.	Related Parties	Entities having substantial Influence	Entities over which KMP have significant influence	Enterprises under common control	Key Management Personnel	Total
Transactions during the period						
1)	**Purchase of Goods**					
	Bharat Forge Ltd, Pune		310.63 (193.37)			310.63 (193.37)
	Meritor Heavy Vehicle Systems LLC, USA	17.90 (21.64)				17.90 (21.64)
	Arvin Meritor, Brazil			- (0.02)		- (0.02)
	Arvin Meritor, Sweden			9.35 (29.29)		9.35 (29.29)
	Meritor H.V.S Cameri Spa, Italy			3.48 (11.05)		3.48 (11.05)
	Meritor Heavy Vehicle Systems LLC Maxtown			0.07 (0.04)		0.07 (0.04)
	Meritor Automotive Inc, Fletcher, USA			0.81 (0.12)		0.81 (0.12)
	Meritor LLC Florence			1.07 (0.55)		1.07 (0.55)
	Master Sistemas Automotivos Limitada			1.58 -		1.58 -
	Meritor Inc. Troy	0.21 (0.80)				0.21 (0.80)
	Meritor HVS (India) Limited, Mysuru			1.02 (1.55)		1.02 (1.55)
	Xuzhou Meritor Axle Co.Ltd., China			- (2.58)		- (2.58)
	Meritor Manufacturing de Mexico, S.A. de C.V"			0.35 -		0.35 -
	Fonderie Venissieux Sas			23.37 (16.03)		23.37 (16.03)
	Sistemas Automotrices			0.24 (0.38)		0.24 (0.38)
2)	**Sale of Goods** (including Taxes)					
	Meritor HVS (India) Limited, Mysuru			10656.70 (9871.77)		10,656.70 (9,871.77)
	Bharat Forge Ltd. Pune		0.73 -			0.73 -
3)	**Purchase of MLFPS and MEIS Licences**					
	Meritor HVS (India) Limited, Mysuru			30.20 (12.99)		30.20 (12.99)

NOTES forming part of the financial statements

b. Transactions with Related Parties

₹ in Millions

Sl No.	Related Parties	Entities having substantial Influence	Entities over which KMP have significant influence	Enterprises under common control	Key Management Personnel	Total
4)	**Services Received**					
	Bharat Forge Ltd, Pune		168.19 (144.48)			168.19 (144.48)
	Meritor HVS (India) Limited, Mysuru			78.42 (84.15)		78.42 (84.15)
	Synise Technologies Ltd		4.88 (6.69)			4.88 (6.69)
5)	**Trade Advance Received**					
	Xuzhou Meritor Axle Co.Ltd., China			- (2.70)		- (2.70)
	Meritor HVS (India) Limited, Mysuru			6.35 (5.25)		6.35 (5.25)
6)	**Other Recoveries**					
	Meritor HVS (India) Limited, Mysuru			24.94 (18.60)		24.94 (18.60)
	Bharat Forge Ltd. Pune		4.62 -			4.62 -
7)	**Trade Advances Paid**					
	Bharat Forge Ltd, Pune		4.27 (9.37)			4.27 (9.37)
8)	**Purchase of Fixed Assets**					
	Bharat Forge Ltd, Pune		4.95 (36.24)			4.95 (36.24)
	Meritor HVS (India) Limited, Mysuru			0.02 -		0.02 -
	Meritor Commercial Vehicle Systems (India) Pvt Ltd			- (0.02)		- (0.02)
9)	**Managerial Remuneration and Sitting Fee**					
	Dr. B N Kalyani				0.04 (0.06)	0.04 (0.06)
	Dr. N Muthukumar				12.73 (10.14)	12.73 (10.14)
	Mr. Ramkumar S				- (8.90)	- (8.90)
	Mr. Ranganathan S				6.17 -	6.17 -

NOTES forming part of the financial statements

b. Transactions with Related Parties

₹ in Millions

Sl No.	Related Parties	Entities having substantial Influence	Entities over which KMP have significant influence	Enterprises under common control	Key Management Personnel	Total
Amount outstanding at the balance Sheet date						
10)	**Trade receivables**					
	Meritor HVS (India) Limited. Mysuru			1988.63 (1672.40)		1988.63 (1672.40)
11)	**Trade payables**					
	Meritor HVS (India) Limited. Mysuru			13.48 (17.28)		13.48 (17.28)
	Bharat Forge Limited, Pune		119.18 (80.39)			119.18 (80.39)
	Meritor Heavy Vehicle Systems LLC, USA	0.43 (9.61)				0.43 (9.61)
	Arvin Meritor, Brazil			- (0.02)		- (0.02)
	Meritor Automotive Inc, Fletcher, USA			- (0.46)		- (0.46)
	Meritor H.V.S Cameri Spa, Italy			0.10 (0.08)		0.10 (0.08)
	Arvin Meritor, Sweden			1.44 (2.21)		1.44 (2.21)
	Meritor LLC Florance			- (0.02)		- (0.02)
	Meritor Manufacturing de Mexico, S.A. de C.V.			0.25 -		0.25 -
	Xuzhou Meritor Axle Co.Ltd, China			- (2.32)		- (2.32)
	Fonderie Venissieux			- (2.51)		- (2.51)
	Sistemas Automotrices			0.24 (0.34)		0.24 (0.34)
	Meritor Inc, Troy	0.13 (0.11)				0.13 (0.11)
12)	**Other Payables**					
	Meritor HVS (India) Limited			6.35 (15.48)		6.35 (15.48)
	Bharat Forge Limited, Pune		22.00 -			22.00 -
	Xuzhou Meritor Axle Co.Ltd, China			2.70 -		2.70 -
	Dr. N Muthukumar			0.34 -		0.34 -
	Mr. Ranganathan S			0.18 -		0.18 -

NOTES forming part of the financial statements

b. Transactions with Related Parties

₹ in Millions

Sl No.	Related Parties	Entities having substantial Influence	Entities over which KMP have significant influence	Enterprises under common control	Key Management Personnel	Total
13)	Dividend Paid					
	BF Investments Ltd, Pune	29.52 (5.37)				29.52 (5.37)
	Meritor Heavy Vehicle Systems LLC, USA	29.52 (5.37)				29.52 (5.37)

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.

NOTE 33. FINANCE LEASE

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

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Amount repayable not later than one year	-	10.66
Amount repayable later than one year and not later than five years	-	-
Amount repayable more than five years	-	-
Total	-	10.66
Less: Interest payable	-	1.69
Present value of minimum lease payments	**-**	**8.97**

NOTE 34. EARNINGS PER SHARE

₹ in Millions

Sl No	Particulars	As at 31st March, 2017	As at 31st March, 2016
		(In ₹ Except for No. Shares)	
1.	Profit after tax attributable to ordinary shareholders (₹ In Millions)	485.79	347.74
2.	Weighted average number of shares outstanding during the year	15,111,975	15,111,975
3.	Nominal value of ordinary shares (Value in Rupees)	10.00	10.00
4.	Basic and diluted earnings per ordinary share (Value in Rupees)	32.15	23.01

NOTES forming part of the financial statements

NOTE 35. DEFERRED TAX

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

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Depreciation & Amortisation	87.53	229.43
Provision for Employee Benefits & Others	(55.11)	(35.90)
	32.42	**193.53**
Net Deferred Tax Liability Relating to the Above	11.12	66.92

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.

NOTE 36. DETAILS OF PROVISIONS UNDER AS - 29 (PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS)

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Nature of expenses	Warranty	Warranty
Probable outflow estimated within	Two Year	Two Year
Liability as at beginning of the year	42.38	17.03
Amount provided during the year	45.65	40.08
Amount utilized during the year	(28.39)	(6.78)
Amount reversed during the year	-	(7.95)
Liability as on end of the year (Refer note (i) below)	59.64	42.38

Note (i)

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
With in One Year	17.10	13.10
Above One Year	42.54	29.28
Total	**59.64**	**42.38**

37. The Payment of Bonus Act has been amended with retrospective effect from April1, 2014, to enhance the, eligibility limit for payment of bonus to employees from ₹ 10,000 to ₹ 21,000 per month, and the wage ceiling from ₹ 3,500 to ₹ 7,000 per month or the minimum wage for the scheduled employment, as fixed by the Government, whichever is higher. However the Company has created the liability only for FY 2015-16 and not for FY 2014-15. The additional liability for FY 2014-15 amounts to ₹ 11.52 Million.

NOTES forming part of the financial statements

38. Disclosures in accordance with Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities

₹ in Millions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
(a) Gross amount required to be spent by the company during the year.	6.71	4.67

₹ in Millions

Particulars	In cash	Yet to be paid in cash	Total
(b) Amount spent during the year on:			
(i) Construction of Toilets at Chamundi Hills	3.37	0.30	3.68
(ii) On purposes other than (i) above	0.46	0.00	0.46

39. Disclosure of Specified Bank Notes(SBN) held and transacted during the period from 08th November 2016 to 30th December 2016 provided in the below table

₹ in Millions

Particulars	SBNs	Other denomonation notes	Total
Closing cash in hand as on 08th November 2016	0.29	0.02	0.31
(+) Permitted receipts	-	0.46	0.46
(-) Permitted payments	-	(0.44)	(0.44)
(-) Amount deposited in Banks	(0.29)	-	(0.29)
Closing cash in hand as on 30th December 2016	-	0.04	0.04

40. The Board of Directors recommended a final dividend of ₹ 8.00 per equity share for the financial year ended March 31, 2017. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company. The final dividend declared in the previous year was ₹ 5.50 per equity share.

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

Signatures to notes 1 to 41

For and on behalf of the Board of Directors

Dr. B N KALYANI
Chairman
DIN: 00089380

Dr. N MUTHUKUMAR
President
& Whole time Director
DIN: 06708535

RANGANATHAN S
Chief Financial Officer

THEJESHWINI. N
Company Secretary

Place : Pune
Date : 18th May, 2017

NOTICE OF 36TH ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting (AGM) of the Members of Automotive Axles Limited, will be held at the registered office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018, Karnataka, India on Friday, 18th August, 2017 at 12.30 p.m. (IST) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2017, including the audited Balance Sheet of the Company as at March 31, 2017 and Statement of Profit & Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.

2. To declare final dividend on equity shares at ₹ 8/- per equity share of ₹ 10/- for the year ended 31st March 2017.

3. To appoint a director in place of Dr. Narayanaswamy Muthukumar (DIN: 06708535) who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint statutory auditors and fix their remuneration.

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014,as may be applicable and pursuant to the recommendations of the Audit Committee and the Board of Directors, M/s. S R Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004), be and are hereby appointed as the statutory auditors of the Company, in place of retiring auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Bangalore (Firm Registration No.008072S), to hold office for a period of five (5) years from the conclusion of this 36th AGM until the conclusion of the 41st AGM, subject to ratification of their appointment by the members in every AGM held after this AGM at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company."

By Order of the Board of Directors
For Automotive Axles Limited

Place: Pune
Date: 18th May, 2017

Dr. N Muthukumar
President & Wholetime Director

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

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

Notes:

1. **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/ herself and proxy need not be a member of the company.**

2. 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.

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

4. The register of Members and Share Transfer Books will remain closed from 16th August, 2017 to 18th August, 2017 (both days inclusive) for determining the names of the members eligible for final dividend on equity shares, if declared at the meeting.

5. Dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid to the members whose names appear –

   i) As beneficial owners of the shares as per list to be furnished by the depositories in respect of the shares held in demat form on the closing hours of the business on Tuesday, 15th August, 2017 and

   ii) As Members on the Register of Members of the Company as on Tuesday, 15th August, 2017 after giving effect to all valid shares transfer in physical form which would be received by the Company end of the business hours on Tuesday, 15th August, 2017.

6. Members holding shares in dematerialized 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.

7. Green initiative in Corporate Governance:
   The Ministry of Corporate Affairs has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its Members. To support this green initiative of the Government in full measure, Members who have not registered their e-mail addresses so far, including change, if any, are requested to register their e-mail addresses immediately, in respect of electronic holdings with the Depository through their concerned Depository Participants and Members who hold shares in physical form with the Company at it's e-mail address sec@autoaxle.com or at its Registered Office at Secretarial Department, Hootagalli Industrial Area, Mysuru, Karnataka-570018.

8. The members are requested to note that the Notice of AGM alongwith the annual report for the year 2016-17 is being sent via Speed Post/Registered Post and by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. However, it may also be noted that the Company, shall send the Annual reports/ communications from the year 2017-18 and onwards using any of the modes prescribed under the law, including the electronic mode.

9. 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.

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 ('IEPF') of the Central Government, pursuant to section 124 of the Companies Act, 2013, 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 from the Company. The members may also note that as per the new provisions, the shares on which dividend remains unclaimed for a continuous period of 7 years, shall also be transferred to IEPF.

Year	Particulars	Date of Declaration	Due date of Transfer
2009-10	85% Dividend	21-Jan-2011	20-Feb-2018
2010-11	100% Dividend	17-Jan-2012	16-Feb-2019
2011-12	100% Dividend	06-Feb-2013	07-Mar-2020
2012-13	20% Dividend	10-Feb-2014	11-Mar-2021
2013-14	25% Dividend	05-Feb-2015	06-Mar-2022
2014-15	10% Dividend	05-Aug-2015	06-Aug-2022
2015-16	55% Dividend	12-Aug-2016	13-Aug-2023

11. The Members are requested to present the duly filled Attendance slips before the commencement of the Meeting to facilitate identification of Membership at 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. Members may also note that the Notice of the 36th Annual General Meeting and the Annual Report for 2017 will also be available on the Company's website www.autoaxle.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mysuru for inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's investor email id: sec@autoaxle.com.

15. Road map showing directions to reach the venue of the AGM is given at the end of this Notice.

16. Voting through electronic means

    In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 36th AGM by electronic means and the business that may be transacted through e-Voting Services. The facility of casting the votes by members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') shall be provided by Central Depository Services (India) Limited (CDSL):

    The instructions for shareholder voting electronically are as under:

    i. The voting period begins on Tuesday, 15th August, 2017 (9.00 A.M) and ends on Thursday, 17th August, 2017 (5.00 P.M). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 11th August, 2017 may cast their vote electronically. The e-voting module shall be blocked forthwith by CDSL at the end of the voting period mentioned above.

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

    iii. Click on Shareholders.

    iv. Enter your User ID

        a. For CDSL: 16 digits beneficiary ID,

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

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

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

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

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

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

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

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

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

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

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

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

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

xi. Click on the EVSN for AUTOMOTIVE AXLES LIMITED

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

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

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

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

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

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

xviii. Note for Non–Individual Shareholders and Custodians :

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

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

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

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

e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have

issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

xx. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, 11th August, 2017.

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

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

xxiii. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

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

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

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

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

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

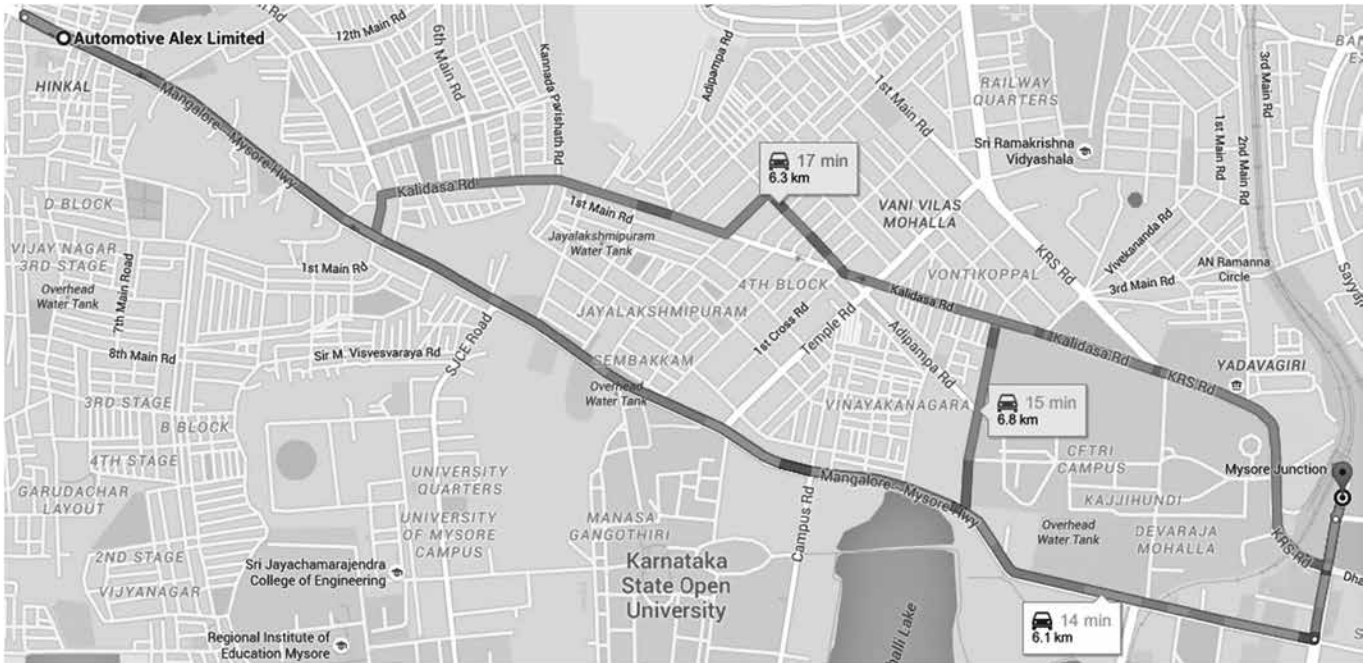
By Order of the Board of Directors
For Automotive Axles Limited

Dr. N Muthukumar
President & Wholetime Director

Place: Pune
Date: 18th May, 2017

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

Route Map for the AGM Venue: Landmark – Hotel Silent Shores



NOTES

NOTES

OUR CSR INITIATIVES

Public Convenience Facility at Chamundi Hill

- Taking active part in Shri. Narendra Modi's (Prime Minister of India) Swach Bharat Abhiyan, your Company in association with Confederation of Indian Industry (CII) has constructed Eco friendly public convenience facility at Chamundi Hills, Mysuru, which was inaugurated by Shri. Siddaramaiah, Hon'ble Chief Minister of Karnataka on October 1, 2016.

- The building has been certified as 'Green Building' and first of its kind of public convenience facility in India.

- Facilities: Rain water harvesting system, LED lighting for energy conservation, drinking water, public toilet with accessibility to physically challenged & childcare, etc.

Students during their Library Session

Automotive Axles Limited

If undelivered please return to

Automotive Axles Limited
Hootagalli Industrial Area
Mysuru – 570 018
Karnataka
www.autoaxle.com

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