

# Growth and Sustainability

Through Technology and Teamwork



40<sup>th</sup>  
Annual Report  
2020-21



Automotive Axles Limited



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# Corporate Information

## Board of Directors

Dr. Babasaheb N Kalyani, Chairman  
Mr. Chrisan Anton Sebastian  
Villavarayan, Director  
(Ceased w.e.f. 14.05.2021)  
Mr. Kenneth James Hogan, Director  
(Appointed w.e.f. 14.05.2021)  
Mr. Bhalachandra B Hattarki,  
Independent Director  
Mr. B C Prabhakar, Independent Director  
Mr. Rakesh Kalra, Independent Director  
Dr. Shalini Sarin Independent Director  
Mr. Srinivasan Kumaradevan, President  
& Whole-time Director

## Bankers

HDFC Bank Limited  
Kotak Mahindra Bank  
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, Malleshwaram  
Bangalore – 560 003  
Ph: 080-23460815-818;  
E-mail: irg@integratedindia.in  
\* RTA: Earlier name: Integrated  
Enterprises (India) Limited

## Key Managerial Personnel

Mr. Srinivasan Kumaradevan,  
President & Whole-time Director  
  
Mr. Ranganathan S, Chief Financial  
Officer  
  
Mr. Debadas Panda, Company Secretary

## Statutory Auditors

S R Batliboi & Associates LLP, Bengaluru

## Internal Auditors

PriceWaterhouse Coopers Services LLP,  
Bengaluru

## Registered Office

Hootagalli Industrial Area, Off Hunsur  
Road,  
Mysuru, Karnataka - 570 018  
Ph: 0821-7197500  
Website: www.autoaxle.com  
Email: sec@autoaxle.com

## Works

### 1. Mysuru

Hootagalli Industrial Area,  
Off Hunsur Road, Mysore,  
Karnataka – 570 018

### 2. Rudrapur

Plot No. 3, ITBT Park, SIIDCUL  
- IEE, Pant Nagar, (NH-4), Dist.  
Udham Singh Nagar,  
Uttarakhand - 263 150

### 3. Jamshedpur

Old Khakripara,  
Village & Post – Chhota Govindpur,  
Jamshedpur, Dist. E. Singhbhum,  
Jharkhand – 831 015

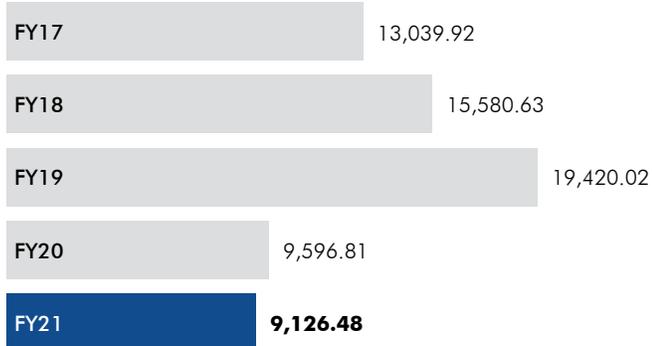
### 4. Hosur

Plot No 39,  
Sipcot Industrial Area, LAS Phase-I,  
Mookandapalli, Hosur,  
Tamilnadu, 635 126

# Key Performance Indicator

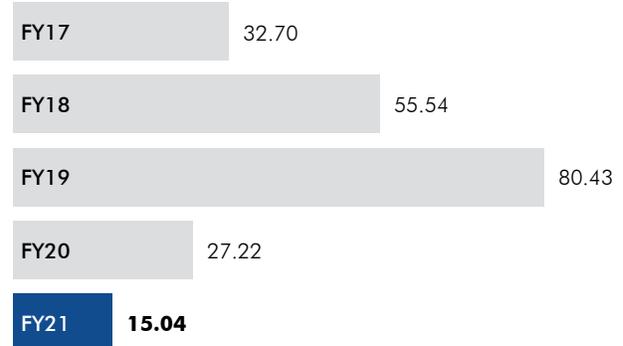
## TOTAL REVENUE

(₹ in mn)



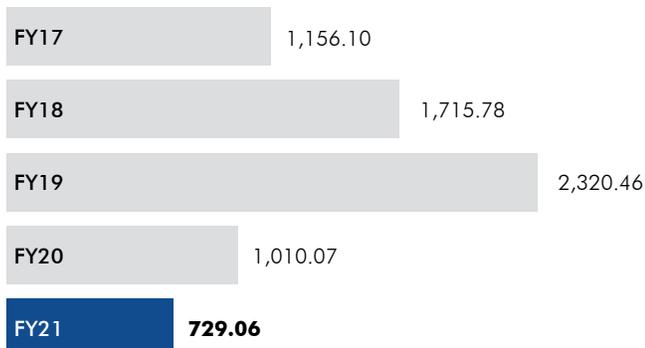
## EPS

(₹)



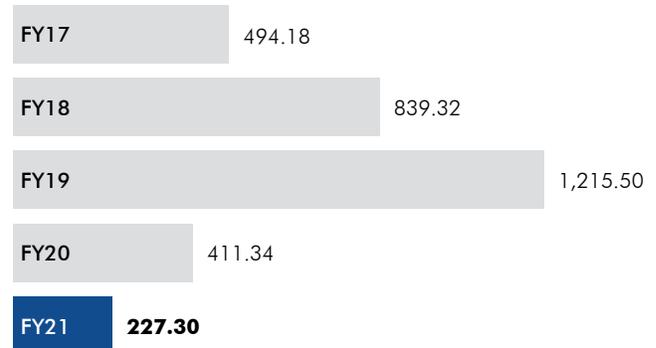
## EBITDA

(₹ in mn)



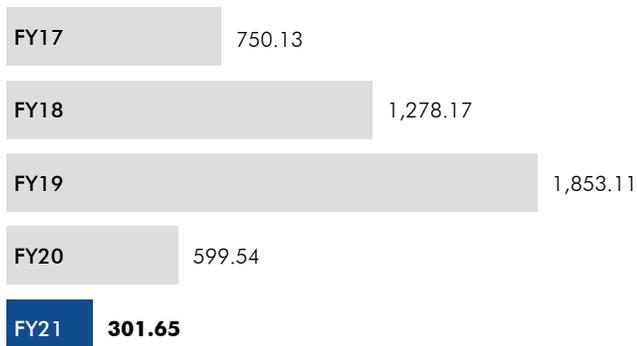
## PAT

(₹ in mn)



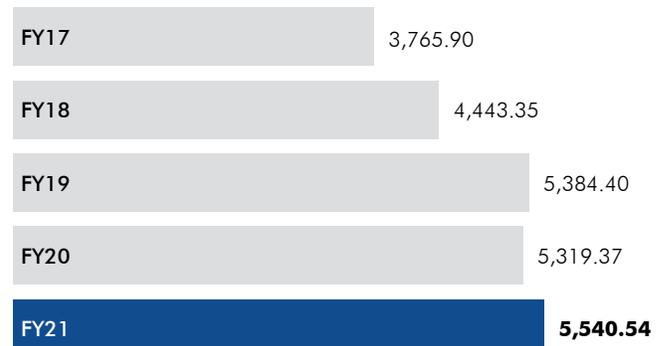
## PBT

(₹ in mn)



## NETWORTH

(₹ in mn)



# Chairman's Message

## Dear Shareholders,

We are in the middle of a once-in-a-lifetime crisis. The COVID-19 pandemic, which has impacted every aspect of human life in the past 15 months, continues to pose significant challenges to the physical, economic as well as emotional well-being of people across the globe. That said, the way the frontline workers, especially those in healthcare, have served humanity, it has few parallels in history. I take this opportunity to appreciate this great service that goes beyond the call of duty.

## Macroeconomic environment

Due to the pandemic-induced disruptions, both developed and developing economies recorded de-growth during FY 2020-21, with China being the only exception.

In India, prompt response from the government and the Reserve Bank of India led to better outcomes, after the economy contracted significantly in the first two quarters. With strong fiscal and monetary policy support totalling around ₹30 trillion, the Indian economy returned to a positive growth trajectory in the third quarter, aided by strong pent-up demand, the impending festive season, and the discovery of vaccines. However, a more intense second wave at the end of the fourth quarter delayed the revival timeline, with the imposition of localised lockdowns.

## Industry landscape

India's automobile sector had been witnessing a slowdown before the pandemic related restrictions brought it to a near standstill. However, the industry recorded a sharp recovery as soon as economic activities resumed in June 2020 and exited FY 2020-21 with total sales of 18.62 million units. However, the auto components industry is likely to witness ~6-8% decline primarily due to subdued domestic as well as exports demand from Original Equipment Manufacturers (OEM) and the replacement market.

## Our performance

We recorded revenues of ₹912.65 crore and EBITDA of ₹72.91 crore, with strong revival in sales in the second half, offset by the extremely weak demand scenario in the Commercial Vehicle (CV) industry, as OEMs remain cautious in ramping up BS-VI production. The Medium & Heavy Commercial Vehicle market was down 21%. However, we performed better than the industry due to market share gains and introduction of new value-added products.

## Incorporating latest technologies

We focused on the adoption and implementation of Industry 4.0 technology, and our new CNC gear line enabled us to match global manufacturing standards. During the year, we successfully transitioned to make our products compliant with BSVI norms, implementing all changes required by our customers and embarked on a journey to implement Total Productive Maintenance (TPM).

During the year under review, we installed specific CNC equipment in the production line to meet new models and variants with an emphasis on improving productivity and responding quickly to the volatile volume and variant demand. We also changed our plant layouts significantly to create flexibility in our lines by adopting single piece flow and cell concepts in the shop floor. This enabled us to shorten production timelines substantially. This not only enhanced productivity, but also improved our cost competitiveness.

We completed the ISO: 45001:2018 Surveillance Audit successfully, and also received the ISO 14001:2015 Environment Management System certification.

## Safety and business continuity amid pandemic

We took numerous measures to ensure a safe and healthy work environment for our people amid a raging pandemic. We also conducted awareness programmes on prevention and COVID-appropriate behaviour for all our employees.

Our dedicated inhouse medical team engaged continuously with our employees, providing medical support, counselling and other medical services. Further, we have undertaken a vaccination drive; 95% of our employees has been inoculated to date. Given the second wave of COVID-19 and the emergence of mutated variants, we are maintaining all our COVID-19 safety protocols at all levels across the organisation.

### Community commitments

We see our people and communities as intrinsically linked to our business and progress; and therefore, work towards enabling both through multi-lateral activities that build competencies and empower them. During the year under review, our CSR initiatives were more focused on containing the spread of COVID-19, and ensuring the safety and well-being of our communities. We donated a 'Lab Built on Wheels' to the Government of Karnataka, which will facilitate the delivery of diagnostic services to the remotest locations. We also promised a second one in FY 2021-22. The lab meets all safety standards of a BSL2/3 laboratory and is a first of its kind in the country.

We joined hands with the district administration of Mysuru, along with Asha Kirana Hospital and Gopal Gowda Shanthaveri Memorial Hospital, to set up Meritor Kalyani Care in Princess Krishnajammanni Super Speciality Hospital, Mysuru. The existing structure has been transformed to an ultra-modern ICU with oxygenated beds. The unit was set up and opened to public in record 18 days. We also installed an oxygen generator.

### Looking ahead

As we move deeper into FY 2021-22, we expected 15-20% growth in volume and revenue as compared to the previous year. Even though the second wave has thrown several challenges, I am confident that our New Product Development (NPD) for various platforms would act as a strong foundation to propel our growth going forward.



**We recorded revenues of ₹912.65 crore and EBITDA of ₹72.91 crore, with strong revival in sales in the second half, offset by the extremely weak demand scenario in the Commercial Vehicle (CV) industry, as OEMs remain cautious in ramping up BS-VI production.**



We are focusing on optimising our resources and reducing cost through lean manufacturing processes such as Total Productive Maintenance (TPM). We will continue to grow our market share by offering more reliable and higher quality products to our customers, using cutting-edge technologies and equipment for both housing line balancing and gear manufacturing.

On behalf of the Board and the leadership team, I would like to thank our customers, suppliers, governments for their continued support. I would also like to specially thank our people for their tenacity, resilience and endeavours, helping us navigate through these testing times.

Warm regards,

**Dr. B N Kalyani**  
Chairman

# Board's Report

## To the Members,

Your Directors have the pleasure in presenting the 40th Annual Report on the business and operations of your Company together with the Audited Statements of Accounts for the financial period ended March 31, 2021:

## Financial Highlights

Particulars	(₹ in million)	
	2020-2021	2019-2020
Total Revenue	9,126.48	9,596.81
Profit before depreciation & tax	661.68	971.76
Less : Depreciation and amortization expenses	360.03	372.22
Tax expenses	74.35	188.20
Profit for the year after tax	227.30	411.34
Other comprehensive income/(Loss) for the year, net of tax	5.96	(5.04)
Total comprehensive income for the year	233.26	406.30
Balance of Profit from Previous Year	4,593.84	4,658.87
Less: Dividend	12.08	385.36
Dividend Distribution tax on Dividend	-	79.21
Effect of adoption of Ind AS 116 (net of taxes)	-	6.76
Profit available for appropriation	<b>4,815.02</b>	<b>4,593.84</b>

## Dividend

The Board, at its meeting held on May 14, 2021, is pleased to recommend a dividend of ₹ 4.50/- per Equity Share of the face value of ₹10/- each for the financial year ended March 31, 2021 subject to the approval of shareholders at the ensuing Annual General Meeting to be held on Tuesday, August 10, 2021.

The total amount of Dividend aggregates to ₹68 million.

The register of members and share transfer books will remain closed from August 5, 2021 to August 10, 2021 (both days inclusive) for the payment of final dividend to the shareholders of the Company, for the year ended on March 31, 2021.

The Dividend will be paid to members within 30 days from the date of declaration of dividend whose names appear in the Register of Members as on August 4, 2021.

## Transfer of unpaid or unclaimed amount to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Companies Act, 2013, the declared dividends, which remained unpaid or unclaimed for a period of seven years, shall be transferred by the

Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, shall be transferred by the Company to the IEPF.

Accordingly, the Company has sent notice to the respective shareholders who have not claimed their dividend for seven consecutive years or more and the newspaper advertisement stating the same has been published in the newspapers.

In terms of the provisions of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 a sum of ₹1,17,150/- which is unpaid/unclaimed dividends pertaining to the FY 2012-13 was transferred to the Investor Education and Protection Fund during the year.

The list of equity shareholders whose shares are transferred to IEPF can be accessed on the website of the Company at below mentioned link: [www.autoaxle.com/Annual\\_reports.aspx](http://www.autoaxle.com/Annual_reports.aspx) under the head IEPF Transfers

## Performance of the Company

The total income for the financial year under review was ₹9,126.48 million as against ₹ 9,596.81 million for the previous financial year. The Profit before tax (PBT) was ₹301.65 million for the financial year under review, as against ₹ 599.54 million for the previous financial year.

## Share Capital

The paid up Equity Share Capital as on March 31, 2021 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

The company has not proposed any amount to be transferred to the General Reserve.

## 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, 2021 there were seven (7) Directors on the Board of your Company, consisting of four (4) Independent Directors, one (1) Executive Director and two (2) Non-Executive Directors of whom one is the Chairman.

There were no changes in the Board during the year, except for the ratification of the appointment of Mr. Srinivasan Kumaradevan, as a Wholetime Director for a period of 5 years with effect from August 14, 2019.

However, after the closure of the financial year, Mr. Kenneth James Hogan (DIN: 0009161738) was appointed as an Additional Director of the Board based on nomination received from the Meritor Heavy Vehicle System LLC, one of the promoters, and also on the recommendation of Nomination & Remuneration Committee of the Company, in place of Mr. Chrishan Anton Sebastian Villavarayan (DIN: 03020467) who resigned from the Board, with effect from May 14, 2021. The Board places its appreciation for Mr. Chrishan Anton Sebastian Villavarayan's valuable contributions during his tenure. Mr. Hogan holds the office upto the ensuing Annual General meeting and his appointment is being sought to be regularised at the ensuing Annual General Meeting.

In terms of the provisions of the Companies Act, 2013, Dr. B. N. Kalyani of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

## 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.

Further the names of the Independent Directors of the Company have been included in the Data bank maintained by the Indian Institute of Corporate Affairs of Independent directors as per the provisions of the Companies Act 2013 and the rules made thereunder.

## 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 2020-21, Independent Directors met on February 5, 2021, 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.
- The Nomination and Remuneration Committee is responsible for the formulation of criteria for evaluation.

## Familiarization program 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 presentations 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/Corporate.aspx](http://www.autoaxle.com/Corporate.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, 2021, 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, 2021 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;

- (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. SR Batliboi & Associates LLP, Chartered Accountants [Firm Registration No.: 101049W/E300004] is holding the position of Statutory Auditor of the Company.

The Auditors' Report does not contain any qualification, reservation or adverse remarks.

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

### b. Internal Auditor

On recommendation of the Audit Committee Board of Directors approved the re-appointment of M/s PriceWaterhouse Coopers Services LLP as Internal Auditors of the Company for the Financial Year 2021-22.

### 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 2020-21.

The Secretarial Audit Report for the financial year ended March 31, 2021 in form MR-3 is appended to this report under **Annexure – A**

### Explanation for observations made under Secretarial Audit Report:

One of our employees has traded 100 number of shares during the trading window closure period during March 31, 2020 to May 28, 2020, which is not material and made inadvertently and has been reported to Sock Exchanges on May 7, 2021. Going forward we will strengthen our reporting mechanism.

## 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 believes 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 and Disclosure Requirements) 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 CS. Pracheta M., 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 and 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 prescribed 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**.

## Annual Return 2020-21

The copy of Annual Return for the financial year ending March 31, 2021 is available at [http://www.autoaxle.com/Annual\\_Return.aspx](http://www.autoaxle.com/Annual_Return.aspx).

## 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, 2021, the Board consist of seven members, one of whom is executive or whole-time director, two are non executive directors and four are independent directors out of whom one is an Independent Woman Director.

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Act and Listing Regulations. The Policy is designed to guide the Board in relation to appointment and removal of directors, Key Managerial Personnel and Senior Management and recommend to the Board on remuneration payable to them. Policy enables the Company to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The current policy is available on Company's website at [www.autoaxle.com/Investor\\_Policy.aspx](http://www.autoaxle.com/Investor_Policy.aspx).

## 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 shareholders' approval at their 37th Annual General Meeting held on August 13, 2018 for transaction value annually of ₹ 30,000 million p.a for a period of five (5) financial years starting from April 1, 2019.

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 review on a quarterly basis.

In accordance with the requirements of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 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](http://www.autoaxle.com/Policy.aspx).

Related Party disclosures as per Indian Accounting Standards (Ind AS) -24 have been provided in Note No. 37 to the financial statement.

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

## 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 ₹ 7.99 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 – E**.

## 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.

### Business Responsibility Report

A detailed Business Responsibility Report in terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available as a separate section in 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 premises 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. The Company has also constituted Internal Committee, as required under the said enactment. 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 or 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, 2021 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 is no change in the nature of business of your Company.

### Secretarial Standards:

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

### Awards and Recognition

During FY 2020-21, your company received recognitions from the following bodies/customers as listed below:

1. The Machinist Super Shop Floor Award-2020 received during November 2020.
2. Got certified by Union of Japanese Scientists & Engineers (JUSE) through Quality Circle Forum of India (QCFI) for Implementing best 5S practices & re-certified by QCFI & JUSE in November 2020
3. Bagged Twenty-Two Gold Awards during CII Mysuru Chapter Convention on Quality Concept Kaizens competition (CCQC-2020) in September 2020
4. Won 04 Excellence and 01 Par Excellence award in NCQC-2020 Allied Case Study Presentation competition during National Convention on Allied Concepts held during December 2020
5. Bagged Silver Award in Challengers Trophy competition held by Confederation of Indian Industry (CII) as a further part of 37th CII Kaizen Competition during November 2020
6. Bagged 2 Silver Awards in 6th Annual 6-Sigma Competition conducted by National Institution of Quality & Reliability December 2020.

### Maintenance of Cost records

The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and

accordingly such accounts and records are made and maintained.

### **Other Disclosure**

Your company has not made any application, nor any proceeding is pending against the company under the Insolvency and Bankruptcy Code, 2016 during the year under review.

As the company has not made any one-time settlement with any banks or financial institution during the year under review, Rule (8) subrule (4) clause (xii) of Companies (Accounts) Rules, 2014 is not applicable.

### **Acknowledgements**

Your Directors wish to convey their gratitude and place on record their appreciation for 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

**B. N. Kalyani**  
Chairman

Place: Pune

Date: May 14, 2021

# Annexure to Directors' Report

## Annexure - A

### Form No. MR-3 SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2021  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014]

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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's 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 2021 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 2021 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 (Share Based Employee Benefits), 2014; Not applicable since no share based employee benefits 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, subject to the following observation:

One designated person has sold 100 number of equity shares during trading window closure period [i.e. on 8th

April, 2020 (50 number of shares) & 9th April, 20 (50 number of shares)] for which company reported on 7th May, 2021 to the Stock Exchanges.

#### **I further report that**

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

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

Based on the management representation, I report that the 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.

For Pracheta and Associates  
Company Secretaries

**Pracheta. M**

Proprietrix

FCS No.: F9323

C.P.No.9838

UDIN: F009323C000288844

Place: Mysuru

Date: May 14, 2021

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,  
The Members of  
Automotive Axles Limited

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

1. The maintenance of Secretarial records is the responsibility of the management of the Company. Further, the Company is also responsible for devising proper systems and processes to ensure the compliance of the various statutory requirements and Governance systems.
2. It is the responsibility of the management of the Company to ensure that the systems and processes devised are operating effectively and efficiently.
3. My responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records, based on audit. The audit was conducted in accordance with the Standards voluntarily. These standards require me to comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.
4. I would also like to mention that due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
5. 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.
6. 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.
7. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
8. 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.
9. 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.

For Pracheta and Associates  
Company Secretaries

**Pracheta. M**

Proprietrix

FCS No.: F9323

C.P.No.9838

UDIN: F009323C000288844

Place: Mysuru

Date: May 14, 2021

**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	<ol style="list-style-type: none"> <li>1. Installation of Variable Frequency Drive (VFD) for high rated motor across the plant</li> <li>2. Installation of VFD panel for Housing line cooling Tower</li> <li>3. Single loading transformer during holidays &amp; non – working days</li> <li>4. Installation and commissioning of Inverter type Eco friendly air conditioners</li> <li>5. Replacing 400W focus lamp with 120W LED lamp for Peripheral area to reduce Power Consumption with standard illumination.</li> <li>6. Online monitoring and management (vigilant) system</li> <li>7. Installation of high Volume low speed (HVLS) Fan for shop floor</li> <li>8. Installation of Insulated gate bipolar transistor (IGBT) based static voltage current resistance (VAR) correction panel resulting in avoid 5 % power transmission loss and improved quality of power.</li> <li>9. 2 lamp one switch control for shop floor Lighting – to reduce needless load</li> <li>10. Installation &amp; Commissioning of new Power Control cubicle panel for Line wise distribution</li> <li>11. Installation and commissioning of 150W induction lamp for new shed</li> <li>12. LED light fixture for Office area</li> <li>13. Installation of VFD panel for Heat treatment cooling Tower</li> <li>14. EHT Transmission line (66/11kV) extending to VMI area to avoid frequent interruption.</li> <li>15. EHT Transmission line (66/11kV) extending to R &amp; D Block to avoid frequent interruption.</li> <li>16. Installation of Variable Refrigerant Flow type Air conditioners for office block.</li> <li>17. Multi speed option for shot blast machine thro Programmable Logic Controller &amp; Human – Machine interfacing.</li> </ol>
(b) The steps taken by the company for utilizing alternate sources of energy	<ol style="list-style-type: none"> <li>1. Green Power Purchase under Group captive mechanism</li> <li>2. Perpetuation of Power purchase through Indian energy exchange</li> <li>3. Installation of Auto Power Factor Correction Relay Panel (APFCR) panel for Power Factor Improvement across the plant</li> <li>4. Installation of 120W LED lights for peripheral area to reduce energy and improve life</li> <li>5. Installation of LED lights for shop office area in place of Compact Fluorescent lamps to reduce energy and improve life</li> <li>6. Installation of Variable Frequency Drive (VFD) panel for Heat treatment cooling Tower</li> <li>7. Endo gas generator</li> <li>8. Air Compressor Automation for reduction of power Consumption</li> <li>9. Installation Compressor &amp; Blower settings optimized using Six Sigma methodology</li> <li>10. Installation of VRF type Air conditioners for office block</li> </ol>

	<p>11. Installation of HVLS fan for assembly area  12. New project &amp; layout modification works  13. Elimination of Electrical heaters in washing machines by solar hot water.</p>
(c) The Capital investment on energy conservation equipment's	Your Company made capital investments amounting to ₹7.90 Mn approximately during the financial year 2020-21 on energy conservation equipment.

## B. Technology absorption:

1 The efforts made towards technology absorption:	<ul style="list-style-type: none"> <li>• Production release of weight optimized axle MS160 EVO starting Feb 2021.</li> <li>• Design Development of light duty hub reduction axle. Rig level design validation plan is in progress</li> <li>• Production release of MT15I &amp; MS15I design starting Feb 2021 for enhanced.</li> <li>• Design Development of high capability axle MS177 is completed for vehicles with axle load increase launches.</li> <li>• Production release of axle, starting March 2021 for 55T has been initiated.</li> <li>• Telematics &amp; Connectivity R&amp;D development work</li> <li>• Brake noise data acquisition and data analysis, FEA and resolution.</li> <li>• Concepts evaluation for brake liner wear indication</li> <li>• Optimal design release for rated load application</li> <li>• MT846 release for surface tipper application</li> <li>• Development of both single and tandem axles for electric propulsion adapted for various class of vehicles including passenger and construction tippers.</li> </ul>
2. The benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> <li>• Productivity enhancement through gear design optimization.</li> <li>• Brake development with application specific liner grades.</li> <li>• Alternatively designed and processed air chamber mount brackets for brake.</li> <li>• Weight optimized front Spider by ~10%</li> <li>• Brake shoe weight optimization by thickness reduction</li> <li>• Brake variants developed for EV application</li> </ul>
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	₹ 99.22 million [includes remittance of final dividend for the FY 2019-20]
Earned	Nil, as all the sales for export are routed through Meritor HVS (India) Ltd., Mysuru

For and on behalf of the Board of Directors

**B. N. Kalyani**  
Chairman

Place : Pune  
Date : May 14, 2021

**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 each Director to the median remuneration of the employees of the company for the financial year;	Refer below table
(ii) the percentage increase in remuneration of: (a) Director (b) Chief Financial Officer (c) Company Secretary	Refer below table 0% 0%
(iii) the percentage increase in the median remuneration of employees in the financial year	2.18%
(iv) the number of permanent employees on the rolls of company as on March 31, 2021;	1,011
(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. 2020-21 was 5% whereas the increase in the managerial remuneration for 2020-21 was 0%.

It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

**Ratio of Remuneration of each Director to the Median remuneration of the Employees of the Company**

Sl. No.	Name of the Director	Designation	Ratio of remuneration of each Director to the median remuneration of the employees of the Company	% Increase /(decrease) in the remuneration*
1	Dr. B N Kalyani	Chairman, Non – Executive Director	0.34:1	0%
2	Mr. B B Hattarki	Independent Director	0.68:1	0%
3	Mr. B C Prabhakar	Independent Director	0.68:1	14%
4	Mr. Rakesh Kalra	Independent Director	0.68:1	33%
5	Dr. Shalini Sarin	Independent Director	0.26:1	(25%)
6	Mr. Srinivasan Kumaradevan	Whole Time Director	15.24:1	39%

\*Note:

Percentage increase in the remuneration i.e (sitting fees) of Directors, apart from Mr. Srinivasan Kumaradevan has been arrived by comparing the actual sitting fee paid during the last Financial Year.

**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 (In ₹)	Qualification	Experience (years)	Date of employment	Last employment	Related to any Director
1	Kumaradevan Srinivasan	54	President & Whole Time Director	89,37,437	BE (Mech), MS	32	6-Jun-19	L&T Valves Limited	No
2	Ranganathan S	54	Chief Financial Officer	73,21,324	B.com, CA, Cost & Works Accountancy	27	6-May-15	Circor Flow Technologies India Pvt Ltd	No

Sl No	Name	Age	Designation	Remuneration (In ₹)	Qualification	Experience (years)	Date of employment	Last employment	Related to any Director
3	Shivakumar R	58	Vice President	53,65,806	BE (Mech), MS (Engineering Business Management)	36	4-Jan-85	NA	No
4	Muraleekrishnan V	52	GM- Sales administration, Customer Support & MPS	42,65,683	B. Tech, M. Tech	26	13-Oct-08	M & M	No
5	Satish K S	56	GM - Quality, Service & Metallurgy	39,30,734	Dip (Mech), PGDMS (Warwick)	32	22-Nov-00	Gleason Works India Pvt Ltd	No
6	Abdul Kareem	55	GM – Brakes, Speciality Axles & JSR, PNR Plants	30,91,758	Dip (Mech)	34	17-Jan-87	NA	No
7	Manjunatha S	60	DGM - ER/IR	30,21,671	MSW, LLB	34	3-Sep-12	BOSCH Ltd	No
8	C N S Srinivas	47	AGM - Customer Contact Zero KM & Field Service	23,48,783	Dip (Automobile Engineering), BA, MBA	27	2-May-13	Casper Industries pvt ltd	No
9	Dhiraj Banerjee	47	AGM - Gear Manufacturing	27,72,328	B Tech (Mech), PGDBA (Operations - Distance)	20	18-Dec-17	Gleason Works India Pvt Ltd	No
10	Rama Kantha Rao Bonda	43	AGM - Assembly (Plant 1 & NX)	27,82,826	Dip (Mech), B Tech (Mech), PG course in Tool, Die & Mould Design	18	10-May-18	Tata Motors Ltd, Jamshedpur	No

## Notes:

1. The nature of the employment is permanent and the terms of remuneration in the case of President and Wholetime Director is governed under the Board's and members' resolution.
2. None of the above employee hold any shares in the Company except Mr. Ranganathan S who holds 102 no. of shares as on 31st March, 2021.
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 : May 14, 2021

**B. N. Kalyani**  
Chairman

**ANNEXURE – D****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 finished goods, Availing technical service, Payment of Rent
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 ₹ 30,000 million for a period of five (5) years Starting from April 1, 2019
e. Date(s) of approval by the Board, if any:	May 8, 2018 and approved by shareholders in the Annual General Meeting held on August 13, 2018
f. Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors

Place : Pune

Date : May 14, 2021

**B. N. Kalyani**

Chairman

## Annexure – E

### Annual Report on CSR Activities

#### 1. Brief outline on CSR Policy of the Company.

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 has 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 concentrate towards the holistic development of the individual and the society as a whole.

#### 2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. B C Prabhakar	Chairman Independent Director	3	3
2	Dr. Shalini Sarin	Member Non-Executive, Independent Director	3	3
3	Mr. Srinivasan Kumaradevan	Member Wholetime Director	3	3

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [http://autoaxle.com/corporate\\_social\\_responsibility.aspx](http://autoaxle.com/corporate_social_responsibility.aspx)
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1			Not Applicable

- Average net profit of the company as per section 135(5): ₹ 1,248.85 million
- Two percent of average net profit of the company as per section 135(5): ₹ 24.98 million
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : Nil
  - Amount required to be set off for the financial year, if any: NIL
  - Total CSR obligation for the financial year (7a+7b-7c): ₹ 24.98 million
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ in million)	Amount Unspent (Rupees in million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount.	Date of transfer.
7.99	16.99	29. 04. 2021	N.A.	N.A.	N.A.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project.		(6) Project duration.	(7) Amount allocated for the project (₹ in million)	(8) Amount spent in the current financial Year (₹ in million)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in million)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
1.	Activities related to COVID-19	Promoting Health	Yes	Mysuru,	Karnataka	3 Years	16.99	Nil	16.99	Direct	N.A.	N.A.
<b>Total</b>							16.99	16.99				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/ No).	(5) Location of the project.		(6) Amount spent for the project (₹ in million).	(7) Amount allocated for the project (₹ in million)	(8) Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number.
1.	COVID Relief Expenses	Disaster management, including relief, rehabilitation and reconstruction activities	Yes	Mysuru,	Karnataka	0.06	Direct	N.A.	N.A.
2.	Donated TV for fire department	Skill development	Yes	Mysuru,	Karnataka	0.03	Direct	N.A.	N.A.
3.	Lab built on wheel	Promoting health care including preventive health care	Yes	Mysuru,	Karnataka	7.90	Direct	N.A.	N.A.
<b>Total</b>						7.99			

(d) Amount spent in Administrative Overheads : Nil

- (e) Amount spent on Impact Assessment, if applicable : Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 7.99 million
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	N.A.
(ii)	Total amount spent for the Financial Year	N.A.
(iii)	Excess amount spent for the financial year [(ii)-(i)]	N.A.
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	N.A.
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	N.A.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

(1) Sl. No.	(2) Preceding Financial Year.	(3) Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	(4) Amount spent in the reporting Financial Year (in ₹).	(5) Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			(6) Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2017-18	N.A.	Nil	N.A.	N.A.	N.A.	N.A.
2.	2018-19	N.A.	Nil	N.A.	N.A.	N.A.	N.A.
3.	2019-20	N.A.	Nil	N.A.	N.A.	N.A.	N.A.
	<b>Total</b>	N.A.	Nil	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sl. No.	(2) Project ID	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project (in ₹).	(7) Amount spent on the project in the reporting Financial Year (in ₹).	(7) Cumulative amount spent at the end of reporting Financial Year. (in ₹)	(7) Status of the project - Completed /Ongoing.
1.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	<b>Total</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

**Asset-wise details:**

- (a) Date of creation or acquisition of the capital asset(s) : Nil
- (b) Amount of CSR spent for creation or acquisition of capital asset. : Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Nil
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). : Nil

**11.** Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The Company is interested in the projects with respect to lakes renovation, putting up Public Convenience facilities in tourists' spots, skill development programs etc. in and around Mysuru Area where the Company can spend the earmarked amount in a way which is more beneficial to the society. Though the company is not able to spend the earmarked money during the year but considering the current pandemic situation and on recommendation of CSR Committee, Board members identified "Activities related to COVID-19" as ongoing project and the amount was transferred to the unspent CSR account on 29.04.2021.

For and on behalf of the Board of Directors

**B. C. Prabhakar**  
Chairman of the CSR Committee  
Place : Bengaluru  
Date: May 14, 2021

**Srinivasan Kumaradevan**  
President & Whole-time Director  
Place : Mysuru  
Date: May 14, 2021

# Business Responsibility Report

## SECTION A- GENERAL INFORMATION

1	Corporate Identity Number (CIN) of the Company	L51909KA1981PLC004198						
2	Name of the Company	AUTOMOTIVE AXLES LIMITED						
3	Registered address	Hootagalli Industrial Area, Off. Hunsur Road, Mysore, Karnataka - 570018						
4	Website	<a href="http://www.autoaxle.com">www.autoaxle.com</a>						
5	E-mail id	<a href="mailto:sec@autoaxle.com">sec@autoaxle.com</a>						
6	Financial Year reported	2020-21						
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table border="1"> <thead> <tr> <th>NIC Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>29301</td> <td>Rear Drive Axles</td> </tr> <tr> <td>29301</td> <td>Brakes</td> </tr> </tbody> </table>	NIC Code	Description	29301	Rear Drive Axles	29301	Brakes
NIC Code	Description							
29301	Rear Drive Axles							
29301	Brakes							
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	<ul style="list-style-type: none"> <li>i) Rear Drive Axles</li> <li>ii) Brakes</li> <li>iii) Suspension</li> </ul>						
9	Total number of locations where business activity is undertaken by the Company							
	a) Number of International Locations (Provide details of major 5)	Nil						
	(b) Number of National Locations	<p><b>Registered Office and Work:</b> Hootagalli Industrial Area, Off. Hunsur Road, Mysore, Karnataka - 570018</p> <p><b>Other Manufacturing locations:</b> Jamshedpur, Rudrapur, Hosur</p>						
10	Markets served by the Company – Local/State/National/International	India						

## SECTION B- FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (₹)	₹151.12 million
2	Total Turnover (₹)	₹ 9,126.48 million
3	Total profit after taxes (₹)	₹ 227.30 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	3.52 % of net profit of the Company was spent towards Corporate Social Responsibility during the financial year 2020-21.
5	List of activities in which expenditure in 4 above has been incurred:-	<ul style="list-style-type: none"> <li>(i) Covid Relief Expenses</li> <li>(ii) Promoting health care including preventive health care</li> <li>(iii) Skill development initiatives</li> </ul>

## SECTION C- OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	No
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The other entities with which the Company does business with viz. suppliers, distributors, etc. are not directly included in the BR initiatives of the Company.

## SECTION D- BR INFORMATION

1	<p><b>Details of Director/Directors responsible for BR:</b></p> <p>(a) Details of the Director/Director responsible for implementation of the BR policy/policies</p> <p><b>No. Particulars</b></p> <ol style="list-style-type: none"> <li>DIN Number</li> <li>Name</li> <li>Designation</li> </ol> <p>(b) Details of the BR head</p> <p><b>No. Particulars</b></p> <ol style="list-style-type: none"> <li>DIN Number (if applicable)</li> <li>Name</li> <li>Designation</li> <li>Telephone number</li> <li>e-mail id</li> </ol>	<p><b>Details</b></p> <p>08107660 Mr. S. Kumaradevan President &amp; Wholetime Director</p> <hr/> <p><b>Details</b></p> <p>08107660 Mr. S. Kumaradevan President &amp; Wholetime Director +91 821 7197500 <a href="mailto:kumar@autoaxle.com">kumar@autoaxle.com</a></p>
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### 2. Principle-wise (as per NVGs) BR Policy

The Company's policies are in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) which provides for the following (09) nine areas of Business Responsibility to be adopted by the organizations:-

Principle 1	Ethics, Transparency and Accountability	Principle 6	Environment
Principle 2	Products Sustainability	Principle 7	Public Policy
Principle 3	Employees' Well-being	Principle 8	Inclusive Growth
Principle 4	Stakeholder Engagement	Principle 9	Customer Relations
Principle 5	Human Rights		

## a) Details of Compliances :

Sr.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
						The policy is embedded in the Company's Code of Conduct, Ethics and HR policies				
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
3.	Does the policy conform to any National / International standards? If yes, specify? (50 words)	Yes, the policies are in line with international standards such as ISO 9001:2015, IATF 16949:2016, EMS ISO 14001:2015, OHSAS ISO-45001:2018, and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also guidelines as per NVGs on social, environment and economic responsibility of business have been considered for formulation of some policies.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	NA	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure.								
6.	Indicate the link for the policy to be viewed online?	<a href="https://www.autoaxle.com/Investor_Policy.aspx">https://www.autoaxle.com/Investor_Policy.aspx</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	NA	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	NA	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Policies on Quality, Safety and Health, Environment, 5S and Total Productive Maintenance are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.								

## (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) :

Sr.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

## GOVERNANCE RELATED TO BR:

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The company has been publishing the BR Report as a part of its Annual Report from last year which can be viewed at:  <a href="http://autoaxle.com/Environment.aspx">http://autoaxle.com/Environment.aspx</a>

## SECTION- E: PRINCIPLE-WISE PERFORMANCE

**Principle 1- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

(a)	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?	Yes, The "Business Code of Conduct" of the company provides guidelines and policies on ethics, bribery and corruption.  This Code is applicable to all Employees of the company.
(b)	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the year under review, the Company has not received any complaints in connection with ethics, bribery or corruption.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

(a)	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	In Designing & Developing Axles & Brakes to achieve Better environmental performance is considered as top priority at Automotive Axles Limited (herein after called as "AAL"). Following are the key Mother Earth Care aspects considered:  a) R&D of Green Axles- Double speed axle to reduce fuel consumption and also duration to reach the destinations are reduced. b) Reduction in Carbon emissions through renewable energy c) Improved fuel combustion efficiency d) Reduction in use of dangerous substances in product manufacturing e) Enhancement of design for recycling the product after life cycle f) Considering the use of recycled materials maximum extent g) Reduction in ambient noise level with improved Axle Gear Box components specifications h) 5s certified company- certified by JUSE, Japan.
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<p>(b) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p> <p>(i) Reduction during sourcing / production/distribution achieved since the previous year throughout the value chain?  (ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p>	<p>AAL Plant in Mysore has introduced many improvements in Axle &amp; Brakes manufacturing through Mission 2025 strategies. Team working on the improvements related to yield improvements and other eco-friendly activities indicated below:</p> <ol style="list-style-type: none"> <li>a) Certified under ISO-14001:2015- Environment Management System &amp; ISO-45001:2018- Occupational Health &amp; safety Management System</li> <li>b) Raw materials optimization by reducing input weight by 8% for R160V Notch</li> <li>c) Raw material conservation by reducing input weight by 16% for housing ring machining stock reducing on both sides</li> <li>d) Resource conservation by reducing input weight by 4% for 41 Diameter in Brakes Camshaft</li> <li>e) Natural resource conservation by wood consumption reduction in all stages of manufacturing</li> <li>f) Brakes components Yield Improvement from 66% to 88%</li> <li>g) LPG consumption reduction in Heat Treatment process from 0.32kg/ Kg Material to 0.22Kg /kg of Material Input to furnaces</li> <li>h) Raw Water Consumption Reduction from 23 Ltrs/SDLH to 20Lts/SDLH has been achieved through water harvesting and recycling initiatives</li> <li>i) With all water conservation initiatives, achieved 50% water positive status</li> <li>j) 50% CO2 Emission reduction achieved through Renewable energy usage- Sources of Energy (Solar, Hydel, Wind) &amp; Tree plantation</li> <li>k) Canteen Roof top Rainwater harvesting with Rainy dual media filtration provided-656KL/Annum</li> <li>l) Increase in Loading efficiency of truck for FG dispatch to customer site</li> <li>m) 100% Elimination of LPG operated forklift by battery operated forklift to reduce GHG emissions</li> <li>n) Paint consumption reduction by 15 % by eliminating Manual painting operation to Robot painting.</li> <li>o) 30 Kwh solar panel installed in brakes plant roof top.</li> <li>p) VFD provision for all high running motors &amp; Utility Equipment's</li> <li>q) 250W Metal Halide Lamps replaced with 150W induction lamps- Energy conservation by 47%.</li> <li>r) Provisions for 100% Natural light entry during day plant operation</li> </ol>
<p>(c) Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p>	<p>Yes,</p> <p>AAL has developed intelligent and environmentally sustainable Logistics systems.</p> <ul style="list-style-type: none"> <li>• The wooden pallets used for packing of Finished Goods is replace with metal based reusable &amp; returnable pallets resulting to 70% elimination of Wooden Pallets Packaging and also improving the transportation quality.</li> <li>• Rail transport-long chassis trucks are always given preference for transporting finished goods, which is technically and economically feasible.</li> <li>• Ensuring truck maximum capacity in all areas of supply chain management</li> </ul>

(d)	<p>Has the company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work?</p> <p>If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</p>	<p>90%+ Vendor based finish &amp; semi-finish components developed locally Thereby Increasing the efficiency and optimizing the total logistics.</p> <p>AAL has funded to all Strategic Machining Suppliers to improve and increase their capacity and capability, also following steps taken to improve further:</p> <ul style="list-style-type: none"> <li>• On Site Vendor base establishment for major components manufacturing &amp; supplying &amp; complying with Just In Time-JIT</li> <li>• Educating and Training the Suppliers / Vendors on the ISO standards</li> <li>• Critical suppliers being audited on periodical basis on their commitment, Safety, Health &amp; Quality aspects.</li> <li>• Insisting Tier-1, Tier-2 Suppliers to take actions on reducing waste, CO2 Emissions reduction and towards sustainability.</li> <li>• Providing technical support to vendors and providing technological assistance to improve their capabilities and enhancing their capacity.</li> </ul>
(e)	<p>Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as &lt;5%, 5-10%, &gt;10%). Also, provide details thereof, in about 50 words or so.</p>	<p><b>At Customer End:</b> Guide lines to customers about eco-friendly re-cycle methods for axle waste handling. Instructions includes to remove the oil contents from end of life axles, Metals, Rubber, Plastics and other non-biodegradable parts and to be recycled without environmental pollution.</p> <p><b>At AAL – Mysuru</b></p> <ul style="list-style-type: none"> <li>• 100% Sewage water is recycled in sewage treatment plant &amp; reused for urinals flushing &amp; gardening purpose</li> <li>• 100% process effluent water is recycled in Effluent treatment plant &amp; reused for gardening purpose</li> <li>• 100% Sewage treatment plant sludge is reused for gardening activity</li> <li>• 100% Garden waste generated are recycled by vermi composting &amp; reused for gardening activity</li> <li>• 100% of hazardous waste sent to KSPCB authorized Incinerator, Landfill &amp; recyclers.</li> <li>• 100% Brake shoe liner grinding dust is sent to Cement industries for Co processing</li> <li>• Packing waste materials (cartoon boxes, papers, plastic) are disposed to authorized recyclers</li> <li>• 40% Wood Consumption Elimination reduced across the plant by providing Reusable Metal stillages</li> <li>• 50% Carbon emission reduction by utilizing Renewable energy</li> <li>• 100% Saw Dust eliminated with alternate reusable sorbents for accidental spills recovery – reducing generation of Hazardous waste</li> <li>• All types of Non Hazardous solid waste are being disposed to KSPCB/PCB authorized recyclers</li> </ul>

**Principle 3: Businesses should promote the wellbeing of all employees**

(a)	Please indicate the Total number of employees	377 (Management Staff) 634 (Workmen) Total Permanent Employees : 1011			
(b)	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	1858			
(c)	Please indicate the Number of permanent women employees	29			
(d)	Please indicate the Number of permanent employees with disabilities	3 workmen (Dumb) 2 workmen (Deaf)			
(e)	Do you have an employee association that is recognized by management	Yes			
(f)	What percentage of your permanent employees is members of this recognized employee association?	Approximately, 63% of permanent employees are members of the recognized employee association			
(g)	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<b>Sr. No.</b>	<b>Category</b>	<b>No. of complaints filed during the financial year</b>	
				<b>No. of complaints pending as on end of the financial year</b>	
		i)	Child labour/forced labour/involuntary labour	NIL	NIL
		(ii)	Sexual harassment	NIL	NIL
		iii)	Discriminatory employment	NIL	NIL
(h)	What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?	(i)	Permanent Employees –		100%
		(ii)	Permanent Women Employees –		100%
		(iii)	Casual/Temporary/Contractual Employees –		100%
		(iv)	Employees with Disabilities –		100%

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

(a)	Has the company mapped its internal and external stakeholders? Yes/No	Yes, the principal stakeholders of the Company are its employees, shareholders, suppliers, customers, vendors, JV partners, government and regulatory authorities, trade union, general public etc. These stakeholders are mapped in a structured manner through systematic communication platforms which helps us to understand the customer needs and the improvement opportunities for the Company in all prospects.
(b)	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders ?	Among the General public, the Company has identified the disadvantaged, vulnerable & marginalized group for whom the Company provides support for their sustenance.
(c)	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	Yes, several initiatives have been taken by the Company like : (i) We provide mid-day meals to the inmates of the nearby house for destitute and ensure their basic needs are met with. (ii) During the year under review, the prime focus was to reach the rural population to combat health issues. Hence, a novel initiative was taken up to reach the rural masses by donating "Lab on Wheels" - the highest quality lab vehicles is built on robust chassis with durability and maximum interior space to adequately fulfil specific needs or services of the public at large. This moving laboratory can be connected to any simple vehicle like tractor, Jeep or any LCV which is commonly available in a district or rural environment. This can be taken to town or panchayat or any places where bringing patients to the hospital for diagnosis is a challenge currently.

**Principle 5: Businesses should respect and promote human rights**

(a)	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers/Contractors/NGOs/Others?	The Company does not have a stand-alone policy for human rights, however, the Company's internal policies on Code of Conduct, Ethics and CSR recognizes all the key aspects of human rights which lays down the acceptable behavior of the employees and provides for stringent disciplinary actions in case of violation of these policies.
(b)	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year under review, the Company has not received any complaints from any stakeholders.

**Principle 6: Business should respect, protect and make efforts to restore the environment**

The Company believes in safeguarding the environment while executing its operations. The Company ensures to do business with the minimum environmental impact. The aim is of rational use of natural resources & reduced waste emissions.

(a)	Does the policy related to Principle 6 cover only the company or extends to the Group /Joint ventures / Suppliers / Contractors /NGOs/others	Yes, Company's environmental policy extends to its all interested parties which include company employees, group companies, Customer, suppliers, Contractors, General public, related Govt. Agencies and others.
(b)	Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.	Yes, Sustainability Key Initiatives to contribute towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like: using Solar Power, modern regenerative combustion technology for all furnaces, recycled water usage for gardening, reduced hazardous waste generation with recycle & recovery & adoption of eco-friendly waste disposal, implementation of scientific tree plantation to reduce atmospheric pollution etc. in its manufacturing operations.  <a href="http://www.autoaxle.com/Environment.aspx">www.autoaxle.com/Environment.aspx</a>
(c)	Does the company identify and assess potential environmental risks? Y/N	Yes, Environmental risks are covered in the Company's principles that are based on ISO-14001:2015 standards. Every unit or plant implements the following: (i) EHS risks and opportunities implemented through Management Program; (ii) Identification and evaluation of EHS aspects and requirements; (iii) Legal obligations and other requirements; (iv) EHS emergency management; and  Once risks are identified, steps are taken to measure and mitigate these risks through EHS management system approach, certified under ISO-14001:2015-EMS.
(d)	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes, the Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects, water saving, LPG consumption reduction, waste reduction & CO2 reduction under sustainability development. However, we don't have any registration for CDM projects.
(e)	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, several initiatives on clean technology, energy efficient electrical appliances, Induction lamps, Led lightings, Roof Top Turbo Ventilators renewable energy and sustainability development has been done like Solar power activities are initiated.  <a href="http://www.autoaxle.com/Environment.aspx">www.autoaxle.com/Environment.aspx</a>

(f)	Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, all emissions / waste generated are monitored daily / monthly / quarterly and ensured for within the permissible limit as per KSPCB Consent norms.
(g)	Number of show cause / legal notices received from CPCB/ KSPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	NIL

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

(a)	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<p>The Company is member of:</p> <ol style="list-style-type: none"> <li>1. Confederation of Indian Industry (CII);</li> <li>2. Automotive Component Manufacturers Association of India (ACMA)</li> </ol>
(b)	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	<p>From time to time, the Company has joined hands with these associations for the betterment and advancement of the society at large. The Company has contributed in the areas of:-</p> <ol style="list-style-type: none"> <li>(i) Input on economic reforms</li> <li>(ii) corporate governance and transparency</li> <li>(iii) education and skill development</li> <li>(iv) women empowerment and child welfare</li> <li>(v) sanitation and hygiene</li> <li>(vi) Addressing issues pertaining to global warming, climate change, environment protection and pollution control.</li> </ol>

**Principle 8: Businesses should support inclusive growth and equitable development.**

(a)	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof	<p>The details of the Projects undertaken by the Company are as under:</p> <p><b>Promoting rural health :</b></p> <p>We donated the first trailer to Government of Karnataka through our CSR initiative - "Lab Built on Wheels" a novel initiative to serve the rural population of our country, more specifically to the state of Karnataka to start with. This philanthropic initiative valuing healthcare diagnosis for rural masses aims to help our nation at large. The laboratory built on a trailer is part of the overall solution of state healthcare delivery. This is the first Laboratory built on wheels in the platform of trailer in the country (meeting BSL2/3 laboratory safety standards). The highest quality lab vehicles are built on robust chassis with durability and maximum interior space to adequately fulfil specific needs or services of the public at large. This moving laboratory can be connected to any simple vehicle like tractor, Jeep or any LCV which is commonly available in a district or rural environment. This can be taken to town or panchayat or any places where bringing patients to the hospital for diagnosis is a challenge currently.</p> <p><b>Eradicating hunger, poverty and malnutrition :</b></p> <p>We have taken the responsibility to feed mid-day meal through our factory canteen to a nearby home for the destitute for whom we had earlier re-built the house which was in a dilapidated condition.</p>
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(b)	Are the programmes/projects undertaken through in-house team/own foundation / external NGO/government structures/ any other organization?	The Company has separate in-house team for CSR activities to plan, implement, monitor and review various community development initiatives. The Company believes in a participatory approach towards implementing these initiatives and collaborates with CII, NGOs, Government authorities/ agencies to deliver the Programmes/ Projects.
(c)	Have you done any impact assessment of your initiative?	No, we have not done any impact assessment of our initiatives.
(d)	What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken	During the year, the Company has spent ₹7.99 million towards various CSR activities. The project wise details are provided in Annexure - E of Annual Report on CSR activities.
(e)	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes, we do a periodic assessments to ensure that the benefits of our development initiatives are being fully utilized by the Community for which they are being provided.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

(a)	What percentage of customer complaints/consumer cases are pending as on the end of financial year?	No Customer Complaints/No consumer cases till end of FY 2020-21.
(b)	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)	Yes, Since the Company's products are OEM specific and as per OEM requirements, the Company displays product requirement on packaging as per the requirements of OEM and consistent with applicable laws.
(c)	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	No
(d)	Did your company carry out any consumer Survey / consumer satisfaction trends?	Yes

# Management Discussion and Analysis

## Global Economy

The year 2020 was marked by a once-in-a-century catastrophe caused by the COVID-19 pandemic which forced most of the countries to close their borders to curb the spread of the virus; it caused trade disruptions on a level that could only be matched by the aftermath of the Second World War. Global trade volume of goods and services contracted by ~8.5% in 2020 and the global output is estimated to have contracted by 3.3% in 2020, the sharpest since the Great Depression, marking the beginning of an economic slowdown.

Developed countries were the worst hit, with the advanced economies contracting by ~4.7% as many countries in Europe and several states of the United States of America adopted strict lockdown measures early on during the outbreak. The beginning of the vaccine roll-out across the world by the end of 2020 and the phased removal of lockdown restrictions across various countries kick-started the revival of the global economy on the back of major fiscal stimuli from governments and central banks in several countries, accounting for close to 14% of the world output in 2020.

The major economies across the world saw a slowdown in economic activity leading to a decline in GDP during 2020 to as low as 9.9% for countries like the UK. However, some of the countries like China saw an early recovery from the pandemic and recorded a y-o-y growth, stopping the global economy from a further downfall.

## Region-wise growth estimates (%)

Region	2019	2020	2021
World	2.9	-3.0	5.8
Advanced Market Economies (AMEs)	2.3	-5.9	4.7
Emerging Markets and Developing Economies (EMDEs)	1.2	-7.5	4.7
Association of South-East Asian Nations (ASEAN)	1.4	-6.5	4.0
US	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
UK	1.4	-6.5	4.0
China	1.4	-6.5	4.0
Japan	2.3	-5.9	4.7
Russia	4.2	1.9	7.4

(Source: IMF)

## Outlook

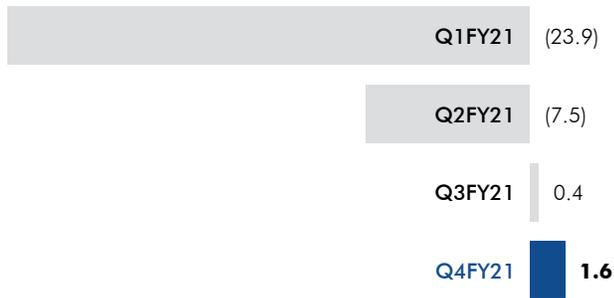
The global economy recovered at a faster rate in the second half of 2020 and is projected to drive a positive global output growth at 6% in 2021 and 4.4% in 2022. Global trade volumes are projected to grow by ~8.4% in 2021, due to the approval of multiple vaccines at the end of 2020 and the subsequent launch of vaccination drives globally. The global fiscal support of close to US\$12 trillion and the extensive rate cuts, liquidity injections, and asset purchases by various central banks could drive expectation of a faster recovery from the pandemic and generate stronger consumption and investment appetite and boost employment. However, surging infections in some countries may threaten the pace of recovery. (Source: World Economic Outlook, World Bank, World Economic Situations and Prospects 2021)

## Indian economic overview

The year under review was perhaps the most challenging one in recent history as the Indian economy recorded a de-growth of 7.3% during FY 2020-21, compared to the growth rate of 4.2% in the previous year. The economy contracted by 23.9% and 7.5% in the first and second quarters, respectively, before finally resurfacing to the growth territory in the third quarter with a growth of 0.4%, following it up a growth of 1.6% in the fourth quarter. Decline in economic growth could be attributed to the surge in inflation, which resulted in the Indian rupee emerging as one of the worst performers among its Asian peers: a depreciation of 2.83% in 2020 from ₹ 71.28 to ₹ 73.30 levels. Consumer sentiment remained muted due to factors like the increasing unemployment rate and reduced per capita income. India's per capita income is projected to have declined by ~5.4% to reach ~₹ 1.27 lakh in FY 2020-21.

Despite the gloomy economic situation, foreign direct investments (FDI) in India increased by ~13% to reach a value of US\$ 57 billion in 2020; this increase was largely on account of the growth of the digital sector. India also became the biggest recipient of foreign portfolio investments worth ~₹ 2.74 crore in FY 2020-21. India's Prime Minister also announced COVID relief package worth of around ₹30 trillion to ensure that the country stands strong in the face of these pandemic-induced challenges. India showed signs of a V-shaped recovery because of the culmination of various factors like consistent agricultural performance, increased government spending, the introduction of the production-linked incentive scheme, the roll-out of vaccines, and the flattening of the COVID-19 infection curve in the second half of the financial year under review (Source: Economic Time, Business Standard, Live Mint).

## QUARTERLY GROWTH RATE OF THE INDIAN ECONOMY (%)



(Source: IMF)

### Outlook

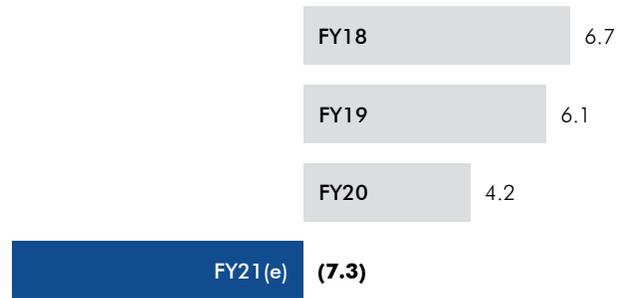
India undertook proactive measures to ensure the containment of the virus to attain economic normalcy. Lockdown restrictions were lifted in the second half of the year and there was a pick-up in demand as well. However, the second wave of the virus towards the end of FY 2020-21, instilled fear among the populace, and full or partial lockdowns were slowly imposed across the states. Despite the surge in COVID-19 cases across the country, IMF raised its growth forecast of the Indian economy to 12.5% for FY 2021-22 and 6.9% for FY 2022-23.

This optimism is being driven by India's focus on normalising economic activities, coupled with the quick roll-out of the vaccine. The approval of the production-linked incentives for 10 major sectors will also help India attract investments, thereby catalysing its journey towards becoming a major global player. Besides these, favourable demography and the increasing population, and urbanisation are projected to drive the India growth story over the foreseeable future (Source: Bloomberg, IMF).

# 2.3%

**Automotive component industry's contribution to GDP**

## INDIA'S GDP TRAJECTORY (%)



(Source: IMF)

### Indian automobile and auto component industry

#### Automobile industry

The Indian automotive industry is the fourth largest in the world and provides the wheels on which the economy rides as it provides employment to ~37 million people directly or indirectly, while creating job opportunities in other industries simultaneously. After the regulatory change in axle-norms in September 2018, commercial vehicle sales began to plummet at a pace never seen in the past two decades. This sectoral downfall could be attributed to substantially lower credit availability, decreasing demand of the infrastructure and the mining sector, migration to BS-VI norms and muted consumer sentiment, among others, which led to the significant decline of automobile sales.

The industry was on its path to recovery at the start of 2020, but it was halted by the outbreak of the novel coronavirus-induced challenges, which resulted in the decline in demand for automobiles and interfered with the automotive industry's deeply intertwined supply chains. Despite the challenges posed by the unforeseen crisis, the automotive industry was able to overcome these challenges due to a culmination of tailwinds like global supply-chain rebalancing, government incentives to increase exports and technology interventions, which helped create opportunities across all levels of the automotive value chain.

Indian overall automobile (two-wheeler, three-wheeler, passenger, and commercial vehicles) sales were pegged at 18.62 million units in FY 2020-21 compared to 21.55 million units in FY 2019-20. Even though the automotive sector was expected to grow in early 2020, but the COVID-induced challenges hindered the demand. However, as the travel restrictions eased towards the end of the year, passenger vehicles and two-wheelers showed a recovery

in demand. Going forward, the massive vaccination drive across the country, coupled with the emergence of electric vehicles will improve consumer sentiment in FY 2021-22 and beyond. (Source: McKinsey, IBEF, Statista).

### **Auto components industry**

The auto component sector accounts for 2.3% of India's GDP and provides employment to nearly 1.5 million people, directly and indirectly. Revenue from the auto components sector is projected to decline by ~6-8% during the year under review, on account of the weak demand from the OEM and replacement market, coupled with the decline in exports due to COVID-19. This is however significantly lower than ICRA's initial projection of a revenue de-growth of ~12-15%. Improved demand and additional financial support from banks towards the second half of the financial year under review eased the liquidity crunch, which resulted in ICRA changing its sectoral credit outlook from 'Negative' to 'Stable'. The V-shaped recovery is likely to cap the overall margin contraction for auto ancillaries (excluding-tyres) in FY 2020-21 to 100-150 basis points. As a result of the better operating leverage, it is projected that there will be a substantial increase in capex investment, mostly through internal accruals in FY 2021-22 (Source: ICRA).

### **Tractors**

India is the second-largest agricultural market in the world and accounts for the livelihood of ~58% of the population. This has been catalysing the demand for tractors for several years. Despite the pandemic, the tractor industry recorded a staggering growth of ~20% in 2020, surpassing all projection derived at the start of the year. It is estimated to have sold over 9 lakh units in FY 2020-21, a substantial increase over 7.09 lakh units in FY 2019-20. The demand for tractors remained robust due to healthy farm cash flows across regions, stable crop prices supported by government's focus on procurement, and healthy reservoir levels and government support programmes. It is projected that the tractor industry will continue its growth trajectory in FY 2021-22 due to the progression of Rabi harvesting, coupled with the sowing of summer crops in selected markets. Besides these, macroeconomic factors like rising population, migration of rural labour and the ever-increasing food demand is projected to catalyse the demand for this segment over the foreseeable future (Source: Hindu Business Line, ICRA).

### **Outlook**

The automotive industry was recovering steadily towards the second half of the year under review; however, the second wave of COVID-19 may hinder the economic recovery that the country had achieved in the second half. This could have an adverse impact on the demand for automobiles, resulting

out of the economic uncertainty and muted consumer sentiment.

However, the government has been placing great emphasis to ensure the recovery of this industry over the past few years. In FY 2021-22 fiscal budget, the government lowered the GST burden on electric vehicles (EVs) to 12%, which would catalyse the demand for EVs. Besides these, the government also plans on introducing EVs in the public transport systems in 11 shortlisted cities under the FAME II scheme. Alongside this, the introduction of the scrappage policy is also expected to drive the sales of passenger cars and commercial vehicles. The nation-wide vaccination campaign is bound to instil optimism among the populace, which in turn, could improve consumer sentiments. The culmination of the favourable government policies, macroeconomic factors and success of the vaccination drive could lead the resurgence of the automotive sector (Source: IBEF, Economic Times, Business Standard).

### **AAL: Progressing with technology and teamwork**

Automotive Axle Limited (AAL) is a joint venture between Kalyani Group and Meritor Inc., USA, incorporated in 1981. We are India's largest independent manufacturer of Rear Drive Axle Assemblies and fabricate S-Cam actuated quick-change air brakes and trailer axles for 10 tonnes to 13 tonnes gross vehicle weight (GVW).

With our expertise in production of axles and brakes and advanced gearing technology, we have built trust among our customers by providing them reliable products and we are determined to enhance value proposition in future. It has enabled us to grow our presence in both domestic and international markets, as we serve the manufacturers of trucks and buses in segments like light, medium and heavy commercial vehicles; military and off-highway vehicles; and aftermarket.

Our product suite includes front steer axles, defence axles, off-highway axles, non-drive axles, drive axles, drum brake, disc brake, gearing, integral brake to axle design, weight option designs and driver operated differential locks.

We have four manufacturing units spread across India—Mysuru (Karnataka), Rudrapur (Uttarakhand), Jamshedpur (Jharkhand) and Hosur (Tamil Nadu)—where we reinforce our world-class manufacturing standards by underpinning the concept of built-in quality. Besides, Meritor Commercial Vehicle Systems (India) Pvt. Ltd. serves as our technology partner in product engineering, product benchmarking, prototyping, validation and testing, and aftermarket engineering.

We are listed on both National Stock Exchange and Bombay Stock Exchange

### AAL in a snapshot

Experience	Product categories	Team size (Approximately)
<b>40+ years</b>	<ul style="list-style-type: none"> <li>• Drive Axles</li> <li>• Front Steer Axles</li> <li>• Off-highway Axles</li> <li>• Non-Drive Axles</li> <li>• Drum &amp; Disc Brake</li> <li>• Suspension</li> </ul>	<b>~2,000+</b>
Production units	Major Customers	Financial Performance for the year
Four	<ul style="list-style-type: none"> <li>• Ashok Leyland</li> <li>• Daimler India</li> <li>• Mahindra &amp; Mahindra</li> <li>• Tata Motors</li> <li>• Volvo Eicher</li> <li>• Volvo Thailand</li> </ul>	Total income: ₹ 912.65 crore  Profit after tax: ₹ 22.73 crore  Earnings per share: ₹ 15.04

### Vision

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

### In the pursuit of excellence

Our focus has always been on delivering the best quality of products. Our business enablers include the following:

**Business acumen:** Our market insights and understanding of client requirements are a result of our 40 years of experience. With a focus on innovation and cost-effective products, we ensure our clients can rely on our offerings.

**Competitive edge:** Our skilled workforce and technical expertise enables us to deliver bespoke products and services to our customers. We also enjoy technology leadership owing to our joint venture with Meritor Heavy Vehicle Systems LLC, USA.

**Quality-focused:** At AAL, we strive to strengthen our quality standards regularly by incorporating internationally acclaimed techniques like Gemba, 5S and Six Sigma

processes. Besides, we have inculcated the policy of 'no acceptance, production or release of defective products' among our teams.

**Extensive offerings:** Our wide-ranging product suite caters to various Original Equipment Manufacturers (OEMs) with reliable and highly efficient products.

### Our customer base

- Ashok Leyland
- Daimler India
- Mahindra & Mahindra
- Tata Motors
- Volvo Eicher
- Volvo Thailand

At AAL, we enjoy an extensive client list across India and are steadily growing our presence in the markets of China, USA, France, Italy, Brazil and others.

### Certifications

- Environmental Management System certified with ISO 14001:2015
- Occupational Health and Safety Management System Migrated from OHSAS-18001 and certified with ISO 45001:2018
- Got re-certification by Union of Japanese Scientists & Engineers (JUSE) through Quality Circle Forum of India (QCFI) for continuous implementation of best 5S practices in November 2020.
- Quality Management System certified with IATF 16949:2016
- Heat Treatment Process certified with CQI 9
- Welding processes certified with CQI 15

### Awards and recognitions

During FY 2020-21, we have received recognitions from the following Institutions & customers for our consistent efforts to improve work conditions at AAL and deliver better quality products:

- Received The Machinist Super Shop Floor Award-2020 received in November 2020
- Bagged IATF 16949:2016 certification for our Quality Management System
- Bagged Twenty Two Gold Awards during Confederation of Indian Industry (CII) Mysuru Chapter Convention on

Quality Concept Kaizens competition (CCQC-2020) in Sep 2020

- Won 04 Excellence and 01 Par Excellence award in NCQC-2020 Allied Case Study Presentation competition during National Convention on Allied Concepts held during Dec 2020
- Bagged Silver Award in Challengers Trophy competition held by CII as a further part of 37th CII Kaizen Competition during Nov 2020
- Bagged 2 Platinum and 2 Silver Awards in 6th Annual 6-Sigma Competition conducted by National Institution of Quality & Reliability during Dec 2020.

### Operational highlights

At AAL, we adopt and utilise state-of-the-art equipment to deliver our customer requirements of world-class products catering for global requirements. During the year, specific CNC equipment were inducted in production lines to meet new models and variants with emphasis on improving productivity, maintaining flexibility and quick response to varying volume and variant demands.

Additionally, the plant has undergone lot of changes by reorganising machine layouts, adopting single piece flow and cell concepts, enabling flexibility and higher efficiency. Key emphasis were given for elimination of non value added activities and enhancing productivity through multi-manning of machines, which enabled cost competitiveness.

In the new axle assembly line, key focus was on Industry 4.0 technology. IOT was implemented which involved in-house programming, installation of relevant hardware and software including devices to capture all the critical process and quality parameters, thus enabling higher operational efficiency and effectiveness.

In the CNC gear line, we use state-of-the-art gear manufacturing equipment maintain global standard with fully closed loop system. We implemented close loop system with prediction to counter heat treatment distortion. This has enabled us to manufacture gears in line with global standards. With this technology, we are able to produce parts having digitised masters and also are capable of mapping heat-treated gear parts.

We have successfully made transition from BS-IV to BS- VI norms implementing all changes required by our customers. This included axle, gear, carrier parts.

This year we also began a journey to implement Total Productive Maintenance (TPM) to adapt best processes and world-class manufacturing systems. As a starting point, TPM training and kick off was initiated. Under this programme, good progress has been made in terms of initiating activities in all the eight pillars

As part of our lean journey, two bin system of procurement for small Bought Out Finished (BOF) parts has been implemented and is being monitored.

During the year, due to COVID, 1st two quarters saw a dip in business, but the plant learned to adapt to various safety measures in line with government regulation and saw minimal effect in terms of COVID transmission and minimal shutdown. During the pandemic, all the above key initiatives were discussed online remotely and implemented in a phased manner. This include implementation of safety measures across the plant, implementation of new technologies, process improvements to meet dynamic customer demands, etc.

### Business outlook FY 2021-22

We expect a surge in performance in terms of revenue growth for FY 2021-22, despite the slowdown expected in Q1, due to the second wave of COVID. Volumes and revenues are expected to grow by an estimated figure of 15% to 20%, in FY 2021-22 compared to previous year. Also, AAL operations made a good foundation in terms of New Product Development (NPD) for various platforms and variants.

This year key focus would be on ramp up for various models and variants maximising available resources with focus on cost reduction. TPM and Lean (which is a systematic process for elimination of waste and involves streamlining resources for manufacturing and optimised resource utilisation) would be key features in achieving our goals.

### BS-VI

We have supported all our customers with necessary BS-VI products aiding them with a smooth transition to the new emission norms.

### Strategy in action

Our strategy is to enhance market share, introduce more world-class products using our technology expertise, cost competitiveness, productivity delivering high quality of products.

## Technology

We use contemporary technology to provide our customers products that are dependable and enduring. These operating processes include:

- Friction welding
- Housing line IOT getting installed in production scenario
- Close loop in Gear line being used for regular production
- Friction welding
- Argon CO2 welding
- Robotic welding
- CNC machining
- Gear and pinion dry cutting with robotic part handling
- Robotic gear quenching
- Specialty axles manufacturing unit
- Robotic brake web hot forming
- Robotic welding of housing halves
- Automated inside welding machines for housing manufacturing
- Special purpose multi-spindle high productive machines
- Flexible machining centers and specially built machines for producing axles and brakes
- Metallurgy, chemical and metrology lab with CMM
- New assembly line with robotic painting line

During the year, we adopted the following technologies and equipment:

- As a technology advancement, fully automated diff case manufacturing line has been implemented for 15i platform. The machines are now fully operational for full production.
- The new semi-automated diff case assembly line, which is under implementation, to adopt new models like 13X, 15i, Swift 15 etc.
- Machineries are getting installed for Pinion pre-loading and semi-automatic DH line, again to adopt new models as mentioned above.

**Housing line equipment:** Housing line capacity was enhanced by improving existing processes and infusing high technology processes such as robotic welding cells and multi-machining machines. Specific improvements in the fixturing were implemented to improve the capability and flexibility.

**Gear manufacturing equipment:** Gear Set capacity improves by adding cutting-edge close-loop and fully automated machines, which facilitate the production of Meritor Global product and HT compensation functionality using Spiron Face Hob system. This enables computerised correction and manufacturing fully digitised parts eliminating human intervention for part geometry optimisation.

## FINANCIAL PERFORMANCE

Key highlights	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	*FY 2016-17
Total Income	9126.48	9596.81	19420.02	15580.63	13039.92
Profit before Depreciation & Tax	661.68	971.76	2314.97	1710.30	1143.77
Profit After Tax	227.30	411.34	1215.50	839.32	494.18
Earnings Per Share (₹)	15.04	27.22	80.43	55.54	32.70

\* Note: Figures are based on the applicability of Indian Accounting Standards

Key financial ratios	2020-21	2019-20	If there is change of 25% or more as compared to the immediately previous financial year detail with explanation
Debtors Turnover	3.2	7.8	There is reduction in Debtor's turnover ratio as more than 40% of yearly volume and revenue in last quarter of the year which resulted in higher end receivable balance when compared to March 2020
Inventory Turnover	3.1	4.1	As the volume ramped up steeply in Q4, holding higher inventory to meet customer demand. Higher inventory at the end of year clubbed with overall lower sales of the year, pushed the inventory turnover ratio low compared to March 2020
Interest Coverage Ratio	23.3	18.4	Very low interest cost pushed the coverage on higher side compared to previous year.
Current Ratio	1.8	2.6	Current ratio is continue to grow strong. A small dip in the current ratio is attributable to higher current liabilities as on 31st March 2021 due to a ramp of business volumes in Q4.
Debt Equity Ratio (%)	3.4	4.3	Small portion of long-term borrowing pending lower than last year with repayment.
Operating Profit Margin (%)	21.3	22.7	Operating margin as % impacted due to base impact of commodity price escalations though back to back reimbursed by customers.
Net Profit Margin (%)	2.5	4.3	Net profit % impacted due to very low sales in first two quarters and base impact of commodity.
Return on Capital Employed (%)	6.6	11.4	The ROCE lower in current year due to the impact of COVID-19 and market slowdown first two quarters
Return on Net Worth (%)	4.1	7.7	The RONW lower in current year due to the impact of COVID-19 and market slowdown first two quarters

## Quality management

We are strengthening our production quality by embracing contemporary production techniques. The adoption of Quality Management System (QMS) and Lean Manufacturing System (LMS) have helped us reinforce our Built-In Quality (BIQ) concept and ZERO COC (coolant, oil and chips). The Automotive Axles Production System (APS) has enabled us to synchronise our operations. We have also implemented Gemba, Six Sigma and 5S principles to enhance our production processes.

We have robust monitoring systems such as IATF 16949: 2016, CQI9 (heat treatment process), CQI15 (welding process standards) and OHSAS (environmental occupational, health & safety management).

We launched our TPM excellence/Total Quality Management (TQM) implementation initiative company-wide to become a benchmark organisation and to use operational excellence as a key differentiator in the marketplace.

## Human resource

No doubt that our growth is the direct result of our team's ability to collectively leverage our capabilities. At AAL, we onboard talent and nurture them, using training and other knowledge-enhancing and skill upgradation methodology to upskill them. We also have a robust rewards and recognitions programme at AAL which helps motivate our dynamic and determined team.

## Culture at AAL

We have built a diverse culture that we defend at every step. We respect our team members and treat all our employees with respect. With a merit-based and inclusive culture at the heart of AAL, we drive various programmes towards:

- Treating employees with respect/dignity
- Motivating workforce to deliver quality output
- Encouraging a sense of belongingness
- Promoting the culture of innovation and participation

We offer our people transfers, promotions and job rotations (inter and intra department/business unit) that helps in employee retention. At AAL, we encourage clear and transparent communication and utilise quarterly and monthly Town hall gatherings, quality and customer feedback meetings, one-on-one discussions with key employees and group meetings for the purpose.

### Acquiring talent and people management

We are building our bench strength with talent identification and succession process (TI & SP) and capability development programmes. TI & SP ascertains successors for leadership roles, helps develop talent across the organisation and determines career development opportunities for our people. The TI & SP talent are reviewed by the top management. It ensures growth, stretch assignments and provides development opportunities for potential management staff.

We recruit Graduate Engineer Trainees (GETs) every year. During FY 2020-21, we hired 35 GETs from different parts of India, of which 50% are women. This initiative reflects our commitment to diversity and inclusion and inculcates the culture of inclusion in the organisation.

It is an initiative that creates higher visibility of AAL's commitment to Diversity and Inclusion among its people and inculcates the culture of inclusion. By doing this, we are realigning business and people practices to build an inclusive and nurturing work environment for all employees.

With a specialised learning centre for induction, on-the-job-training (OJT) and special trainings for the operators, we provide trainings on welding, CNC machine operation, material handling and tools identification. The learning centre is fully equipped and uses contemporary training procedures. We also hire trainers for our neuro-linguistic training programme (NLP).

### 5S Workplace Management

The 5S workplace management system allows us to maintain better controls on our processes and operations and enhances overall positive environment of the plant.

### Employee engagement

We promote the 'One AAL' concept across all our locations to build team spirit, a collaborative approach and camaraderie. We have employee satisfaction surveys to enhance employee engagement in the organisation.

We undertake several initiatives like family day, sports day, festival celebrations, summer camps, annual sports and cultural activities. We inspire our people to participate in external events such as inter-company best safety worker competition, cricket tournaments and so on. Besides, we

organise different programmes like essay and slogan writing for special occasions like National Safety Day, World Environment Day and International Women's Day, among others.

Our employee engagement activities are organised during non-shift hours between the months of August and October. However due to the pandemic situation, during FY 2020-21 we could not organise major employee engagement activities such as sports, cultural activities and Family Day.

### Human Resource Management System

Additionally, our Employee Development Programme allows our teams exposure to contemporary management concepts and techniques, simultaneously focusing on education and development of high-potential talent and leadership. Our Human Resource Management System (HRMS) implementation through Darwin allows AAL employees to easily manage respective HR policies/processes through web-based automated system, streamlining administrative processes and leveraging tasks leading to improved HR productivity and efficiency.

We have launched following modules during the year as Employee Self Service and all modules have been implemented and are working successfully:

- Employee Information Management
- Leave Management
- Performance Management
- Communication on HR Policies
- MIS Reports

### Safety and emergency preparedness training

The Hazard Identification and Risk Assessment (HIRA), RULA/REBA (Rapid Upper Limb Assessment & Rapid Entire Body Assessment) and Job Safety Analysis tools are used to identify the process wise /activity wise Potential Hazards & Risk involved in the operation. Corrective and Preventive Action (CAPA) are implemented for all the identified Potential Hazards & Risks, which helps in reducing risk factors. Permit to work system is practiced and adhered to for all non-routine hazardous activities. We have our On-Site Emergency Plan & Preparedness approved from the Department of Factories and Boilers Office, Government of Karnataka.

We reinforce the safety awareness of our employees through various safety training programmes such as EOHS induction training, Refresher training, Behavioural-Based Safety, On-Job Safety and External certification trainings. Our employees are also rewarded and recognised through continual improvement (Kaizens)/Suggestions implementation. Our

well-trained Emergency Response Team is readily available 24x7 to attend any kind of emergencies at our worksites. We also conduct regular mock drills to check, evaluate and ensure our on-site emergency Plan and Preparedness readiness all the time.

### **Occupational Health Centre (OHC)**

Qualified doctors, paramedical staff and emergency medical equipment are available in our OHC to deal with industry-specific health and safety issues among our people. Besides, the doctors undertake monthly health programmes for all employees to educate them on employment-related health hazards and work-life balance.

### **Policy for women employees**

AAL is an equal opportunities organisation, and we believe in creating a level playing field for all our employees irrespective of their caste, creed, gender or background. We have stringent policies in place to address issues pertaining to women at our organisation. Our objective is to ensure that we provide a safe environment for all our colleagues, including women. To achieve this purpose, we run regular dialogue between our women employees and the management.

The International Women's Day 2021 was celebrated on 8th March 2021 wherein all the lady staff were made to speak out themselves with respect to their opinion about their career growth in the organisation, support, if any, they require to grow further and other developmental parameter like what they "Choose To Challenge" - being the theme of the year was discussed.

### **Safety, health and environment**

As the health and safety of our communities are equally important to us as that of our people, we actively undertake initiatives around various causes to constantly uplift them. We ensure the efficient management of our sustainability drivers; safety, health, and environment, to build the overall health and well-being of communities.

We have the following safety, health, and environment initiatives:

#### **Safety**

To ensure a healthy and safe work environment for our people, we strive to create 'Safety First Priority' across the organisation at all levels. We prepare our employees and contractors for the groundwork and foundations for working safely by providing them continuous training on safety measures. Through safety induction trainings, refresher safety sessions, and customised safety workshops, we educate our employees on prevention of any accidents.

We incorporated various symbolic visual displays on all the machinery on operational hazard along with defined and displayed various safety protocols within factory's premises to promote 'Sensitive to Safety' (STS).

Under accident prevention programme, the safety levels at source are improved through various hazard mitigation initiatives on the 4M analysis (Man, Machine, Method & Material) by respective Line Head of Departments. We provide safety goggles to our employees to wear during the working hours. To reduce operator fatigue, we practice Rapid Upper Limb Assessment (RULA) and Rapid Entire Body Assessment (REBA) for studying employee posture at workplace. We also inspect all electric chain hoists beams, and test different equipment (air receivers, power press, EOT cranes, and others) by a certified external agency. For more safety, we added more Lock-out and Tag Out Stations.

Moreover, we also conduct safety relief valve testing and certification for mounded LPG storage bullets by Petroleum and Explosive Storage Organisation (EPSO), in accordance with statutory requirements. Every year, we observe Safety Day and Chemical Disaster and Prevention Day to create awareness among employees on the importance of safety and safe chemical management, we also observed it in FY 2020-21. We also completed ISO 45001: 2018, Surveillance Audit successfully by M/s. DQS India.

Under the Fire Mitigation Programme, we installed early fire warning system, CO2 auto-flooding system, and LPG leak detector. Moreover, we extended fire hydrant points, and procured latest technology of Compressed Air Foam Portable Mini Fire Tender for emergency. We also organised a certified fire-fighting training for Emergency Response team members. To eliminate potential fire hazard, a cotton-based reusable sorbent was introduced in case of oil and coolant accidental spillage or leakage. Apart from that we conduct on-site emergency preparedness mock drills and fire drills involving all emergency response teams.

We engage our employees in different safety programmes ensuring transparent communication and recognise departments for implementing Safety Kaizens. To reiterate the 'Safety First' culture, we organise various competitions on promoting the importance of safety, we also promote 5S culture at workplace.

#### **Health**

We conduct several healthcare practices for our people at all levels to ensure good health. Every year, we organise several annual and bi-annual medical check-ups (vision & colour vision tests, audiometry, skin tests, and ENT examination) for different personnel, even for new recruits. Last year,

we conducted several awareness sessions on COVID-19 precautions, personal hygiene, and social distancing to prevent spreading of the virus. We also conducted a vaccination drive for protecting our employees and their families.

### Environment

Focusing on our vision towards sustainability, we introduced several environmental initiatives including, water conservation, reusable packaging, carbon emission control, energy conservation, and waste management. Within our Water Conservation initiative, we installed a rainwater harvesting facility of capacity 665KL/annum and a storm water harvesting facility of capacity 600 KL/annum.

For energy conservation, we replaced induction motors with energy-efficient motors and Variable Frequency Drive (VFD) for two treatment plants, which save 20% energy. Moreover, we used polycarbonate sheet on the roof of our NX plant to get sunlight for better illumination of shopfloor. Under the mission "Spare a Watt" we controlled 70% carbon emission by adopting 50% solar energy. Apart from that, we implemented various optimised processes such as robotic painting process, oil & coolant recovery plant, reusable & returnable packaging to reduce consumption of resources.

As a part of the "Go Green" Initiative we replaced 100% of wooden separators by metal separators for stacking FG Brakes, and 70% of wooden pallets by reusable and returnable steel pallets for loading of our finished goods. Continuing our efforts towards environment, we planted 200 saplings in and around our premises on World Environment Day 2020. For our environmental efforts, we sustained ISO 140001:2014, Environment Management System certification.

### Prevention Strategies for COVID-19

With the challenges presented by the second wave of the COVID and its several mutations, we are carefully considering the best course of action to ensure the well-being of our people and our business.

- Strict provision for wearing protective masks, maintaining social distance, screening body temperature, hand sanitizing, and personal hygiene.
- To ensure social distancing, several steps have been taken—installation of no-contact walk-through metal detectors with body temperature screening for every worker, installation of no-contact automatic hand sanitizer dispenser, floor marking across plant where

necessary for social distancing, sitting arrangement adjustment at cafeteria ensuring social distance, arrangement of internal meetings at open space or virtually.

- To distribute the packed food to our employees, only biodegradable dishes and glasses were used in the canteen.
- Various COVID-19 control and preventive measures are followed within the organisation such as— awareness walkathon across the plant to sensitise personnel, employee self-declaration on adhering to the COVID guidelines, restrictions for employees on inter-state and overseas travel, a daily global and local checklist update on the COVID-19 measures are provided to the senior management.
- Continuous disinfectant fumigation across the plant at regular intervals and for all the incoming material trucks prior to entry into plant along with compulsory medical screening for all truck drivers at every entry point into plant.
- All health related OPD cases must be reported to the Occupational Health Centre (OHC), which will monitor, analyse, and take preventative action.
- Dedicated set up of medical team to regularly monitor the health practices and frequently counselling the employees, guiding the employees to take proper safety measure on COVID-19

We are consistently communicating with the people on various measures we are undertaking to avoid the spread of the COVID-19 pandemic. We have also suspended all training initiatives for our tech-team, apart from those that can be imparted online. Additionally, we have minimised external visitors in our premises and allow it only in case of emergencies. External visitors are only allowed to enter our premises after obtaining permission of the Plant Operations Head and after all necessary precautions.

Further we are complying with all statutory requirements on COVID-19 compliances and following all required guidelines of central & state Government.

## Corporate Social Responsibility (CSR):

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

the individual and the society as a whole. Considering the surge in COVID-19 pandemic cases we have identified and executed below key notable programs to help the society in containing the pandemic in addition to our other initiatives:

### Promoting health care including preventive health care by contributing Lab Built on Wheel



Your company has donated the first "Lab Built on Wheels" to the Government of Karnataka through its CSR initiative. Lab Built on Wheels is a novel initiative where the laboratory built on a trailer which is first of its kind in the country (meeting BSL2/3 laboratory safety standards). This initiative helps the rural people delivering healthcare services conveniently

at their villages or town level. This moving laboratory can be connected to any simple vehicle like tractor, Jeep or any LCV which is commonly available in a district or rural environment. This can be taken to town or panchayat or any places where bringing patients to the hospital for diagnosis is a challenge currently.

**Disaster management, including relief & rehabilitation during COVID-19 Pandemic Outbreak**



Your company Joined hands with District Administration of Mysuru along with Asha Kirana Hospital & Gopal Gowda Shanthaveri Memorial Hospital for setting up of the Meritor-Kalyani Care in Princess Krishnajammanni Super Speciality Hospital, Mysuru by converting existing civil structure into

ultramodern ICU with all oxygenated beds within record 18 days and opened for public service. Your company also installed oxygen Generator which will help local society at large even post COVID.

**Risk management**

We acknowledge the criticality of a strong risk management architecture to achieve our strategic objectives and sustainable development. We underline our risk management framework to mitigate/minimise all inherent and operational risks.

Risk	What it means	Mitigation
Industry risk	A general slowdown in the automobile markets where our customers are based has the potential to influence our sales	<ul style="list-style-type: none"> <li>Regular review of market conditions</li> <li>Resilient business model</li> <li>Long-term contracts enable us to tide over short-term slack in the markets</li> <li>Introduction of value-based products to our customers</li> <li>Improving the share of business through quality, delivery and cost performance.</li> </ul>
Cost inflation risk	The growing cost of key raw materials may impact revenues and net profitability of the organisation	<ul style="list-style-type: none"> <li>Develop cost-efficient manufacturing processes</li> <li>Consistent efforts to reduce costs</li> </ul>
Technology risk	The failure to innovate and develop new technologies or products, or to adapt to changing customer behaviour could lead to our business being adversely impacted	<ul style="list-style-type: none"> <li>Monitor emerging trends in automotive worldwide</li> <li>Continuous improvement</li> <li>investment in New Product technology</li> </ul>
People risk	The inability to attract, recruit, retain and motivate a highly skilled workforce could result in the loss of key talent	<ul style="list-style-type: none"> <li>Focus on key talent and their retention.</li> <li>Pay by performance culture</li> <li>Strong value-led culture throughout recruitment, induction and training</li> <li>Employee engagement activities and incentive plans</li> </ul>

**Internal Control Systems**

We have a robust internal control system that ensures to keep a track of our assets. The system corresponds to the size of our organisation and overviews operations. We conduct regular internal audits to comb out any discrepancies. We further employ PricewaterhouseCoopers Services LLP to conduct internal audit. This ensures autonomy of the auditing body. We also ensure to implement the auditor’s recommendations immediately.

# Report on Corporate Governance

## Our Corporate Governance Philosophy

Corporate governance practices reflects our value system encompassing our culture, policies and relationship with our stakeholders. We at Automotive Axles Limited believe at maintaining a corporate governance system which is transparent, best in board practices and ensure highest standards of conduct towards all stakeholders.

Automotive Axles Limited ensures to disclose timely and accurate information regarding its financial position, performance and other vital information including the 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.

Automotive Axles Limited believes the 'Board of Directors' (the 'Board') is the core of the corporate governance practice, which oversees the management's functions and protects the long-term interest of its stakeholders. As on March 31, 2021 the Board consists of seven members of which four are Independent Directors.

At Automotive Axles Limited, we have adopted practices as mandated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges and have established procedures and systems to be fully compliant with the Regulations.

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 companies*		
				Directorships	Committee Memberships	Committee Chairmanships
Dr. B.N. Kalyani	Promoter, Non-Executive	4	Yes	9	3	Nil
Mr. Chrishan Anton Sebastian Villavarayan	Promoter, Non-Executive	4	Yes	2	Nil	Nil
Mr. B.B. Hattarki	Independent	4	Yes	12	4	5
Mr. B.C. Prabhakar	Independent	4	Yes	3	2	2
Mr. Rakesh Kalra	Independent	4	Yes	6	5	Nil
Dr. Shalini Sarin	Independent	3	Yes	6	2	Nil
Mr. Srinivasan Kumaradevan	Executive	4	Yes	1	1	Nil

### Notes:

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

(b) \* Directorships includes directorship in Private Companies but do not include companies incorporated outside India. In accordance with Regulation 26 of Securities and Exchange Board of India (Listing Obligations and 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.

## BOARD OF DIRECTORS

### Size and Composition of the Board

Your Company recognizes and embraces the importance of diversity of board for its success. Your Company believes that a truly diverse board will leverage difference in thought, perspective, knowledge and skill, regional and industry experience, cultural and geographical background that will help the Company retain its competitive advantage. Accordingly, your board has the appropriate mix of executive and independent directors to maintain its independence and separate its functions of governance and management. On March 31, 2021, Board comprised 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 comprises of one-woman director as well. The Board periodically evaluates the need for change in its composition and size.

### Directors' Attendance Record and Directorships:

The name and categories of the Directors on the Board, their attendance at the Board Meetings held during the year 2020-21, the attendance at last Annual General Meeting held on Wednesday, August 19, 2020 and the number of Directorships and Committee Chairmanships/Memberships held by them in other Indian Companies as on March 31, 2021 are given herein below:

**Names of the listed entities where the person is a director and the category of directorship****1. Dr. Babasaheb Neelkanth Kalyani (DIN: 00089380)**

Sl. No	Name of the Companies	Category
1	HIKAL LIMITED	Non-Executive Director
2	BHARAT FORGE LIMITED	Executive Director
3	KALYANI STEELS LIMITED	Non-Executive Director
4	BF UTILITIES LIMITED	Non-Executive Director
5	AUTOMOTIVE AXLES LIMITED	Non-Executive Director

**2. Chrishan Anthon Sebastian Villavarayan (DIN: 03020467)**

Sl. No	Name of the Companies	Category
1	AUTOMOTIVE AXLES LIMITED	Non-Executive Director

**3. Bhalachandra Basappa Hattarki (DIN: 00145710)**

Sl. No	Name of the Companies	Category
1	KALYANI STEELS LIMITED	Independent Director
2	BF UTILITIES LIMITED	Independent Director
3	AUTOMOTIVE AXLES LIMITED	Independent Director
4	BF INVESTMENT LIMITED	Independent Director
5	KALYANI INVESTMENT COMPANY LIMITED	Independent Director

**4. Bhoopalam Chandrashekharaiiah Prabhakar (DIN: 00040052)**

Sl. No	Name of the Companies	Category
1	PAGE INDUSTRIES LIMITED	Independent Director
2	AUTOMOTIVE AXLES LIMITED	Independent Director

**5. Rakesh Kalra (DIN: 00780354)**

Sl. No	Name of the Companies	Category
1	KRITI NUTRIENTS LIMITED	Independent Director
2	KRITI INDUSTRIES (INDIA)LIMITED	Independent Director
3	JAMNA AUTO INDUSTRIES LIMITED	Independent Director
4	AUTOMOTIVE AXLES LIMITED	Independent Director

**6. Dr. Shalini Sarin (DIN: 06604529)**

Sl. No	Name of the Companies	Category
1	AUTOMOTIVE AXLES LIMITED	Independent Director
2	LINDE INDIA LIMITED	Independent Director
3	KIRLOSKAR OIL ENGINES LIMITED	Independent Director

**7. Srinivasan Kumaradevan (DIN: 08107660)**

Sl. No	Name of the Companies	Category
1	AUTOMOTIVE AXLES LIMITED	Whole-time Director

## Board Meetings

In FY 2020-21 (Apr'20-Mar'21), the Board met four (4) times on May 26, 2020, August 7, 2020, November 2, 2020 and February 5, 2021. 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 2020-21

Name of the Director	No. of meetings conducted and attended during the year				Total Attendance	Total No. of Meetings	% of attendance
	26-May-20	07-Aug-20	02-Nov-20	05-Feb-21			
Dr. B N Kalyani	✓	✓	✓	✓	4	4	100
Mr. Chrishan Anton Sebastian Villavarayan	✓	✓	✓	✓	4	4	100
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100
Mr. Rakesh Kalra	✓	✓	✓	✓	4	4	100
Dr. Shalini Sarin	✓	✓	X	✓	3	4	75
Mr. Srinivasan Kumaradevan	✓	✓	✓	✓	4	4	100

### Number of shares held by non- executive directors:

Mr. B. C. Prabhakar holds 575 number of equity shares of the company as on March 31, 2021.

The weblink where the details of familiarisation programme imparted to independent directors is available at [www.autoaxle.com/Corporate.aspx](http://www.autoaxle.com/Corporate.aspx)

### Skills/ Expertise/Competencies of the Board

List of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively	Availability of the identified skills/ expertise/competencies	names of directors who have such skills / expertise / competence
Leadership Skill	Available	All the Board Members
Operations Management of Automotive Sector	Available	Dr. B. N. Kalyani Mr. Chrishan Anthon Sebastian Villavarayan Mr. Rakesh Kalra Mr. Srinivasan Kumaradevan
Project Management	Available	Mr. Srinivasan Kumaradevan
Strategic Planning	Available	Dr. B. N. Kalyani Mr. Rakesh Kalra
Expertise in forging industry	Available	Dr. B. N. Kalyani Mr. B. B. Hattarki
Expertise in Industrial Law	Available	Mr. B.C. Prabhakar
Human resource management	Available	Mr. B. C. Prabhakar Dr. Shalini Sarin
Technical Skill	Available	Dr. B. N. Kalyani Mr. Chrishan Anthon Sebastian Villavarayan Mr. B. B. Hattarki Mr. Rakesh Kalra Mr. Srinivasan Kumaradevan
Economy & Finance	Available	Dr. B. N. Kalyani Mr. Chrishan Anthon Sebastian Villavarayan Mr. B. B. Hattarki Mr. Srinivasan Kumaradevan
Marketing and sourcing	Available	Dr. B. N. Kalyani Mr. Chrishan Anthon Sebastian Villavarayan Mr. Srinivasan Kumaradevan
Governance and Risk Management	Available	Dr. B. N. Kalyani Mr. Chrishan Anthon Sebastian Villavarayan Mr. Srinivasan Kumaradevan

### 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.

**Confirmation:** In the opinion of the board, the independent directors fulfill the conditions specified under Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and are independent of the management.

### During the year 2020-21, Independent Directors met on February 5, 2021, 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.

### 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 interests of Directors
- Declaration of Independent Directors at the time of appointment/annual declaration

- 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, dangerous occurrences, effluent or pollution problems
- 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;
- Any material default in financial obligations to and by the company or substantial non-payment for goods sold by the company
- Making of loans and investments, if any.
- Compliance Certificate with respect to all the laws as applicable to the Company
- Constitution/reconstitution of Board Committees
- CSR activities carried out by the Company and expenditure made thereon
- Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
- Transactions, if any, that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Non-compliance, if any, of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

### 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 to ensure that the Company is managed in a manner that fulfils stakeholder's aspirations and societal expectations.

### **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 of new Directors. The Nomination and the Remuneration Committee makes recommendation to the Board on induction of new member after screening and the selection process, which is based on the nomination and remuneration policy of the Company.

### **Training of Board Members**

All new Directors 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.

### **Code of Conduct**

In compliance with the Companies Act, 2013 and Securities and Exchange Board of India (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 March 31, 2021.

The Code is available on Company's website [www.autoaxle.com/Conduct\\_code.aspx](http://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](http://www.autoaxle.com/Policy.aspx)

## **BOARD COMMITTEES**

As on March 31, 2021, 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, 2021

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. Chrishan Anton Sebastian Villavarayan	✓					
3	Mr. B B Hattarki	✓	Chairman				
4	Mr. B C Prabhakar	✓	Member	Chairman	Chairman	Chairman	Chairman
5	Mr. Rakesh Kalra	✓	Member		Member		Member
6	Dr. Shalini Sarin	✓				Member	Member
7	Mr. Srinivasan Kumaradevan	✓		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. Rakesh Kalra, Member

During the year, there was no change in the members of the Audit Committee. All members of the Committee are financial literates and possess required expertise.

The committee met four (4) times during the year on May 26, 2020, August 6, 2020, November 2, 2020 and February 5, 2021.

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

### Attendance record of Audit Committee members for 2020-21

Name of the Director	Audit Committee Meeting held during the year 2020-21				Total Attendance	Total No. of Meetings	% of attendance	Status
	26-May-20	06-Aug-20	02-Nov-20	05-Feb-21				
Mr. B B Hattarki	✓	✓	✓	✓	4	4	4	Chairman
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	4	Member
Mr. Rakesh Kalra	✓	✓	✓	✓	4	4	4	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 Securities and Exchange Board of India (Listing Obligations and 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:**

The brief description of the few of the terms of reference of Audit Committee is provided below:

- 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. Rakesh Kalra, Member  
Dr. Shalini Sarin, Member

The committee met one (1) time during the year on February 5, 2021.

#### **Attendance record of NRC members for 2020-21**

Name of the Director	NRC meeting held during the year 2020-21		Total Attendance	Total No. of Meetings	% of attendance	Status
	February 5, 2021					
Mr. B C Prabhakar	✓		1	1	100	Chairman
Mr. Rakesh Kalra	✓		1	1	100	Member
Dr. Shalini Sarin	✓		1	1	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.
  - To recommend to the board, all remuneration, in whatever form, payable to senior management.
- 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

**STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)**

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

Mr. B.C. Prabhakar, Chairman  
Mr. Rakesh Kalra, Member  
Mr. Srinivasan Kumaradevan, Member

**Performance evaluation criteria for independent directors:**

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

The Committee met four times during the year on May 26, 2020, August 6, 2020, November 2, 2020 and February 5, 2021.

**Attendance record of SRC members for 2020-21**

Name of the Director	SRC Committee Meeting held during the year 2020-21				Total Attendance	Total No. of Meetings	% of attendance	Status
	26-May-20	06-Aug-20	02-Nov-20	05-Feb-21				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Mr. Rakesh Kalra	✓	✓	✓	✓	4	4	100	Member
Mr. Srinivasan Kumaradevan	✓	✓	✓	✓	4	4	100	Member

**Compliance Officer**

Mr. Debadas Panda, Company Secretary & Compliance Officer, is the Compliance Officer of the Company for complying with requirements of the Securities Laws and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**Terms of Reference of SRC inter alia include the following:**

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- Review of measures taken for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company
- To act in terms of any consequent statutory modification(s) / amendment(s) / revision(s) to any of the applicable provisions to the said Committee

Number of Shareholders' complaint received during 2020-21	1
Number of complaints not solved to the satisfaction of the shareholders	Nil
Number of pending complaints	Nil

### RISK MANAGEMENT COMMITTEE (RMS)

The Committee comprises of two members as on March 31, 2021:

Mr. B C Prabhakar, Chairman,  
Mr. Srinivasan Kumaradevan, Member

The RMS committee met four times during the year on May 26, 2020, August 6, 2020, November 2, 2020 and February 5, 2021.

Name of the Director	RMS meeting held during the year 2020-21				Total Attendance	Total No. of Meetings	% of attendance	Status
	26-May-20	06-Aug-20	02-Nov-20	05-Feb-21				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Mr. Srinivasan Kumaradevan	✓	✓	✓	✓	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 Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. However, as per the recent amendment in the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, dated May 5, 2021, now it is mandatory for the company to

constitute the Risk Management Committee. Accordingly, the terms of reference as mentioned in the amended regulations shall be applicable w.e.f, the said date.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Committee comprises of three members as on March 31, 2021:

Mr. B C Prabhakar, Chairman,  
Dr. Shalini Sarin, Member  
Mr. Srinivasan Kumaradevan, Member

The CSR committee met three (3) times during the year on May 25, 2020, November 2, 2020 and February 5, 2021.

### Attendance record of CSR members for 2020-21

Name of the Director	CSR Meeting held during the year 2020-21			Total Attendance	Total No. of Meetings	% of attendance	Status
	26-May-20	02-Nov-20	05-Feb-21				
Mr. B C Prabhakar	✓	✓	✓	3	3	100	Chairman
Dr. Shalini Sarin	✓	✓	✓	3	3	100	Member
Mr. Srinivasan Kumaradevan	✓	✓	✓	3	3	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 review the Corporate Social Responsibility Policy of the Company from time to time
- Formulating and recommending to the Board an annual action plan for the projects to be undertaken consisting of:
  - a) the list of CSR projects or programmes to be undertaken as per Schedule VII of the Companies Act, 2013,
  - b) the manner of execution of such projects or programmes
  - c) the modalities of utilization of funds
  - d) implementation schedules for the projects or programmes
  - e) monitoring and reporting mechanism for the projects or programmes
  - f) details of need and impact assessment, if any
- To act in terms of any consequent statutory modification(s) /amendment(s)/ revision(s) to any of the applicable provisions to the said Committee.
- Proper management of surplus arising out of the CSR Projects and ensuring that they do not form part of the business profit of the company.

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](http://www.autoaxle.com/Policy.aspx)

**REMUNERATION OF DIRECTORS**

**(a) Non Executive Directors 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.

**(b) Criteria of making payments to Non-Executive Directors**

Non-Executive Directors are paid sitting fees for attending the Meetings of the Board and of Audit Committee of which they are members at the rate of ₹50,000/- (Rupees fifty thousand only) per meeting.

**(c) Criteria of making payments to Executive Directors**

The Executive Director is paid as per the remuneration approved by the Shareholders at the time of their appointment which are in line with the statutory requirements and Company's policies. The revision in remuneration, if any is recommended by the Nomination Remuneration Committee to the Board for its consideration by taking into account their individual performance and as well performance of the Company in a given year. Perquisites, performance linked incentives and retirement benefits are paid in accordance with the Company's policies, as applicable to all employees.

**(d) Details of Remuneration paid to Directors for the financial year 2020-21**

Name of Director	Salary & Perquisites(In ₹)	Sitting Fees & Commission (In ₹)	Shares Issued under ESOPs	Details of Service Contracts, Notice Period & Severance fees
Mr. Srinivasan Kumaradevan	89,37,437	Nil	Nil	Appointed as a Whole-time Director of the Company designated as President & Whole-time Director, for a period of five years from August 14, 2019 to August 13, 2024. All other terms as per employment agreement. Three months' notice period and no severance fees. All the above elements are fixed component.
Dr. B.N. Kalyani	Nil	2,00,000	Nil	
Mr. Chrishan Anthon Sebastian Villavarayan**	Nil	N.A	Nil	
Mr. B B Hattarki	Nil	4,00,000	Nil	
Mr. B C Prabhakar	Nil	4,00,000	Nil	
Mr. Rakesh Kalra	Nil	4,00,000	Nil	
Dr. Shalini Sarin	Nil	1,50,000	Nil	

Directors	Relationship with other Directors	Equity Shares held
Dr. B.N. Kalyani	None	126*
Mr. Chrishan Anthon Sebastian Villavarayan**	None	Nil
Mr. B B Hattarki	None	Nil
Mr. B C Prabhakar	None	575
Mr. Rakesh Kalra	None	Nil
Dr. Shalini Sarin	None	Nil
Mr. Srinivasan Kumaradevan	None	Nil

Note:

- \* Indirect holding as a trustee of Babasaheb Kalyani Family Trust along with Mrs. Sunita B. Kalyani and Mr. Amit B. Kalyani.
- \*\*Mr. Chrishan Anton Sebastian Villavarayan does not claim any sitting fee, being in conformity with Meritor's Policy for such nominees for attending the meetings.
- All the above elements are fixed component but for the Performance linked Bonus

### Secretarial Audit for Reconciliation of Share Capital

As mandated by the Securities and Exchange Board of India (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	Special Resolutions Passed
2017-18	August 13, 2018	12.30 p.m.	Regd. Office of the Company	None
2018-19	August 14, 2019	3.15 p.m.	Regd. Office of the Company	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. Bhalachandra Basappa Hattarki as an Independent Director of the Company</li> <li>2. Re-appointment of Mr. Bhoopalam Chandrashekharaiiah Prabhakar as an Independent Director of the Company</li> <li>3. Re-appointment of Dr. N. Muthukumar (DIN: 06708535), President &amp; Whole Time Director for a period of five years</li> </ol>
2019-20	August 19, 2020	3.00 p.m.	Through Video Conferencing/ Other Audio Visual Means at the Regd. Office of the Company	None

No Extraordinary General Meeting of the Members was held during the financial year 2020-21.

### Resolution passed through Postal Ballot

No resolution was passed through Postal Ballot during the year 2020-21.

None of the business proposed to be transacted in the ensuing Annual General Meeting requiring passing a Special Resolution conducted through Postal Ballot.

## MEANS OF COMMUNICATION

Your Company puts forth all vital information about the Company's performance including quarterly results, communication to investors, Press Releases and Presentations

made to the institutional investors / analysts after the declaration of the quarterly, half-yearly and annual results on Company's website: [www.autoaxle.com](http://www.autoaxle.com) regularly for the benefit of the public at large simultaneously on submitting it to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

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](http://www.autoaxle.com/Financial_reports.aspx)

## GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Date & Time : August 10, 2021 at 3.00 p.m. Venue : Through Video Conferencing facility or other audio visual means The deemed venue will be Registered Office of the Company at Hootagalli Industrial Area, Off. Hunsur road, Mysuru, Karnataka – 570018																																																																																																	
CIN	L51909KA1981PLC004198																																																																																																	
Financial Year	April 1, 2020 to March 31, 2021																																																																																																	
Book Closure Dates	August 5, 2021 to 10th August, 2021 (both days inclusive)																																																																																																	
Dividend Payment Date	Expected on or before September 8, 2021																																																																																																	
Plant Locations	<p><b>Mysuru Plant:</b> Hootagalli Industrial Area Off Hunsur Road, Mysuru, Karnataka - 570018.</p> <p><b>Rudrapur Plant:</b> Plot No. 3, ITBT Park, SIIDCUL- IEE Pant Nagar, (NH-4), Dist. Udham Singh Nagar, Uttarakhand - 263150</p> <p><b>Jamshedpur Plant:</b> Old Khakripara, Vill &amp; Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand, 831015</p> <p><b>Hosur Plant:</b> Plot No 39, Sipcot Industrial Area, LAS Phase-I, Mookandapalli, Hosur, Tamilnadu, 635126</p>																																																																																																	
Securities Listing	<p>BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001</p> <p>National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai-400 051.</p> <p>The Company confirms that the annual listing fee for the year 2020-21 has been paid to both the stock exchanges.</p>																																																																																																	
Stock Codes	<p>BSE – 505010</p> <p>NSE-AUTOAXLES</p> <p>Demat ISIN Number: INE449A01011</p>																																																																																																	
Stock Data	<p>Monthly High and Low price at which the shares of the Company were traded at the BSE and NSE are given below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="3">BSE</th> <th colspan="3">NSE</th> </tr> <tr> <th>High (In ₹)</th> <th>Low (In ₹)</th> <th>No. of Shares Traded</th> <th>High (In ₹)</th> <th>Low (In ₹)</th> <th>No. of Shares Traded</th> </tr> </thead> <tbody> <tr> <td>April, 2020</td> <td>565</td> <td>356</td> <td>14949</td> <td>570</td> <td>350</td> <td>311372</td> </tr> <tr> <td>May, 2020</td> <td>521</td> <td>404</td> <td>25893</td> <td>519</td> <td>404</td> <td>281489</td> </tr> <tr> <td>June, 2020</td> <td>647</td> <td>469</td> <td>47250</td> <td>648</td> <td>471</td> <td>611573</td> </tr> <tr> <td>July, 2020</td> <td>599</td> <td>509</td> <td>30624</td> <td>598</td> <td>509</td> <td>349225</td> </tr> <tr> <td>August, 2020</td> <td>748</td> <td>512</td> <td>75999</td> <td>748</td> <td>510</td> <td>1139913</td> </tr> <tr> <td>September, 2020</td> <td>806</td> <td>650</td> <td>52747</td> <td>808</td> <td>649</td> <td>734977</td> </tr> <tr> <td>October, 2020</td> <td>735</td> <td>647</td> <td>42268</td> <td>738</td> <td>646</td> <td>683747</td> </tr> <tr> <td>November, 2020</td> <td>983</td> <td>685</td> <td>130311</td> <td>975</td> <td>687</td> <td>610099</td> </tr> <tr> <td>December, 2020</td> <td>1081</td> <td>881</td> <td>66053</td> <td>1084</td> <td>881</td> <td>651780</td> </tr> <tr> <td>January, 2021</td> <td>1150</td> <td>990</td> <td>203741</td> <td>1150</td> <td>989</td> <td>617721</td> </tr> <tr> <td>February, 2021</td> <td>1250</td> <td>977</td> <td>106178</td> <td>1250</td> <td>975</td> <td>440328</td> </tr> <tr> <td>March, 2021</td> <td>1250</td> <td>1040</td> <td>15072</td> <td>1249</td> <td>1041</td> <td>253936</td> </tr> </tbody> </table>	Month	BSE			NSE			High (In ₹)	Low (In ₹)	No. of Shares Traded	High (In ₹)	Low (In ₹)	No. of Shares Traded	April, 2020	565	356	14949	570	350	311372	May, 2020	521	404	25893	519	404	281489	June, 2020	647	469	47250	648	471	611573	July, 2020	599	509	30624	598	509	349225	August, 2020	748	512	75999	748	510	1139913	September, 2020	806	650	52747	808	649	734977	October, 2020	735	647	42268	738	646	683747	November, 2020	983	685	130311	975	687	610099	December, 2020	1081	881	66053	1084	881	651780	January, 2021	1150	990	203741	1150	989	617721	February, 2021	1250	977	106178	1250	975	440328	March, 2021	1250	1040	15072	1249	1041	253936
Month	BSE			NSE																																																																																														
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Stock Data	The performance of the company's scrip on BSE and NSE as compared to the SENSEX and NIFTY AUTO during the year 2020-21 are as under: -								
	Month	AAL Share Price on BSE		SENSEX		AAL Share Price NSE		NSE NIFTY AUTO	
		High	Low	High	Low	High	Low	High	Low
	April, 2020	565	356	33887	27501	570	350	5927	4511
	May, 2020	521	404	32845	29968	519	404	6247	5351
	June, 2020	647	469	35707	32348	648	471	6936	6074
	July, 2020	599	509	38617	34927	598	509	7464	6703
	August, 2020	748	512	40010	36911	748	510	8224	7225
	September, 2020	806	650	39360	36496	808	649	8221	7398
	October, 2020	735	647	41048	38410	738	646	8260	7708
	November, 2020	983	685	44825	39335	975	687	8973	7687
	December, 2020	1081	881	47897	44118	1084	881	9457	8541
	January, 2021	1150	990	50184	46160	1150	989	10781	9214
	February, 2021	1250	977	52517	46434	1250	975	11093	9727
	March, 2021	1250	1040	51822	48236	1249	1041	10820	9605
Share Transfer System & Share Transfer Agents	In compliance with the SEBI circular dated December 27, 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, No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560003, 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 March 31, 2021:

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	16,005	880,745	5.83
Non Promoter (Public)			501-1000	291	226,572	1.50
Bodies Corporate	181,236	1.20	1001-2000	159	230,123	1.52
FI/ Foreign Portfolio Investor's & Bank	111,136	0.74	2001-3000	58	143,687	0.95
NRI's	70,551	0.47	3001-4000	25	86,824	0.57
Mutual Funds	1,773,299	11.73	4001-5000	15	69,691	0.46
Others	2,240,672	14.82	5001-10000	25	173,240	1.15
Total	15,111,975	100	> 10000	35	13,301,093	88.02
			<b>Total</b>	<b>16613</b>	<b>15,111,975</b>	<b>100</b>
Dematerialization	The Company's Equity Shares are under compulsory demat trading. As on 31st March 2021, dematerialized shares accounted for 99.60% of total equity.					
Audit Qualification	There is no audit qualification in the financial Statements of the Company for the year ended 31st March, 2021					

**List of credit ratings obtained**

Credit Rating Agency : ICRA Limited

Instrument	Rating Action
<b>Rating as on 01.04.2020</b>	
Long Term Fund based facilities	[ICRA]A+ (Stable)
Short Term Non fund based facilities	[ICRA]A1 +
<b>Revised Rating with effect from September 27, 2020</b>	
Long Term Fund based facilities	[ICRA]A+ (Stable)
Short Term Non fund based facilities	[ICRA]A1 +

**Investor Grievance Correspondence:**

Company	Share Transfer Agents
Secretarial Dept., Automotive Axles Limited Hootagalli Industrial Area, Off Hunsur Road, Mysuru - 570018 Phone : 0821-7197500 Fax : 0821-2402451 Email : sec@autoaxle.com	Integrated Registry Management Services Pvt. Ltd No.30, Ramana Residency, 4th Cross Sampige Road, Malleswaram Bangalore – 560003 Phone: 080-23460815-818 Fax : 080-23460819 E-mail : irg@integratedindia.in

**DISCLOSURES****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](http://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 Securities and Exchange Board of India (Listing Obligations and 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](http://www.autoaxle.com/Policy.aspx).

No personnel have been denied access to audit committee.

**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.

Further there are no instances of non-compliances with respect to capital market during the last three years.

Certificate from CS Pracheta M., Practicing Company Secretary having membership no. FCS 9323 and Certificate of Practice No. 9838 has been obtained, certifying that none of the directors on the board of the company have been debarred or disqualified from being appointed or

continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. Certificate from Practicing Company Secretary is annexed with this report.

Total fees for all services paid by the company to the statutory auditor M/s. S R Batliboi & Associates LLP, Chartered Accountants [Firm Registration No.: 101049W/E300004] and all entities in the network firm/network entity of which the statutory auditor is as below:

Total fees for all services paid by the company to the statutory auditor M/s. S R Batliboi & Associates LLP is ₹ 3.80 million (including reimbursement of expenses) for the Financial Year 2020-21.

### **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder for prevention and redressal of complaints of sexual harassment at workplace.

- a. number of complaints filed during the financial year : NIL
- b. number of complaints disposed of during the financial year : NIL
- c. number of complaints pending as on end of the financial year :NIL

### **COMPLIANCE WITH MANDATORY & NON MANDATORY REQUIREMENTS/ DISCRETIONARY REQUIREMENTS:**

The Company has complied with the applicable mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015. The Company has adopted following non-mandatory requirements of Securities and Exchange Board of India (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.

### **Reporting of Internal Auditor**

The Internal auditor reports 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.

### **Reminders to Investors**

Every year reminder letters for unpaid dividend are sent to the shareholders who have not claimed their dividend. Accordingly, the Company has sent the reminder letters to the shareholders dated 18th December, 2020 during the year.

### **Presentations to Institutional Investor and Analyst:**

Detailed presentations are made to the Institutional Investors and Financial Analysts on the un-audited quarterly financial results as well as the annual audited financial results of the company.

### **DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT**

I, Srinivasan Kumaradevan, 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, 2021 compliance with the Code of Conduct of the Company laid down for them.

Place: Mysuru  
Date: May 14, 2021

**Srinivasan Kumaradevan**  
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, Srinivasan Kumaradevan, President & Whole time Director and Ranganathan S., Chief Financial Officer of Automotive Axles Limited as required under the Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the best of our knowledge and belief, certify with respect to the financial results for the financial year ending March 31, 2021 as follows:

- A. We have reviewed the 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: Mysuru  
 Date: May 14, 2021

**Srinivasan Kumaradevan**  
 President & Wholetime Director

**Ranganathan S.**  
 Chief Financial Officer

**CERTIFICATE OF THE COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE UNDER  
SECURITIES AND EXCHANGE BOARD OF INDIA (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 2021, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

For Pracheta and Associates  
Company Secretaries

**Pracheta. M**

Proprietrix

FCS No.: F9323

C.P.No.9838

UDIN:F009323C000288866

Place: Mysuru

Date: May 14, 2021

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**[As per Clause 10(i) of Para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations].**

To

The Members,  
AUTOMOTIVE AXLES LIMITED  
CIN: L51909KA1981PLC004198

1. We have examined the status of directors for the year ended on March 31, 2021, pursuant to the provisions of Clause 10(i) of Para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations").
2. It is neither an audit nor an expression of opinion regarding the legality of debarring or disqualification by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs (MCA) or any such statutory authority.
3. Our examination was limited to a review of the relevant records of the Company and website of MCA, stock exchange(s), SEBI and other relevant statutory authority(ies) and it is solemnly the responsibility of Directors to submit relevant declarations and disclosures with complete and accurate information in compliance with the relevant provisions.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the declarations and disclosures made by the Directors, we certify that none of the directors on the board of AUTOMOTIVE AXLES LIMITED have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority during the year ended at March 31, 2021.

For Pracheta and Associates  
Company Secretaries

**Pracheta. M**

Proprietrix

FCS No.: F9323

C.P.No.9838

UDIN:F009323C000288800

Place: Mysuru

Date: May 14, 2021

# Independent Auditor's Report

To the Members of Automotive Axles Limited

## Report on the Audit of the Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of Automotive Axles Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income/Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, its profit including other comprehensive income/loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued

by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>(a) Valuation of Inventories (as described in Note 7 of the Ind AS financial statements)</p> <p>We have identified valuation of inventories as a key audit matter due to the critical judgement exercised by the Company's management in identifying the obsolete and slow-moving/non-moving items of inventories and assessing the amount of allowance for inventories.</p> <p>The gross balance of inventories as at March 31, 2021 is ₹ 2,092.71 million, against which provision amounting to ₹ 86.97 million was made. Inventories comprise raw material, work in progress, finished products and stores and spares.</p> <p>The determination of provision in respect of inventories requires management to exercise judgment in identifying the obsolete and slow-moving/non-moving inventories and make estimates of the appropriate level of provision required.</p>	<p>Our audit procedures in relation to identification of slow moving/non-moving and obsolete inventory included the following:</p> <ul style="list-style-type: none"> <li>• Understood Company's internal control environment over receipts, consumption and dispatch of inventories and controls over valuation of inventories and determination of provision required for slow and non-moving inventories;</li> <li>• We understood and evaluated the basis of identification of the obsolete and slow-moving/non-moving inventories;</li> <li>• We tested the accuracy of the report on aged inventories, on a sample basis;</li> <li>• We evaluated the historical accuracy of allowance for inventories by comparing the actual loss on account of write off of obsolete and slow-moving/non-moving inventories to the historical allowance recognized;</li> <li>• We have tested the utilisation pattern of the aged inventory on a sample basis; and</li> <li>• We assessed the realizable value, on a sample basis, by comparing the inventory value with the subsequent sales prices of the finished goods.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income/loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income/Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 (b) to the Ind financial statements;
    - 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

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 21213803AAAABN5065

Place of Signature: Bengaluru

Date: May 14, 2021

## Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

### Re: Automotive Axles Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at the end of the year covering certain class of inventories. Discrepancies noted on physical verification of inventories have been properly dealt with in the books of account. In our opinion, the frequency and the coverage of the inventory verification needs to be further strengthened.
- (iii) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 of the Companies Act, 2013 apply. The Company has given loans and have made investments which are in compliance with the provisions of Section 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of axles and brakes, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues applicable to it. Also, Refer Note 38(A) to the financial statements with regards to provident fund dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. Also, Refer Note 38(A) to the financial statements with regards to provident fund dues.
- (c) According to the records of the Company and the information and explanations given to us by the Management, there are no disputed dues on account of sales tax, service tax, duty of customs, duty of excise, value added tax and cess. The disputed dues on account of income-tax are as follows:

Name of the statute	Nature of dues	Amount (₹)	Payment under protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax (disallowance of deduction u/s 80JJAA)	207,409	-	AY 2018-19	Commissioner of Income Tax (Appeals)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to bank or dues to a financial institution. The Company did not have any outstanding dues to debenture holders or government during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 21213803AAAABN5065

Place of Signature: Bengaluru

Date: May 14, 2021

## **Annexure 2 To the Independent Auditor's Report of even date on the Ind AS Financial Statements of Automotive Axles Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Ind AS financial statements of Automotive Axles Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **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 ("ICAI"). 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 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 information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS financial statements 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") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, 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 Ind AS 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 with reference to these Ind AS financial statements.

### **Meaning of Internal Financial Controls With Reference to these Ind AS Financial Statements**

A company's internal financial controls with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Ind AS financial statements 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 Ind AS 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 Ind AS financial statements.

## Inherent Limitations of Internal Financial Controls With Reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, 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 with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 21213803AAAABN5065

Place of Signature: Bengaluru

Date: May 14, 2021

# Balance Sheet

as at March 31 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

	Notes	March 31, 2021	March 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,226.79	2,307.23
Capital work in progress	3	323.58	240.64
Intangible assets	4	4.43	6.08
Right-of-use assets	35	221.56	240.37
<b>Financial assets</b>			
Loans	5	29.32	67.50
Other financial assets	5	148.92	151.11
Other non-current assets	6	75.79	77.28
Deferred tax assets (net)	21	77.88	100.42
		<b>3,108.27</b>	<b>3,190.63</b>
<b>Current assets</b>			
Inventories	7	2,005.74	1,560.03
<b>Financial assets</b>			
Loans	5	71.05	43.67
Trade receivables	8	2,820.01	1,227.33
Investments	9	120.57	-
Cash and cash equivalents	10	726.02	737.34
Other bank balances	11	2.74	2.71
Other financial assets	5	18.50	97.36
Other current assets	6	554.59	425.83
Current tax assets (net)	20	14.92	-
		<b>6,334.14</b>	<b>4,094.27</b>
		<b>9,442.41</b>	<b>7,284.90</b>
<b>Total assets</b>			
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12	151.12	151.12
Other equity	13	5,389.43	5,168.25
		<b>5,540.55</b>	<b>5,319.37</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	145.83	187.50
Lease liabilities	35	88.65	107.41
Provisions	18	50.32	87.02
		<b>284.80</b>	<b>381.93</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	35	18.70	16.58
Trade payables	19	-	-
(A) Total outstanding dues of micro enterprises and small enterprises		101.08	34.76
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,803.77	1,110.85
Other financial liabilities	16	285.48	183.12
Other current liabilities	17	246.44	45.58
Provisions	18	161.59	166.59
Current tax liabilities (net)	20	-	26.12
		<b>3,617.06</b>	<b>1,583.60</b>
		<b>3,901.86</b>	<b>1,965.53</b>
		<b>9,442.41</b>	<b>7,284.90</b>
<b>Total liabilities</b>			
<b>Total equity and liabilities</b>			
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Rajeev Kumar**

Partner

Membership No.: 213803

Place : Bengaluru

Date : May 14, 2021

For and on behalf of the Board of Directors of

**Automotive Axles Limited****Kumaradevan Srinivasan**

President &amp; Whole time Director

DIN: 08107660

Place : Mysuru

Date : May 14, 2021

**Ranganathan S**

Chief Financial Officer

Place : Mysuru

Date : May 14, 2021

**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 14, 2021

**Debadas Panda**

Company Secretary

Place : Mysuru

Date : May 14, 2021

# Statement of Profit and Loss

for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income</b>			
Revenue from operations	22	9,055.74	9,519.58
Other income	23	70.74	77.23
<b>Total income</b>		<b>9,126.48</b>	<b>9,596.81</b>
<b>Expenses</b>			
Cost of materials consumed	24	6,651.97	6,266.66
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(357.89)	188.91
Employee benefits expense	26	887.47	890.90
Depreciation and amortisation expense	27	360.03	372.22
Finance costs	28	29.69	18.07
Other expenses	29	1,215.87	1,240.27
<b>Total expense</b>		<b>8,787.14</b>	<b>8,977.03</b>
<b>Profit before exceptional items and tax</b>		<b>339.34</b>	<b>619.78</b>
<b>Exceptional items-Loss</b>	30	(37.69)	(20.24)
<b>Profit before tax</b>		<b>301.65</b>	<b>599.54</b>
<b>Tax expenses</b>			
Current tax	21	71.05	147.13
Tax expenses relating to prior years	21	(17.23)	(11.82)
Deferred tax charge	21	20.53	52.89
<b>Total tax expenses</b>		<b>74.35</b>	<b>188.20</b>
<b>Profit for the year</b>		<b>227.30</b>	<b>411.34</b>
<b>Other comprehensive income/ (loss) (OCI)</b>			
<b>Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods:</b>			
Remeasurement income/ (loss) on items that will not be reclassified to statement of profit or loss on defined benefit plans	38	7.97	(6.73)
Income tax effect on above	21	(2.01)	1.69
<b>Other comprehensive income/ (loss) for the year, net of tax</b>		<b>5.96</b>	<b>(5.04)</b>
<b>Total comprehensive income for the year</b>		<b>233.26</b>	<b>406.30</b>
Earnings per equity share [nominal value of share ₹ 10 (March 31, 2020: ₹ 10)]			
Basic and diluted (in Rupees)	32	15.04	27.22
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership No.: 213803

Place : Bengaluru

Date : May 14, 2021

For and on behalf of the Board of Directors of  
**Automotive Axles Limited**

**Kumaradevan Srinivasan**

President & Whole time Director

DIN: 08107660

Place : Mysuru

Date : May 14, 2021

**Ranganathan S**

Chief Financial Officer

Place : Mysuru

Date : May 14, 2021

**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 14, 2021

**Debadas Panda**

Company Secretary

Place : Mysuru

Date : May 14, 2021

# Cash flow statement

for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>I Operating activities</b>			
<b>Profit before tax</b>		301.65	599.54
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment and right-of-use assets		356.16	367.59
Amortisation of intangible assets		3.87	4.63
Profit on sale of property, plant and equipment		(2.89)	(7.73)
Exceptional items	30	37.69	20.24
Provision for warranty		37.23	38.84
Finance costs (including fair value changes in financial instruments)		29.48	17.89
Finance income (including fair value changes in financial instruments)		(55.48)	(56.61)
<b>Operating profit before working capital adjustments</b>		<b>707.71</b>	<b>984.39</b>
<b>Working capital adjustments :</b>			
(Increase)/ decrease in trade receivables		(1,592.68)	2,235.95
(Increase)/ decrease in loans		(0.14)	(0.58)
(Increase)/ decrease in other financial assets		81.36	148.02
(Increase)/ decrease in other assets		(166.50)	69.98
(Increase)/ decrease in inventories		(445.71)	283.67
Increase/ (decrease) in trade payables		1,759.25	(1,433.92)
Increase/ (decrease) in other liabilities		200.86	(197.91)
Increase/ (decrease) in other financial liabilities		108.60	67.03
Increase/ (decrease) in provisions		(70.96)	(31.75)
		<b>581.79</b>	<b>2,124.88</b>
Income tax paid (net of refund)		(94.86)	(146.88)
<b>Net cash flows from operating activities</b>		<b>486.93</b>	<b>1,978.00</b>
<b>II Investing activities</b>			
Purchase of property, plant and equipment and right-of-use assets		(347.74)	(629.40)
Proceeds from sale of property, plant and equipment		3.09	12.88
Purchase of current investments		(120.00)	-
Loans given to suppliers		(52.00)	(49.68)
Loans repaid by suppliers		62.94	23.04
Interest received		56.11	54.03
<b>Net cash flows used in investing activities</b>		<b>(397.60)</b>	<b>(589.13)</b>
<b>III Financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings (refer note 1 below)		(41.67)	(500.83)
Interest paid		(30.26)	(68.54)
Payment of principal portion of lease liabilities (refer note 1 below)		(16.64)	(15.00)
Dividend paid to equity holders		(12.08)	(385.36)
Dividend distribution tax		-	(79.21)
<b>Net cash flows (used in) / from financing activities</b>		<b>(100.65)</b>	<b>(1,048.94)</b>

# Cash flow statement

for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>IV Net increase in cash and cash equivalents (I + II + III)</b>		(11.32)	339.93
Cash and cash equivalents at the beginning of the year	10	737.34	397.41
<b>V Cash and cash equivalents at the end of the year</b>	10	<b>726.02</b>	<b>737.34</b>
<b>Components of cash and cash equivalents as at the end of the year</b>	10		
Cash on hand		0.06	0.03
Balances with banks			
- in current accounts		386.91	77.31
- in deposit accounts with original maturity of less than three months		339.05	660.00
<b>Total cash and cash equivalents</b>		<b>726.02</b>	<b>737.34</b>
Summary of significant accounting policies	2		

## Explanatory notes to statement of cash flows

### 1. Changes in liabilities arising from financing activities:-

	Liabilities arising from financing activities		
	Lease liabilities (note 35)	Long term borrowings (note 16)	Short term borrowings
<b>As at April 01, 2020</b>	123.99	229.17	-
Proceeds from financing activities	-	-	-
Repayment of financing activities	(16.64)	(41.67)	-
<b>As at March 31, 2021</b>	107.35	187.50	-
<b>As at April 01, 2019</b>	130.30	730.00	-
Proceeds from financing activities	8.69	-	-
Repayment of financing activities	(15.00)	(500.83)	-
<b>As at March 31, 2020</b>	123.99	229.17	-

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership No.: 213803

Place : Bengaluru

Date : May 14, 2021

For and on behalf of the Board of Directors of

**Automotive Axles Limited**

**Kumaradevan Srinivasan**

President & Whole time Director

DIN: 08107660

Place : Mysuru

Date : May 14, 2021

**Ranganathan S**

Chief Financial Officer

Place : Mysuru

Date : May 14, 2021

**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 14, 2021

**Debadan Panda**

Company Secretary

Place : Mysuru

Date : May 14, 2021

# Statement of changes in equity

for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## a) Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

	Numbers	₹
<b>As at April 1, 2019</b>	1,51,11,975	151.12
Issued during the year	-	-
<b>As at March 31, 2020</b>	1,51,11,975	151.12
Issued during the year	-	-
<b>As at March 31, 2021</b>	<b>1,51,11,975</b>	<b>151.12</b>

## b) Other equity

	Attributable to equity holders of the Company			
	Reserves & surplus			
	Securities premium	General reserves	Retained earnings	Total
<b>Balance as at April 1, 2019</b>	115.59	458.82	4,658.87	5,233.28
Profit for the year	-	-	411.34	411.34
Other comprehensive income/ (loss)	-	-	(5.04)	(5.04)
Dividend paid (refer note 15)	-	-	(385.36)	(385.36)
Dividend distribution tax	-	-	(79.21)	(79.21)
Effect of adoption of Ind AS 116 (net of taxes)	-	-	(6.76)	(6.76)
<b>Balance as at March 31, 2020</b>	<b>115.59</b>	<b>458.82</b>	<b>4,593.84</b>	<b>5,168.25</b>
<b>Balance as at April 1, 2020</b>	115.59	458.82	4,593.84	5,168.25
Profit for the year	-	-	227.30	227.30
Other comprehensive income/ (loss)	-	-	5.96	5.96
Dividend paid (refer note 15)	-	-	(12.08)	(12.08)
<b>Balance as at March 31, 2021</b>	<b>115.59</b>	<b>458.82</b>	<b>4,815.02</b>	<b>5,389.43</b>

Summary of significant accounting policies (refer note 2)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership No.: 213803

Place : Bengaluru

Date : May 14, 2021

For and on behalf of the Board of Directors of

**Automotive Axles Limited****Kumaradevan Srinivasan**

President &amp; Whole time Director

DIN: 08107660

Place : Mysuru

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**Ranganathan S**

Chief Financial Officer

Place : Mysuru

Date : May 14, 2021

**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 14, 2021

**Debadas Panda**

Company Secretary

Place : Mysuru

Date : May 14, 2021

# Notes

To the financial statements for the year ended March 31, 2021

## 1. Corporate information

Automotive Axles Limited ("the Company") is a joint venture company incorporated in 1981, between Bharat Forge Limited, Pune, India and Meritor Heavy Vehicle Systems LLC, USA. The Company is a public company domiciled in India. Its shares are listed on the BSE Limited and the National Stock Exchange of India Limited. The registered office of the company is located at Hootagalli Industrial Area, Off Hunsur Road, Mysore, Karnataka- 570018. The Company CIN is L51909KA1981PLC004198.

The Company is primarily engaged in manufacturing of Axles and Brakes at Mysore, Rudrapur and Jamshedpur.

The financial statements were authorised for issue in accordance with a resolution of the Company's Board of Directors on May 14, 2021.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

These financial statements have been prepared on a historical cost basis as explained in the accounting policies below, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### (a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### (b) Foreign currencies

The financial statements are presented in Indian Rupees (₹), which is the functional currency of the Company.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company using spot rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant

# Notes

To the financial statements for the year ended March 31, 2021

functional currency at exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## (c) Revenue from contract with customer

The Company earns revenue from contract with customer primarily from sale of goods.

Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer, it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 33.

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the

customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue)

The specific recognition criteria described below must also be met before revenue is recognised.

### Sale of goods:

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The revenue is collected immediately upon sale of goods or as per agreed credit terms which is within 30 to 60 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

### Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

### Finance income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly

# Notes

To the financial statements for the year ended March 31, 2021

discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

## Dividend income:

Revenue is recognised when the Company's right to receive dividend is established, which is generally the shareholders' approval date.

## Export Incentives:

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

## (d) Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

## Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

## Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity, in correlation to the underlying transaction.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in

# Notes

To the financial statements for the year ended March 31, 2021

which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

## Minimum alternate tax (MAT)

MAT payable for a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## (e) Property, plant and equipment

Property, plant and equipment and Capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building and plant & machinery is provided using the Straight-Line Method and on other property, plant and equipment, using the reducing balance method over the useful lives estimated by the management basis technical assessment, as given in the table below:

Nature of Asset	Useful lives (in years)
Building- Factory	30
Building- Others (including Roads)	5-60
Plant & Machinery	2-15
Plant & Machinery – Windmill	9
Electrical installation	3-10
Furniture & Fixtures	5-10
Computers and servers	3-6
Office equipment's	5
Vehicles	4-8

Leasehold improvements are depreciated over the primary period of lease, or useful life, whichever is lower, on a straight-line basis.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Cost of assets not ready for their intended use at the balance sheet date are disclosed under Capital Work-in-Progress.

# Notes

To the financial statements for the year ended March 31, 2021

## (f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Computer Software which is not an integral part of the related hardware is classified as an intangible asset. Intangible assets are amortised on a reducing balance method over the estimated useful economic life of 3 years.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds/net realisable value and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## (g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## (h) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company's lease assets class primarily consist of lease of land, building and premises.

### Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold Land                      99 years
- Building                                      5 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to paragraph (i) of the accounting policies for impairment of non-financial assets.

#### ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments

# Notes

To the financial statements for the year ended March 31, 2021

(including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are disclosed under the head financial liabilities in the balance sheet (refer note 35).

### iii) *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases. (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-

value assets are recognised as expense on a straight-line basis over the lease term.

### **Company as a Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### (i) **Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and components, stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (i) **Impairment**

#### **Financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of

# Notes

To the financial statements for the year ended March 31, 2021

financial assets is impaired. Ind AS 109 ('Financial Instruments') requires expected credit losses to be measured through a loss allowance. The Company follows 'simplified approach' for recognition of impairment loss allowances. All financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company provides for impairment upon the occurrence of the triggering event.

## Non-financial assets

### *Tangible and intangible assets*

Property, plant and equipment and intangible assets are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

### (k) Provisions and contingent liability

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence

of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### Warranty provisions

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 up to three years.

As per the terms of the contracts, the company provides post-contact 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 management duly taking into the account the current and post technical estimates.

### (l) Retirement and other employee benefits

Superannuation fund (being administered by Trusts) and Employees' State Insurance Corporation (ESIC) are defined contribution schemes whose contributions are charged to the statement of profit and loss for the period when they are due to the respective funds. There are no obligations other than the contributions to the respective funds.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable

# Notes

To the financial statements for the year ended March 31, 2021

to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan. The Company contributes to a gratuity fund maintained by an independent insurance company.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the

net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense and Income

## Leave Encashment / Compensated Absences

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gain/loss are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

## (m) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contract that gives rise to financial assets and financial liabilities.

### Financial Assets

#### *Initial recognition and measurement*

All financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

# Notes

To the financial statements for the year ended March 31, 2021

## Subsequent measurement

### *Financial assets at amortised cost*

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

### *Financial assets at fair value through other comprehensive income*

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Fair value movements are recognised in Other Comprehensive Income (OCI).

### *Financial assets at fair value through profit or loss*

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in statement of profit and loss.

### *Derecognition*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition

under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

## Financial liabilities

### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and borrowings.

### *Subsequent measurement*

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

#### *Loans and Borrowings*

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

# Notes

To the financial statements for the year ended March 31, 2021

## *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## *Fair value of financial instruments*

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

### *Fair value hierarchy*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## *Reclassification of financial assets*

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## **(n) Cash and cash equivalents**

Cash and cash equivalents for purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## **(o) Cash dividend to equity shareholders of the Company**

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim

# Notes

To the financial statements for the year ended March 31, 2021

dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

(p) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.3 Changes in accounting policies and disclosures

### New and amended standards

(i) **Amendments to Ind AS 116: COVID-19-Related Rent Concessions.**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. On account of this amendment, an amount of ₹ 2.08 million is recognised as income in the statement of profit and loss for the year ended March 31, 2021.

Several other amendments and interpretations apply for the first time in during the year ending March 31, 2021, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective/ notified.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 3 Property, plant and equipment

	Freehold land	Building	Roads	Plant & Machinery	Furniture & fixtures	Office equipment & electricals	Computers & servers	Vehicles	Total
<b>Cost</b>									
<b>At April 01, 2019</b>	3.83	300.28	8.75	1,964.93	15.94	29.59	22.45	3.77	2,349.54
Additions	-	256.77	42.27	1,215.42	0.08	26.13	33.91	2.32	1,576.90
Disposals	-	-	-	55.99	-	-	-	-	55.99
<b>At March 31, 2020</b>	<b>3.83</b>	<b>557.05</b>	<b>51.02</b>	<b>3,124.36</b>	<b>16.02</b>	<b>55.72</b>	<b>56.36</b>	<b>6.09</b>	<b>3,870.45</b>
Additions	-	1.64	-	249.68	-	1.09	4.71	-	257.11
Disposals	-	-	-	38.83	-	-	-	-	38.83
<b>At March 31, 2021</b>	<b>3.83</b>	<b>558.69</b>	<b>51.02</b>	<b>3,335.21</b>	<b>16.02</b>	<b>56.81</b>	<b>61.07</b>	<b>6.09</b>	<b>4,088.73</b>
<b>Depreciation</b>									
<b>At April 01, 2019</b>	-	51.21	5.63	1,159.88	8.97	18.69	17.35	3.22	1,264.95
Charge for the year	-	15.40	1.89	299.82	2.28	6.70	22.64	0.38	349.11
Disposals	-	-	-	50.84	-	-	-	-	50.84
<b>At March 31, 2020</b>	<b>-</b>	<b>66.61</b>	<b>7.52</b>	<b>1,408.86</b>	<b>11.25</b>	<b>25.39</b>	<b>39.99</b>	<b>3.60</b>	<b>1,563.22</b>
Charge for the year	-	22.13	2.53	293.18	1.25	2.42	14.01	1.83	337.35
Disposals	-	-	-	38.63	-	-	-	-	38.63
<b>At March 31, 2021</b>	<b>-</b>	<b>88.74</b>	<b>10.05</b>	<b>1,663.41</b>	<b>12.50</b>	<b>27.81</b>	<b>54.00</b>	<b>5.43</b>	<b>1,861.94</b>
<b>Net book value</b>									
<b>At March 31, 2020</b>	<b>3.83</b>	<b>490.44</b>	<b>43.50</b>	<b>1,715.50</b>	<b>4.77</b>	<b>30.33</b>	<b>16.37</b>	<b>2.49</b>	<b>2,307.23</b>
<b>At March 31, 2021</b>	<b>3.83</b>	<b>469.94</b>	<b>40.97</b>	<b>1,671.80</b>	<b>3.52</b>	<b>29.00</b>	<b>7.07</b>	<b>0.66</b>	<b>2,226.79</b>

## Capital work in progress

	Total
<b>At April 01, 2019</b>	1,154.96
Additions	961.06
Capitalisation	(1,875.65)
<b>At March 31, 2020</b>	<b>240.37</b>
<b>At April 01, 2020</b>	240.37
Additions	344.10
Capitalisation	(260.89)
<b>At March 31, 2021</b>	<b>323.58</b>

The amount of borrowing costs capitalized during the year ended March 31, 2021 in ₹ Nil (March 31, 2020: ₹ 47.32 million)

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 4 Intangible assets

	Software	Total
<b>Cost</b>		
<b>At April 01, 2019</b>	10.74	10.74
Additions	6.85	6.85
Disposals	-	-
<b>At March 31, 2020</b>	<b>17.59</b>	<b>17.59</b>
Additions	2.22	2.22
Disposals	-	-
<b>At March 31, 2021</b>	<b>19.81</b>	<b>19.81</b>
<b>Amortisation</b>		
<b>At April 01, 2019</b>	<b>6.88</b>	<b>6.88</b>
Charge for the year	4.63	4.63
Disposals	-	-
<b>At March 31, 2020</b>	<b>11.51</b>	<b>11.51</b>
Charge for the year	3.87	3.87
Disposals	-	-
<b>At March 31, 2021</b>	<b>15.38</b>	<b>15.38</b>
<b>Net book value</b>		
<b>At March 31, 2020</b>	<b>6.08</b>	<b>6.08</b>
<b>At March 31, 2021</b>	<b>4.43</b>	<b>4.43</b>

## 5 Financial Assets At Amortised Cost

	Non-current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Loans</b>				
<b>Unsecured, considered good</b>				
Loans to employees	1.07	0.15	4.86	5.64
Loans to suppliers (refer note 39)	28.25	67.35	66.19	38.03
	<b>29.32</b>	<b>67.50</b>	<b>71.05</b>	<b>43.67</b>
<b>Other financial assets</b>				
<b>Unsecured, considered good</b>				
Net investment in leases (refer note 35(b))	112.81	111.74	-	-
Security deposits	36.11	39.37	-	-
Unbilled revenue *	-	-	-	31.59
Others *	-	-	18.50	65.77
	<b>148.92</b>	<b>151.11</b>	<b>18.50</b>	<b>97.36</b>

\* Includes receivables from related parties (refer note 37).

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 6 Other Assets

	Non-current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Unsecured, considered good</b>				
Capital advances *	75.65	77.14	-	-
Advances other than capital advances				
Advance to suppliers	-	-	455.69	258.20
Prepaid expenses **	-	-	27.46	59.13
Balance with statutory/ government authorities	0.14	0.14	71.44	108.50
	<b>75.79</b>	<b>77.28</b>	<b>554.59</b>	<b>425.83</b>

\* Includes advances given to related parties (refer note 37).

\*\* includes ₹ Nil (March 31, 2020 : ₹ 37.69 million) of receivable in respect of leasehold land in Madhya Pradesh as described below:

Pursuant to an agreement between the Company and the Government of Madhya Pradesh ('Government'), on September 2012, the Company had taken a land on lease at Pithampur, Madhya Pradesh, for setting up a manufacturing unit and paid an upfront premium of ₹ 97 million (including a stamp duty of ₹ 20.24 million). The Company has applied to the Government for surrender of the land due to non-utilisation of the land. In accordance with the agreement, a surrender charge of 50% of upfront premium paid is applicable on surrender of the land.

During the previous year, the Company entered into another agreement with the Government for acquisition of another land for 99 years for a consideration of ₹ 124.86 million. As per the communication from the Government, the Company has remitted ₹ 88.81 million after adjusting ₹ 36.05 million pertaining to the amount recoverable on surrender of the existing leasehold land. During the previous year, the Company has provided for the initial registration and stamp duty charges, paid towards acquisition of the land amounting to ₹ 20.24 million. Based on the outcome of final discussion with governmental authorities, the Company provided for the surrender charges of ₹ 37.69 million during the quarter ended June 30, 2020.

## 7 Inventories (valued at lower of cost or net realisable value)

	March 31, 2021	March 31, 2020
Raw materials (Includes ₹ 17.51 million (March 31, 2020: ₹ 4 million) in transit)	712.69	580.87
Work-in-progress	691.78	487.37
Finished goods	539.74	386.26
Stores and spares	61.53	105.53
	<b>2,005.74</b>	<b>1,560.03</b>

As at March 31, 2021, the Company has made a provision of ₹ 86.97 million (March 31, 2020: ₹ 64.61 million) towards slow moving/ non-moving and obsolete inventory.

## 8 Trade Receivables

	March 31, 2021	March 31, 2020
<b>At amortised cost</b>		
Trade receivables	334.35	132.95
Receivables from related parties *	2,485.66	1,094.38
<b>Total trade receivables</b>	<b>2,820.01</b>	<b>1,227.33</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

	March 31, 2021	March 31, 2020
<b>Break-up for security details:</b>		
<b>Current</b>		
Secured, considered good	-	-
Unsecured, considered good	2,820.01	1,227.33
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	6.11	6.11
	<b>2,826.12</b>	<b>1,233.44</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>		
Trade receivables - credit impaired	(6.11)	(6.11)
	<b>2,820.01</b>	<b>1,227.33</b>

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

\* Includes dues from companies where directors are interested (refer note 37). No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

## 9 Investments

	March 31, 2021	March 31, 2020
Investments in quoted regular growth plan mutual funds (MF) measured at FVTPL		
8792.62 (March 31, 2020: Nil) units of ₹ 2,284.79 (March 31, 2020: Nil) each full paid up of Axis liquid fund - direct growth	20.09	-
18,176.71 (March 31, 2020: Nil) units of ₹ 1,106.88 (March 31, 2020: Nil) each full paid up of Axis money market fund - direct growth	20.12	-
32,371.23 (March 31, 2020: Nil) units of ₹ 2,482.58 (March 31, 2020: Nil) each full paid up of Axis liquid fund - direct growth	80.36	-
	<b>120.57</b>	<b>-</b>

## 10 Cash and cash equivalents

	March 31, 2021	March 31, 2020
Cash on hand	0.06	0.03
<b>Balances with banks:</b>		
Current accounts	386.91	77.31
Deposits with original maturity of less than three months	339.05	660.00
	<b>726.02</b>	<b>737.34</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods ranging from 1 to 3 months, depending on the immediate cash requirements of the Company, and earn interest at the respective deposit rates.

## 11 Other bank balances

	March 31, 2021	March 31, 2020
Unpaid dividend	2.74	2.64
In deposit account- Under lien for bank guarantee	-	0.07
	<b>2.74</b>	<b>2.71</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 12 Share capital

	Equity shares		Preference shares	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital</b>				
At April 01, 2019	2,30,00,000	230.00	20,00,000	20.00
Increase/ (decrease) during the year	-	-	-	-
At March 31, 2020	2,30,00,000	230.00	20,00,000	20.00
Increase/ (decrease) during the year	-	-	-	-
<b>At March 31, 2021</b>	<b>2,30,00,000</b>	<b>230.00</b>	<b>20,00,000</b>	<b>20.00</b>

### Terms/right attached to equity shares

The Company has issued only one class of equity share having par value of ₹ 10/- per 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.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	Number of shares	Amount
<b>Issued equity capital</b>		
At April 01, 2019	1,51,11,975	151.12
Increase/ (decrease) during the year	-	-
At March 31, 2020	1,51,11,975	151.12
Increase/ (decrease) during the year	-	-
<b>At March 31, 2021</b>	<b>1,51,11,975</b>	<b>151.12</b>

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

#### Equity Shares with voting rights

	March 31, 2021		March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares</b>				
At the commencement of the year	1,51,11,975	151.12	1,51,11,975	151.12
Add: shares issued	-	-	-	-
<b>At the end of the year</b>	<b>1,51,11,975</b>	<b>151.12</b>	<b>1,51,11,975</b>	<b>151.12</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## (b) Details of shares held by each shareholder holding more than 5% shares in the company

### Class of shares / Name of shareholder

#### Equity shares with voting rights

	March 31, 2021		March 31, 2020	
	Number of shares	Holding percentage	Number of shares	Holding percentage
BF Investments Ltd.,	53,67,806	35.52%	53,67,806	35.52%
Meritor Heavy Vehicle Systems, LLC USA	53,67,275	35.52%	53,67,275	35.52%
Reliance Capital Trustee Company Ltd.	12,91,000	8.54%	14,42,729	9.55%

(c) The Company has not issued any bonus shares or issued shares for consideration other than cash nor bought back any shares from the date of incorporation of the Company.

(d) The Company has not reserved any shares for issuance under options and contracts/ commitments for the sale of shares/ disinvestment.

## 13 Other equity

	March 31, 2021	March 31, 2020
<b>Securities premium account (refer note 14(a))</b>		
Balance as per last financial statements	115.59	115.59
Add : Additions during the year	-	-
<b>Closing balance (a)</b>	<b>115.59</b>	<b>115.59</b>
<b>Retained earnings</b>		
Balance as per last financial statements	4,593.84	4,658.87
Add: Profit for the year	233.26	406.30
Less:		
Dividend (refer note 15)	12.08	385.36
Dividend distribution tax on dividend (refer note 15)	-	79.21
Effect of adoption of Ind AS 116 (net of taxes)	-	6.76
<b>Closing balance (b)</b>	<b>4,815.02</b>	<b>4,593.84</b>
<b>General reserves (refer note 14(b))</b>		
Balance as per last financial statements	458.82	458.82
Add: Transfer from statement of profit and loss	-	-
<b>Closing balance (c)</b>	<b>458.82</b>	<b>458.82</b>
<b>Total (a+b+c)</b>	<b>5,389.43</b>	<b>5,168.25</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 14 Nature and purpose of reserves

### a) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act, 2013.

### b) General reserves

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

## 15 Dividend distribution made and proposed

	March 31, 2021	March 31, 2020
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended March 31, 2020: ₹ 0.80 per share	12.08	294.68
Dividend distribution tax on final dividend**	-	60.57
Interim dividend for the year ended March 31, 2021: ₹ Nil per share	-	90.68
Dividend distribution tax on interim dividend**	-	18.64
	12.08	464.57
<b>Proposed dividends on equity shares*</b>		
Final dividend for the year ended March 31, 2021: ₹ 4.50 per share	68.00	12.08
	<b>68.00</b>	<b>12.08</b>

\* Proposed dividends on equity shares are subject to approval at the annual general meeting and hence not recognised as a liability as at March 31, 2021 and March 31, 2020.

\*\* The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay/distribute dividend after deducting applicable taxes.

## 16 Financial liabilities

### Borrowings

	Non-current	
	March 31, 2021	March 31, 2020
<b>Term loan</b>		
Indian rupee term loan from a bank (secured)	187.50	229.17
Less: amount disclosed under the head 'Other current financial liabilities'	(41.67)	(41.67)
	<b>145.83</b>	<b>187.50</b>

- a) During the financial year 2018-19, the Company has been sanctioned a term loan of ₹ 1,500 million from HDFC bank towards capital expansion against which the Company has taken total disbursements of ₹ 730 million. The term loan is repayable in 24 quarterly installments after the moratorium period of one year from the date of sanctioning of the loan. During the current year, the Company has repaid the loan to the extent of ₹ 41.67 million. The loan is secured by hypothecation of plant and machinery and other moveable assets both present and future consisting of, being movable properties, procured out of the said term loan at all locations.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

- b) The loan carries an interest @ 3 month MCLR (with a quarterly reset) plus 5 bps in the range of 7% - 7.95%, payable monthly basis.

	Current	
	March 31, 2021	March 31, 2020
Other financial liabilities		
Current maturities of long term debt (refer note 16(a))	41.67	41.67
Interest accrued and not due	1.16	1.94
Payable towards capital expenditure	62.88	69.84
Unclaimed dividend	2.74	2.64
Others	177.03	67.03
	<b>285.48</b>	<b>183.12</b>

## 17 Other liabilities

	Current	
	March 31, 2021	March 31, 2020
Deferred rent	-	-
Statutory liabilities*	185.72	12.25
Advance from customers	60.72	33.10
Security deposit received from customers	-	0.23
	<b>246.44</b>	<b>45.58</b>

\* Statutory liabilities include provident fund, employee state insurance, professional tax, GST, withholding taxes payables and other indirect taxes payable.

## 18 Provisions

	Non-current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 38)	-	-	1.71	10.74
Provision for compensated absence	-	-	19.39	24.93
<b>Others</b>				
Provision for warranty (refer note below)	50.32	87.02	140.49	130.92
	<b>50.32</b>	<b>87.02</b>	<b>161.59</b>	<b>166.59</b>

## Warranty

Provision for warranty relates to the estimated outflow in respect of warranty for products sold by the Company.

	March 31, 2021	March 31, 2020
<b>Opening balance</b>	217.94	201.65
Additions during the year	37.23	38.84
Utilised during the year	(64.36)	(22.55)
<b>Closing balance</b>	<b>190.81</b>	<b>217.94</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 19 Trade payables

	March 31, 2021	March 31, 2020
<b>At amortised cost</b>		
<b>Trade payables (including acceptances)</b>		
Total outstanding dues of micro enterprises and small enterprises*	101.08	34.76
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,803.77	1,110.85
	<b>2,904.85</b>	<b>1,145.61</b>

\* Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2021 and March 31, 2020. The details in respect of such dues are as follows:

	March 31, 2021	March 31, 2020
Principal amount remaining unpaid to any supplier as at the end of the accounting year	101.08	34.76
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

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.

## 20 Current tax liabilities (net)

	March 31, 2021	March 31, 2020
Provision for income tax (net of advance income tax)	-	26.12
	-	<b>26.12</b>
<b>Current tax asset (net)</b>		
Advance income tax (net of provision for income tax)	14.92	-
	<b>14.92</b>	-

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 21 Deferred tax assets (net)

	March 31, 2021	March 31, 2020
Depreciation and amortisation expense: difference between tax depreciation and depreciation as per statement of profit and loss	48.42	66.68
Provision for employee benefits and others	29.46	33.74
<b>Net Deferred tax assets</b>	<b>77.88</b>	<b>100.42</b>
<b>Income taxes</b>		
<b>Components of income tax expense</b>		
(a) The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:		
(i) Statement of Profit and loss		
Current tax	71.05	147.13
Income tax relating to prior years	(17.23)	(11.82)
Deferred tax relating to origination and reversal of temporary differences	20.53	52.89
<b>Tax expense reported in the statement of profit and loss</b>	<b>74.35</b>	<b>188.20</b>
(ii) OCI section		
Deferred tax related to items recognized in OCI during the year		
Net actuarial (loss) /gain on remeasurement of defined benefit plans	(2.01)	1.69
Income tax (credit)/ charge to OCI	(2.01)	1.69
(b) Reconciliation of tax expense and accounting profit for the year ended March 31, 2021 and March 31, 2020		
<b>Accounting profit before income tax</b>	<b>339.34</b>	<b>619.78</b>
Enacted tax rates in India	25.168%	25.168%
Computed expected tax expense	85.41	155.99
Tax effect on permanent non-deductible expenses	15.19	2.38
<b>One-time additional deferred tax charge (refer note below)</b>	<b>-</b>	<b>42.06</b>
Income tax relating to prior years	(17.23)	(11.82)
Others	(9.02)	(0.41)
<b>At the effective income tax rate</b>	<b>74.35</b>	<b>188.20</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>74.35</b>	<b>188.20</b>

The Company has exercised the option of availing the lower tax rate available under Section 115BAA of the Income Tax Act, 1961, as introduced by Taxation Laws (Amendment) Ordinance, 2019, with effect from AY 2020-21, thereby lowering the tax rate from 34.944% to 25.168% effective April 01, 2019. Accordingly, the Company has provided for income taxes for the year ended March 31, 2020 and re-measured the accumulated balance of deferred tax assets as at March 31, 2019, based on the rate prescribed under the aforesaid Section. The resultant impact has been taken through the statement of profit and loss. The re-measurement of accumulated deferred tax assets has resulted in a one-time additional deferred tax charge of ₹ 42.06 million for the year ended March 31, 2020.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 22 Revenue from operations

	March 31, 2021	March 31, 2020
Sale of products	8,824.39	9,229.53
	<b>8,824.39</b>	<b>9,229.53</b>
<b>Other operating revenue</b>		
Sale of scrap and others	206.81	223.30
Tooling income	17.75	58.04
Income from wind power generation	6.79	8.71
	<b>231.35</b>	<b>290.05</b>
Revenue from operations	<b>9,055.74</b>	<b>9,519.58</b>

## 23 Other income

	March 31, 2021	March 31, 2020
Interest income on deposits with banks	26.08	32.14
Interest - others	28.69	24.47
Fair value gain on financial instruments at fair value through profit or loss	0.71	-
Profit on sale of property, plant and equipment	2.89	7.73
Miscellaneous income	12.37	12.89
	<b>70.74</b>	<b>77.23</b>

## 24 Cost of materials consumed

	March 31, 2021	March 31, 2020
Inventory at the beginning of the year	580.87	683.05
Add: Purchases	6,783.79	6,164.48
Less: Inventory at the end of the year	(712.69)	(580.87)
	<b>6,651.97</b>	<b>6,266.66</b>

## 25 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	March 31, 2021	March 31, 2020
<b>Closing stock</b>		
Finished goods	539.74	386.26
Work-in-progress	691.78	487.37
<b>Total</b>	<b>1,231.52</b>	<b>873.63</b>
<b>Opening stock</b>		
Finished goods	386.26	350.10
Work-in-progress	487.37	712.44
<b>Total</b>	<b>873.63</b>	<b>1,062.54</b>
<b>(Increase)/ decrease</b>	<b>(357.89)</b>	<b>188.91</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 26 Employee benefits expenses

	March 31, 2021	March 31, 2020
Salaries, wages and bonus	739.46	725.56
Contribution to provident and other funds	55.19	58.01
Gratuity expense (refer note 38)	12.17	11.33
Compensated absences	25.50	21.18
Staff welfare expenses	55.15	74.82
	<b>887.47</b>	<b>890.90</b>

## 27 Depreciation and amortisation expense

	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment	337.35	349.11
Amortisation of intangible assets	3.87	4.63
Depreciation of right-of-use assets (refer note 35)	18.81	18.48
	<b>360.03</b>	<b>372.22</b>

## 28 Finance costs

	March 31, 2021	March 31, 2020
Interest expense		
- on borrowings from banks*	15.61	6.26
- on lease liabilities (refer note 35)	9.32	9.68
- on others	4.55	1.95
Bank charges	0.21	0.18
	<b>29.69</b>	<b>18.07</b>

\* net of borrowing cost ₹ Nil (March 31, 2020: ₹ 47.32 million) capitalised to property, plant and equipment.

## 29 Other expenses

	March 31, 2021	March 31, 2020
Stores and spares consumed	179.19	231.32
Power and fuel	148.35	157.92
Travelling expenses	3.49	12.05
Rent including lease rentals	31.58	41.41
Repairs and maintenance		
Buildings	1.63	13.32
Plant and machinery	87.18	105.00
Others	20.94	19.88
Rates and taxes	6.35	7.79
Insurance charges	12.29	11.34
Postage, telephone and telegram	2.07	2.45
Vehicle running expenses	0.47	0.59

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

	March 31, 2021	March 31, 2020
Directors' sitting fees	1.55	1.45
Legal and professional charges	30.42	28.50
Payment to auditor (refer note (i) below)	3.80	3.98
Technical fees	39.86	39.86
Outside processing charges	454.01	431.07
Warranty (net) (refer note 18)	37.23	38.84
Freight charges	102.85	35.13
Corporate social responsibility expenditure (refer note 31)	24.98	25.86
Miscellaneous expenses	27.63	32.51
	<b>1,215.87</b>	<b>1,240.27</b>

Note:

(i) Payments to auditors:

	March 31, 2021	March 31, 2020
<b>As auditor (excluding GST)</b>		
Statutory audit fee	3.50	3.50
Reimbursement of expenses	0.30	0.48
	<b>3.80</b>	<b>3.98</b>

## 30 Exceptional items

	March 31, 2021	March 31, 2020
Surrender charges for leasehold land	37.69	20.24
	<b>37.69</b>	<b>20.24</b>

Represents loss on account of surrender of leasehold land (refer note 6).

## 31 Disclosures in accordance with Guidance Note on Accounting for Expenditure on Corporate Social Responsibility ("CSR") Activities

Particulars	March 31, 2021	March 31, 2020
<b>a) Gross amount required to be spent by the Company during the year.</b>	24.98	25.75
<b>b) Amount approved by the Board to be spent during the year</b>	24.98	25.75

	In cash	Yet to be paid in cash *	Total
<b>c) Amount spent during the year ended March 31, 2021:</b>	-	-	-
(i) Construction/ acquisition of any assets	7.99	16.99	24.98
(ii) On purposes other than (i) above			
<b>d) Amount spent during the year ended March 31, 2020:</b>			
(i) Construction/acquisition of any assets	-	-	-
(ii) On purposes other than (i) above	25.26	0.49	25.75

\* The unspent amount was transferred to unspent CSR account maintained with a scheduled bank on April 29, 2021 which is proposed to be spent for activities related to COVID-19.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 32 Earnings per share (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2021	March 31, 2020
Profit attributable to equity shareholders for basic and diluted earnings	227.30	411.34
Weighted average number of Equity shares for basic and diluted EPS (nos) *	1,51,11,975	1,51,11,975

\* There are no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

## 33 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- i) Capital
- ii) Financial risk
- iii) Sensitivity

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

At the time of finalisation of these financial statements the severity of the pandemic in the form of Wave 2 is peaking across the country and on account of which various state Governments have imposed lockdown

like restrictions in various parts of the country. The situation though is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of COVID-19 and thus the full impact still remains uncertain and could be different from the estimates considered while preparing these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

#### Determining the lease term of contracts with renewal options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

#### Property lease classification – Company as lessor

The Company has entered into a property lease. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, the present value of the minimum lease payments amounts to substantially all of the fair value of the property and accounted for the contracts as finance lease.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## Estimates and assumptions

Key source of estimation of uncertainty as at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates."

### Provision for inventories

Management reviews the aged inventory on a periodic basis. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. The management also evaluates on the usability of existing inventories as a result of technological and regulatory changes in the automotive sector if any and provides for the required allowances for slow moving/ non-moving and obsolete inventory. This review also involves comparison of the carrying value of the aged inventory item with the respective net realisable value. Management believes that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

## Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### Provision for warranty

Warranty estimates are established using historical information on the nature, frequency and average cost of warranty claims and also management estimates regarding possible future outflow on servicing the customers for any corrective action in respect of product failure.

### Leases - estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

## 34 Segment reporting

The Company is predominantly engaged in the business of manufacturing and sale of automotive components, which constitutes a single business segment and is governed by similar set of risks and returns. The operations of the Company primarily cater to the market in India, which the management views as a single segment. The management monitors the operating results of its single segment for the purpose of making decisions about resource allocation and performance assessment.

One customer individually accounted for ₹ 7,648.53 million (March 31, 2020: ₹ 7,847.35 million) which is more than 10% of the total revenue of the Company for the year ended March 31, 2021. The Company is domiciled in India. The Company's revenue from operations from external customers primarily relate to operations in India and all the non-current assets of the Company are located in India.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 35 Leases

### a) Company as a lessee

- i) The Company has entered into property leases consisting of the Company's manufacturing facilities which includes land and building. These leases are for a period of five to ten years and lease of land is for 99 years with renewal option included in the contracts. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemption for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Leasehold Building	Leasehold Land (refer note 6)	Total
<b>As at April 01, 2019</b>	113.12	-	113.12
Additions/ (deletions)	(3.02)	148.75	145.73
Depreciation expense	(17.48)	(1.00)	(18.48)
<b>As at March 31, 2020</b>	<b>92.62</b>	<b>147.75</b>	<b>240.37</b>
Additions/ (deletions)	-	-	-
Depreciation expense	(17.31)	(1.50)	(18.81)
<b>As at March 31, 2021</b>	<b>75.31</b>	<b>146.25</b>	<b>221.56</b>

Below are the carrying amounts of lease liabilities and the movements during the year:

	Leasehold Building	Leasehold Land	Total
<b>As at April 01, 2019</b>	130.30	-	130.30
Additions/ (deletions)	(3.83)	12.52	8.69
Accretion of interest	9.68	-	9.68
Interest payments	(9.68)	-	(9.68)
Principal payments	(14.07)	(0.93)	(15.00)
<b>As at March 31, 2020</b>	<b>112.40</b>	<b>11.59</b>	<b>123.99</b>
Additions/ (deletions)	-	-	-
Accretion of interest	8.39	0.93	9.32
Interest payments	(8.39)	(0.93)	(9.32)
Principal payments	(16.64)	(0.00)	(16.64)
<b>As at March 31, 2021</b>	<b>95.76</b>	<b>11.59</b>	<b>107.35</b>
Current			18.70
Non-current			88.65
			107.35

The maturity analysis of lease liabilities are disclosed in note 41(iii).

The effective interest rate for lease liabilities is 8%, with maturity between financial year 2024 - 2029 for leasehold building and in financial year 2118 for leasehold land.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

The following are the amounts recognised in profit or loss:

	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	18.81	18.48
Interest expense on lease liabilities	9.32	9.68
Expense relating to short-term leases (included in other expenses)	31.58	41.41
<b>Total amount recognised in statement of profit or loss</b>	<b>59.71</b>	<b>69.57</b>

The Company had total cash outflows for leases of ₹ 25.96 million (March 31, 2020: ₹ 160.90 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ Nil (March 31, 2020: ₹ 122.63 million) and ₹ Nil (March 31, 2020: ₹ 138.99 million) respectively. There are no future cash outflows relating to leases that have not yet commenced.

## b) Company as a lessor

The Company has entered into lease agreements with Meritor HVS India Limited ('MHVSIL') and Meritor Commercial Vehicle Systems India Private Limited ('MCVSIPL') to obtain a land on lease from MHVSIL and to construct a R&D test lab building ('R&D Building') and lease it back to MCVSIPL for R&D activities. This lease have a term of 20 years. Since both of these lease contracts were entered with the related parties on the same date and negotiated as one lease, these leases are essentially treated as a single contract in substance, wherein, the Company is the lessor of R&D building and MCVSIPL is the lessee. The Company at the commencement of the agreement, recognised ₹ 111.13 million being the present value of net lease rent receivables. Net finance income on lease receivables recognised by the Company during the year is ₹ 9.72 million (March 31, 2020: ₹ 4.82 million).

Future minimum rentals receivables under finance lease is as follows:

	March 31, 2021	March 31, 2020
Not later than one year	9.08	8.65
Later than one year and not later than five years	41.10	39.14
More than five years	189.56	200.60
	<b>239.74</b>	<b>248.39</b>

Reconciliation of the undiscounted lease payments to the net investment in the lease:

	March 31, 2021	March 31, 2020
Total undiscounted lease receivables	239.74	248.39
Less: unearned finance income related to future years	(126.93)	(136.66)
Net investment in leases (refer note 5)	<b>112.81</b>	<b>111.74</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 36 Commitments and contingencies

	March 31, 2021	March 31, 2020
<b>a) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	63.64	153.44
<b>b) Contingent liabilities</b>		
Income tax demands under appeal	0.21	-

During the year, the Company has received demand order from the Income tax authorities for the financial year 2017-18 towards the disallowance of deduction taken by the Company under section 80JJAA of Income tax act, 1961. The Company has filed an appeal against the disallowance with the Commissioner of Income tax (Appeals) on March 23, 2021. The Company based on its assessment believe that no further adjustment is required in the financial statements in the current year.

## 37 Related Party Transactions

### (i) Names of related parties and related party relationship

#### (a) Related parties where control exist irrespective of whether transaction have occurred or not :

Entities having joint control over the Company

Meritor Heavy Vehicle System LLC

Meritor Inc, Troy

BF Investments Limited, Pune

#### (b) Other related parties with whom the Company had transactions : -

Meritor HVS (India) Limited

Meritor Heavy Vehicle Systems Cameri Spa

Xuzhou Meritor Axle Co.Ltd.

Meritor HVS LLC, Morristown

Meritor HVS LLC, Florence

Meritor HVS Inc., Fletcher

Meritor HVS AB., Sweden

Sistemas Automotrices de Mexico, S.A. de C.V.

Meritor Laurinberg Speciality

Meritor Manufacturing de Mexico sa de CV

Meritor Commercial Vehicle Systems (India) Pvt. Ltd.

Meritor HVS LLC, Troy

Meritor Heavy Vehicle Systems Australia Ltd

Meritor Heavy Vehicle Systems Singapore Pte Ltd

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

Enterprises over which Key Management Personnel (KMP) have significant influence :	
Bharat Forge Limited	
Synise Technologies Limited	
Key Management Personnel:	
Dr. B N Kalyani	Chairman
Kumaradevan Srinivasan	President & Whole time Director - appointed w.e.f August 14, 2019
Dr. N Muthukumar	President & Whole-Time Director - resigned w.e.f August 14, 2019
Ranganathan S	Chief Financial Officer
Debadas Panda	Company Secretary
Bhalachandra B Hattarki	Independent Director
B C Prabhakar	Independent Director
Rakesh Kalra	Independent Director
Chrishan Anton Sebastian Villavarayan	Director
Dr. Shalini Sarin	Independent Director
Transactions and balances less than 10% of the total transactions and balances disclosed as "Others".	

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## ii) Related party disclosures

Particulars	March 31, 2021	March 31, 2020
<b>Purchase of goods</b>		
Bharat Forge Limited	226.19	161.87
Meritor Heavy Vehicle Systems LLC, Morristown	6.97	13.56
Meritor Heavy Vehicle Systems Cameri Spa	6.55	10.19
Meritor HVS AB., Sweden	15.31	8.18
Meritor Heavy Vehicle Systems Singapore Pte Ltd	5.05	8.17
Meritor HVS Inc., Fletcher	0.13	3.35
Others	4.43	4.30
	<b>264.63</b>	<b>209.62</b>
<b>Sale of goods</b>		
Meritor HVS (India) Limited	7,648.53	7,847.35
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	12.29	4.69
Others	0.58	0.25
	<b>7,661.40</b>	<b>7,852.29</b>
<b>Purchase of property, plant and equipment</b>		
Bharat Forge Limited	-	4.23
<b>Tooling income</b>		
Meritor HVS (India) Limited	3.06	58.04
Bharat Forge Limited	14.69	-
	<b>17.75</b>	<b>58.04</b>
<b>Lease rental income*</b>		
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	13.17	6.43
<b>Lease rental expense*</b>		
Meritor HVS (India) Limited	4.52	2.21
<b>Purchase of MEIS licences (export incentive) and others</b>		
Meritor HVS (India) Limited	5.06	61.46
	<b>5.06</b>	<b>61.46</b>
<b>Services received</b>		
Bharat Forge Limited (Outside processing charges)	99.46	90.42
Meritor HVS (India) Limited (Technical fees)	39.86	39.86
Synse Technologies Ltd (Scrap sales commission and logistics support fees)	1.08	1.85
	<b>140.40</b>	<b>132.13</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

Particulars	March 31, 2021	March 31, 2020
<b>Other recoveries</b>		
Meritor HVS (India) Limited (Freight charge recoveries)	-	51.17
Meritor Commercial Vehicle Systems (India) Pvt. Ltd. (Electricity charge recoveries)	20.47	12.59
Bharat Forge Limited	0.01	0.02
	<b>20.48</b>	<b>63.78</b>
<b>Reimbursement of expenses</b>		
Dr. N Muthukumar	-	0.69
Ranganathan S	0.08	0.35
Debadas Panda	0.02	0.14
Kumaradevan Srinivasan	0.11	0.05
Dr. Shalini Sarin	-	0.01
	<b>0.21</b>	<b>1.24</b>
<b>Directors sitting fees</b>		
Dr. B N Kalyani	0.20	0.20
Bhalachandra B Hattarki	0.40	0.40
B C Prabhakar	0.40	0.35
Rakesh Kalra	0.40	0.30
Dr. Shalini Sarin	0.15	0.20
	<b>1.55</b>	<b>1.45</b>
<b>Dividend paid</b>		
Meritor Heavy Vehicle System LLC	4.29	136.87
BF Investments Limited	4.29	136.88
	<b>8.58</b>	<b>273.75</b>
<b>Compensation of key management personnel:</b>		
Salaries and allowances	<b>18.29</b>	<b>19.54</b>

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key management personnel are not included above.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

Particulars	March 31, 2021	March 31, 2020
<b>Balance outstanding as at year end</b>		
Trade receivables		
Meritor HVS (India) Limited	2,481.45	1,094.13
Others	4.21	0.25
	<b>2,485.66</b>	<b>1,094.38</b>
<b>Lease receivables*</b>		
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	-	6.51
<b>Other financial assets (including unbilled revenue)</b>		
Meritor HVS (India) Limited	-	67.99
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	6.72	12.28
	<b>6.72</b>	<b>80.27</b>
<b>Other financial liabilities</b>		
Meritor HVS (India) Limited	107.22	-
	<b>107.22</b>	-
<b>Capital advances</b>		
Bharat Forge Limited	19.31	15.11
<b>Trade payables</b>		
Bharat Forge Limited	116.47	54.67
Others	17.46	5.95
	<b>133.93</b>	<b>60.62</b>
<b>Advance from customers</b>		
Meritor HVS (India) Limited	12.25	23.28
Xuzhou Meritor Axle Co.Ltd.	2.70	2.70
	14.95	25.98

\* represents the amount received/ receivable and paid/ payable and does not include adjustments relating to Ind AS 116.

## Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 38 Employee benefits

### Defined contribution plans

#### A. Provident fund and employee state insurance scheme

The Company makes contributions to provident fund and employee state insurance scheme, which are defined contribution plan for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the salary to fund the benefits. The Company recognized ₹ 44.32 million (March 31, 2020: 43.92 million) for provident fund contributions and ₹ 4.48 million (March 31, 2020: ₹ 6.36 million) for employee state insurance scheme contribution in the statement of profit and loss.

The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. The Company is in the process of evaluating the way forward in respect of the aforementioned matter. However, as a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order amounting to ₹ 7.66 million till March 31, 2021.

#### B. Superannuation fund

Retirement benefits in the form of superannuation fund (being administered by LIC) are funded defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable. The contributions for the year ended March 31, 2021 is ₹ 6.39 million (March 31, 2020: ₹ 7.73 million).

### Defined benefit plans

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet.

	March 31, 2021	March 31, 2020
<b>Change in projected benefit obligations</b>		
Obligations at beginning of the year	253.63	232.10
Service cost	12.07	10.67
Interest cost	4.35	13.65
Benefits settled	(25.58)	(10.25)
Actuarial (gain) /loss (through OCI)	(0.91)	7.46
<b>Obligations at end of the year</b>	<b>243.55</b>	<b>253.63</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

	March 31, 2021	March 31, 2020
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	242.89	203.72
Interest income	4.25	12.99
Actuarial gain /(loss) (through OCI)	7.06	0.73
Contributions	10.50	35.00
Benefits settled	(22.86)	(9.55)
<b>Plan assets at end of the year</b>	<b>241.84</b>	<b>242.89</b>
Present value of defined benefit obligation at the end of the year	243.55	253.63
Less: Fair value of plan assets at the end of the year	241.84	242.89
<b>Net liability/ (asset) recognised in the balance sheet</b>	<b>1.71</b>	<b>10.74</b>
<b>Expenses recognised in statement of profit and loss</b>		
Service cost	12.07	10.67
Interest cost (net)	0.10	0.66
<b>Net gratuity cost</b>	<b>12.17</b>	<b>11.33</b>
<b>Re-measurement gains / (losses) in OCI</b>		
Actuarial (gain) / loss due to demographic assumptions	-	(3.42)
Actuarial (gain) / loss due to financial assumption changes	(12.84)	(10.05)
Actuarial (gain) / loss due to experience adjustments	11.92	20.93
Return on plan assets (greater)/less than discount rate	(7.06)	(0.73)
<b>Total expenses routed through OCI</b>	<b>(7.97)</b>	<b>6.73</b>

**The major categories of plan assets of the fair value of the total plan assets are as follows:**

Investments with insurer	100%	100%
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The principal plan asset consist of a scheme of insurance taken by the Company, which is a qualifying insurance policy.

**The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:**

	March 31, 2021	March 31, 2020
	%	%
Discount rate	7.18%	6.00%
Future salary increases	Staff 5% & Labour 2%	Staff 5% & Labour 2%
Mortality table	Indian assured lives Mortality (2012-2014) Ult.	Indian assured lives Mortality (2006-2008) (modified) Ult.
Employee turnover	Staff 15% & Labour 2%	Staff 15% & Labour 2%
Retirement age	58	58
Estimated rate of return on plan assets	7.18%	6.00%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality are based on published statistics and mortality tables.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

	Sensitivity Level	Defined benefit obligation	
		March 31, 2021 Change in DBO	March 31, 2020 Change in DBO
Discount rate	1% increase	(10.20)	(13.93)
	1% decrease	11.06	15.36
Further salary increase	1% increase	10.95	15.87
	1% decrease	(10.25)	(14.62)
Attrition rate	1% increase	1.50	1.54
	1% decrease	(1.61)	(1.66)
Mortality rate	10% increase	0.06	0.07

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

## The following payments are expected contributions to the defined benefit plan in future years:

	March 31, 2021	March 31, 2020
Five Years pay-outs		
Year 1	33.64	20.85
Year 2	29.90	20.40
Year 3	26.32	20.42
Year 4	28.63	17.74
Year 5	20.69	25.38
Next 5 years	81.50	104.87
Contributions likely to be made for the next one year	1.71	10.74

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.10 years (March 31, 2020: 11.33 years).

## Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

### 39 Disclosure required under section 186(4) of the Companies Act 2013

Particulars of loans given to suppliers included in loans have been disclosed below as per the requirement of Section 186(4) of the Companies Act 2013 is as follows:

Name of the Loanee	Rate of interest	Secured/ Unsecured	March 31, 2021	March 31, 2020
Adma Auto Components Private Limited	11.00%	Secured	28.89	33.65
Ideal Automation	11.50%	Secured	3.50	7.50
Siddhi Robo Plasma Cuts Private Limited	11.50%	Secured	1.38	2.66
Ess Enn Engineering	13.00%	Unsecured	-	4.50
Millennium Moulds & Dies	11.50%	Secured	22.49	17.16
Addsub Innovative Solution	11.00%	Secured	-	0.40
Kems Forgings Limited	10.50%	Secured	20.00	37.33
AB Auto Components	11.50%	Unsecured	2.18	2.18
Jothi Micro Cast Private Limited	10.50%	Unsecured	2.50	-
Jothi Malleables Private Limited	10.50%	Unsecured	7.50	-
P D Forge Private Limited	11.00%	Unsecured	6.00	-
			<b>94.44</b>	<b>105.38</b>

The loan has been given for meeting the fixed and working capital requirements.

The aforesaid loans are repayable in periodic instalments as per the contractual terms.

### 40 Fair values hierarchy

The carrying value of financial instruments by categories is as follows:

Particulars	March 31, 2021	March 31, 2020
<b>Financial assets measured at amortised cost:</b>		
Loans to employees *	5.93	5.79
Loan to suppliers *	94.44	105.38
Security deposit **	36.11	39.37
Unbilled revenue *	-	31.59
Lease receivables**	112.81	111.74
Others financial asset*	18.50	65.77
Trade receivable *	2,820.01	1,227.33
	<b>3,087.80</b>	<b>1,586.97</b>

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

Particulars	March 31, 2021	March 31, 2020
<b>Financial assets measured at FVTPL:</b>		
Investments ***	120.57	-
	<b>120.57</b>	<b>-</b>
<b>Cash and cash equivalents and other bank balances</b>		
Cash and cash equivalents #	726.02	737.34
Other bank balances #	2.74	2.71
	<b>728.76</b>	<b>740.05</b>
<b>Financial liabilities measured at amortised cost:</b>		
Borrowings**	145.83	187.50
Lease liabilities**	107.35	123.99
Trade payables*	2,904.85	1,145.61
Others financial liabilities*	285.48	183.12
	<b>3,443.51</b>	<b>1,640.22</b>

\* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 fair value hierarchy.

\*\* The fair value of these accounts was calculated based on cash flow discounted using a current lending/ borrowing rate, they are classified as level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

\*\*\* These investments are made in quoted mutual funds and accordingly classified as level 1 fair value hierarchy. These investments are carried at their fair value as at the year end.

# These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value.

## 41 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

### i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at March 31, 2021 and March 31, 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movement in market variables on the carrying values of gratuity and other post retirement obligations and provisions.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ (decrease) in basis points	Effect on profit before tax
March 31, 2021	50	(0.94)
	(50)	0.94
March 31, 2020	50	(1.15)
	(50)	1.15

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

## b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). As on March 31, 2021, the Company has following foreign currency exposures:

	Currency	March 31, 2021		March 31, 2020	
		in foreign currency	₹	in foreign currency	₹
Trade payables	USD	0.25	18.15	0.28	21.16
	EURO	0.11	9.47	0.01	0.93
	AUD	0.00	0.04	-	-

### Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonable possible change in EUR, USD and AUD exchange rates, with all other variables held constant. The impact on the Company's profit before tax due to changes in the fair value of monetary assets and liabilities is as under:

5% increase in foreign exchange rates will have the following impact on profit before tax:

	March 31, 2021	March 31, 2020
USD	(0.91)	(1.06)
EURO	(0.47)	(0.05)
AUD	(0.00)	-

Note: If the rate is decreased by 500 bps, profit will increase by an equal amount for March 31, 2021 and March 31, 2020

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, other receivables and deposits, and other financial instruments.

### a. Trade Receivable

The Company mainly sales to its related party and other marquee OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2021, receivable from Company's top 3 customers accounted for approximately 99% (March 31, 2020: 99%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major clients. Based on historical experience, the Company does not have any material bad debts. The Company does not hold collateral as security. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Further, for movement in provision for doubtful receivables during the year refer note 8.

### b. Financial Instrument and Cash Deposit

Credit risk from balances with banks is managed by the Company in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company's maximum exposure to credit risk for the component of balance sheet as at March 31, 2021 and March 31, 2020 is the carrying amounts of trade receivables as illustrated in note 8.

## iii. Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments:

	Less than 1 year	1 to 5 years	>5 years	Total
March 31, 2021				
Borrowings	41.67	145.83	-	187.50
Lease liabilities	18.70	59.49	29.16	107.35
Other financial liabilities	243.81	-	-	243.81
Trade payables	2,904.85	-	-	2,904.85
	3,209.03	205.32	29.16	3,443.51
March 31, 2020				
Borrowings	41.67	166.67	20.83	229.17
Lease liabilities	16.58	71.73	35.68	123.99
Other financial liabilities	141.45	-	-	141.45
Trade payables	1,145.61	-	-	1,145.61
	1,345.31	238.40	56.51	1,640.22

# Notes

To the financial statements for the year ended March 31, 2021

(All amounts in Indian Rupees Million, unless otherwise stated)

## 42 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company's gearing ratio, which is total borrowings divided by total capital employed is as below:

	March 31, 2021	March 31, 2020
Borrowings	145.83	187.50
Current maturities of long term debt	41.67	41.67
<b>Total borrowings - A</b>	<b>187.50</b>	<b>229.17</b>
Equity	5,540.55	5,319.37
<b>Total equity - B</b>	<b>5,540.55</b>	<b>5,319.37</b>
<b>Total capital employed - C= (A+B)</b>	<b>5,728.05</b>	<b>5,548.54</b>
Gearing ratio D = (A/C)	3%	4%

## 43 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 in the process of updating the transfer pricing documentation for the financial year 2020 - 2021 and is of the view that its transactions are at arm's length and 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.

**44** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

## 45 Events after reporting period

The Board of Directors recommended a final dividend of ₹ 4.50/- per equity share for the financial year ended March 31, 2021. 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 ₹ 0.80/- per equity share.

As per our report of even date  
For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

**per Rajeev Kumar**  
Partner  
Membership No.: 213803

Place : Bengaluru  
Date : May 14, 2021

For and on behalf of the Board of Directors of  
**Automotive Axles Limited**

**Kumaradevan Srinivasan**  
President & Whole time Director  
DIN: 08107660

Place : Mysuru  
Date : May 14, 2021

**Ranganathan S**  
Chief Financial Officer

Place : Mysuru  
Date : May 14, 2021

**Dr. B. N. Kalyani**  
Chairman  
DIN: 00089380

Place : Pune  
Date : May 14, 2021

**Debadas Panda**  
Company Secretary

Place : Mysuru  
Date : May 14, 2021

# Notice of 40th Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting (AGM) of the Members of Automotive Axles Limited, will be held on Tuesday, August 10, 2021 at 3.00 PM (IST) through Video Conferencing (VC) facility or other audio visual means (OAVM) to transact the following business:

## **ORDINARY BUSINESS:**

### **Item No. 1 – Adoption of Audited Standalone Financial Statement**

To consider and adopt the Financial Statements of the Company for the year ended March 31, 2021 and the Reports of Board of Directors and Auditors thereon.

### **Item No. 2 – Declaration of Final Dividend**

To declare final dividend on equity shares at ₹ 4.50 per equity share of ₹ 10/- each for the financial year 2020-21

### **Item No. 3 – Re-appointment of a Director**

To appoint a director in place of Dr. B. N. Kalyani, (DIN: 00089380) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment.

## **SPECIAL BUSINESS:**

### **Item No. 4 – Appointment of Mr. Kenneth James Hogan as a Director of the Company**

To consider and if though fit to pass the following resolution with or without modification as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to sections 152, 160 and 161 of the Companies Act, 2013, read with other applicable provisions, Mr. Kenneth James Hogan (DIN: 0009161738) who was appointed as Additional Director of the Company by the Board of Directors and holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.”

By Order of the Board of Directors  
For Automotive Axles Limited

**Debadas Panda**  
Company Secretary

Registered Office:  
Hootagalli Industrial Area,  
Off Hunsur Road, Mysuru 570018  
CIN : L51909KA1981PLC004198  
Phone No. : 0821-7197500  
Email : [sec@autoaxle.com](mailto:sec@autoaxle.com)  
Web : [www.autoaxle.com](http://www.autoaxle.com)

Place: Mysuru  
Date: May 14, 2021

**Notes:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated January 13, 2021 read with General Circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 and all other relevant circulars issued from time to time (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility or other audio visual means ('OAVM'), without the physical presence of the Members at a common venue. Similar relaxation has been provided by the Securities and Exchange Board of India vide its circulars dated May 12, 2020 & January 15, 2021 ('SEBI Circulars'). In compliance with the provisions of the Companies Act, 2013 ('Act'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), SEBI Circulars and MCA Circulars, the AGM of the Company is being held through VC/OAVM on Tuesday, August 10, 2021 at 3.00 p.m. (IST). The deemed venue for the 40th AGM will be at the registered office of the Company situated at Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570018, Karnataka.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item No.4 as set out above and details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting (AGM) are annexed hereto. The Board of Directors of the Company at its meeting held on May 14, 2021, considered that the special business under Item No. 4, being considered unavoidable, be transacted at the 40th AGM of the Company.
3. **Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA circulars, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form is not annexed to this notice.**
4. Since the meeting is proposed to be held through VC/OAVM attendance slip and route map of AGM are not annexed to this notice.
5. National Securities Depository Limited ("NSDL") will be providing facility for voting through remote e-Voting, for participation in the 40th AGM through VC/OAVM Facility and e-Voting during the 40th AGM.
6. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the 40th AGM through VC/OAVM facility. Corporate Members intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case maybe, to attend the AGM through VC/OAVM or to vote through remote e-Voting are requested to send a certified copy of the Board Resolution to the Scrutinizer by e-mail at [cscapracheta@gmail.com](mailto:cscapracheta@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings by logging into the NSDL's e-Voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
9. In line with the MCA General Circulars the Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 40th AGM has been uploaded on the website of the Company at <https://www.autoaxle.com> under 'Investor Relations' section and may also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The

Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

**10.** Further, in order to receive the dividend in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means are requested to send a scanned copy of the following details/documents to our Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited latest by Wednesday, July 21, 2021:

- a) a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
  - i. Name and Branch of Bank and Bank Account type;
  - ii. Bank Account Number and type allotted by your bank after implementation of Core Banking Solutions;
  - iii. 11 digit IFSC Code.
- b) self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
- c) self-attested scanned copy of the PAN Card; and
- d) self-attested scanned copy of any document (such as Aadhaar Card, Driving License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/addition/deletion in such bank details. Accordingly, the Members holding shares in demat form are requested to update their Electronic Bank Mandate with their respective DPs.

Further, please note that instructions, if any, already given by the Members in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form.

**11.** As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company's Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited, for assistance in this regard.

**12.** Members are requested to intimate changes, if any pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc. to their DPs in case the shares are held in electronic form and to the Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited, in case the shares are held in physical form, quoting their folio number. Further, Members may note that Securities and Exchange Board of India ('SEBI') has mandated the submission of PAN by every participant in the securities market.

**13.** The register of Members and Share Transfer Books will remain closed from August 5, 2021 to August 10, 2021 (both days inclusive) for determining the names of the members eligible for final dividend on equity shares, if declared at the meeting.

**14.** 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 de-mat form on the closing hours of the business on Wednesday, August 4, 2021 and
- ii) As Members on the Register of Members of the Company as on Wednesday, August 4, 2021 after giving effect to all valid shares transfer in physical form which would be received by the Company end of the business hours on August 4, 2021.

**15.** Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders with effect from April 1, 2020 and the Company is required to deduct TDS from dividend paid to the Members at prescribed rates under the Income Tax Act, 1961 ('IT Act'). In general, to enable compliance with TDS

requirements, Members are requested to complete and/or update their Residential Status, Permanent Account Number ('PAN'), category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company by sending documents through e-mail by Wednesday, July 21, 2021.

- i) A Resident individual shareholder with Permanent Account Number ('PAN') and who is not liable to pay income tax can submit a yearly declaration in Form No 15G/15H, to avail the benefit of non-deduction of tax at source by email to [irg@integratedindia.in](mailto:irg@integratedindia.in) by July 21, 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
- ii) Non-Resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by forwarding the above documents by email to [irg@integratedindia.in](mailto:irg@integratedindia.in). The aforesaid declarations and documents need to be submitted by the shareholders by July 21, 2021.

**16.** 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.

**17.** 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
2013-14	25% Dividend	05-Feb-2015	12-Mar-2022
2014-15	10% Dividend	05-Aug-2015	10-Sep-2022
2015-16	55% Dividend	12-Aug-2016	15-Sep-2023
2016-17	80% Dividend	18-Aug-2017	21-Sep-2024
2017-18	135% Dividend	13-Aug-2018	14-Sep-2025
2018-19	195% Dividend	14-Aug-2019	16-Sep-2026
2019-20 (Interim)	60% Dividend	02-Mar-2020	06-April-2027
2019-20 (Final)	8% Dividend	19-Aug-2020	21-Sep-2027

**18.** The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall despatch the dividend warrant/bankers' cheque/demand draft to such Members, upon normalisation of postal services and other activities.

**19.** Members will be provided with the facility for voting through electronic voting system during the VC/OAVM proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote during such proceedings of the AGM. Members who have cast their vote by remote e-Voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again.

**20.** Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations, as amended and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as e-Voting system during the AGM will be provided by NSDL.

**21.** A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before as well as during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the despatch of the Notice and holding shares as on the cut-off date i.e. August 4, 2021, may obtain the User ID and password

by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. August 4, 2021 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

- 22.** Ms. Pracheta M., Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.
- 23.** The Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the AGM, formally conclude the meeting. All those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility shall be allowed to vote through e-voting system. The e-Voting module during the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
- 24.** The Scrutinizer will submit her report to the Chairman or to any other person authorised by the Chairman after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting), not later than 48 hours from the conclusion of the AGM. The results declared along with the Scrutinizer's report shall be communicated to the Stock Exchanges on which the Company's shares are listed, NSDL and RTA and will also be displayed on the Company's website at <https://www.autoaxle.com>.
- 25.** Members may also note that the Notice of the AGM and the Annual Report for 2021 will also be available on the Company's website [www.autoaxle.com](http://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](mailto:sec@autoaxle.com).

## **26. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING AGM ARE AS UNDER:-**

Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of August 4, 2021 may cast their vote by remote e-Voting. The remote e-Voting period commences on Saturday, August 7, 2021 at 9.00 a.m. (IST) and ends on Monday, August 9, 2021 at 5.00 p.m. (IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members (for voting through remote e-Voting before/during the AGM) shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of August 4, 2021.

### **How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

#### **Step 1: Access to NSDL e-Voting system**

##### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

**Type of shareholders**

Individual Shareholders holding securities in demat mode with NSDL.

**Login Method**

- Existing **IDeAS** user can visit the e-Services website of NSDL Viz. <https://eservices.nsd.com> either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider** i.e. **NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
- If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsd.com>. Select **"Register Online for IDeAS Portal"** or click at <https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp>
- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider** i.e. **NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
- Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on:

**NSDL Mobile App is available on**



Individual Shareholders holding securities in demat mode with CDSL

- Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or [www.cdslindia.com](http://www.cdslindia.com) and click on New System Myeasi.
- After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. **NSDL**. Click on NSDL to cast your vote.
- If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration> Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
- Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

### Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

### B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 116326 then user ID is 116326001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join AGM on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding

shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [cscapracheta@gmail.com](mailto:cscapracheta@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 4430 or send a request to Ms. Soni Singh, Assistant Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [irg@integratedindia.in](mailto:irg@integratedindia.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [irg@integratedindia.in](mailto:irg@integratedindia.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number to reach the Company's e-mail address at [sec@autoaxle.com](mailto:sec@autoaxle.com) before 3.00 p.m. (IST) on Sunday, August 8, 2021. Such questions by the Members shall be suitably replied to by the Company.
6. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [sec@autoaxle.com](mailto:sec@autoaxle.com) from Friday, August 6, 2021 (9:00 a.m. IST) to Sunday, August 8, 2021 (5:00 p.m. IST).

Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

## **ANNEXURE TO NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

Pursuant to section 102 of the Companies Act, 2013 (Act), the following Explanatory Statement sets out all the material facts relating to the business mentioned under Item No. 4 of the accompanying Notice dated May 14, 2021:

### **Item No.4**

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

Hence, pursuant to Clause 117 of the Articles of Association of the Company read with Section 161(1) of the Companies Act, 2013 and on the recommendation of the Nomination and Remuneration Committee, Mr. Kenneth James Hogan

was appointed as Additional Director on the Board. In terms of Section 161(1) of the Companies Act, 2013, Mr. Kenneth James Hogan shall hold the office only up to the date of this ensuing Annual General Meeting and is eligible for appointment as Director.

Further, Mr. Kenneth James Hogan is not disqualified from being appointed as a Director in terms of section 164 of the Act and also has given his consent to act as a Director of the Company.

The Board considers it desirable that the Company should avail the services of Mr. Kenneth James Hogan and recommends the resolution at Item No. 4 for approval by the Members.

Mr. Kenneth James Hogan is not related to any other Director of the Company.

Except for Mr. Kenneth James Hogan, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise in Item No. 4 of the Notice.

Additional information as required under Standard 1.2.5 of Secretarial Standards-2 and SEBI Listing Regulations

#### **Particulars**

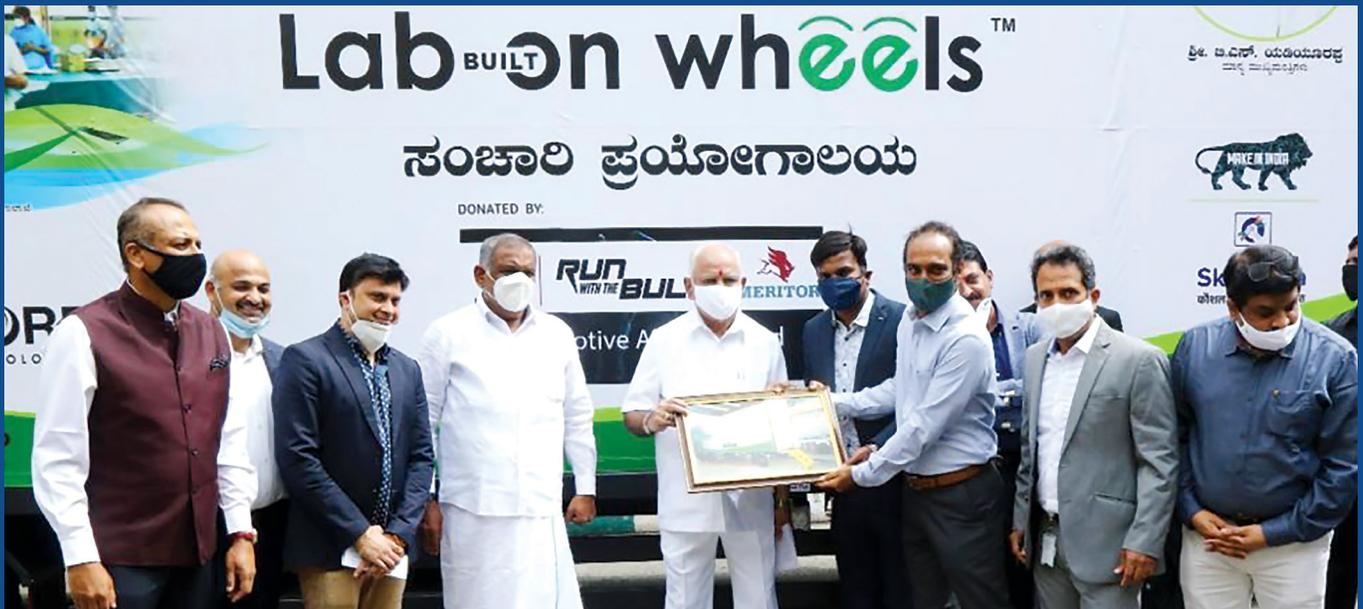
Brief resume and nature of expertise in specific functional areas.

#### **Kenneth James Hogan**

Mr. Hogan is a Bachelor of Science in mechanical engineering from Michigan State University and a Master of Business Administration in finance from the University of Michigan. He has around 2 decades of leadership experience in operations management, strategic planning, and project management and delivering flawless execution of cost reduction programs, production transfers and facility rationalisation. Uniquely skilled at developing cohesive and collaborative teams while empowering employees to drive out waste and improve bottom line company performance by driving vigorous action, measurement and implementation. Mr. Hogan joined Meritor in 2008 and has held positions of increasing responsibility across the organization. He is currently senior vice president and president of Truck, Europe and Asia Pacific, for Meritor, Inc.. In this role, he is responsible for overseeing the strategy and priorities of Meritor's Truck business in Europe and Asia Pacific, including India and Australia. Before joining Meritor, Hogan held progressive leadership positions with Booz Allen Hamilton, Deloitte, Falding Capital Group and Detroit Diesel. This new role recognizes the increasingly global nature of Meritor's on-highway OE customer base and enables him to apply his proven management approach to our global truck business.

Particulars	Kenneth James Hogan
Age	51 Years
Qualification	Bachelor of Science in mechanical engineering & Master of Business Administration in finance
Experience	Over 29 Years
Terms of appointment/re-appointment	Appointed as Non-Executive Director of the Company as per item no. 4 of the Notice of AGM
Remuneration sought to be paid	NIL
Remuneration last drawn	N.A.
Date of first appointment at the Board	14.05.2021
Shareholding in the Company including beneficial ownership	Nil
Relationship with other directors and Key Managerial Personnel	No relationship
Number of Board meetings attended during the year 2020-21	Zero
Other Directorships (including Listed entities)	1 (One) Unlisted Company
Membership/Chairmanship of Committees of other Board	Nil

AAL has donated the first “Lab Built on Wheels” to the Government of Karnataka through its CSR initiative. “Lab Built on Wheels” is a novel initiative by Saicorp Health Technologies Pvt Ltd (SHPTL) to serve the rural population of our country, more specifically to the state of Karnataka to start with. This philanthropic initiative valuing healthcare diagnosis for rural masses aims to help our nation at large. The laboratory built on a trailer is part of the overall solution of state healthcare delivery. This is the first Laboratory built on wheels in the platform of trailers in the country (meeting BSL2/3 laboratory safety standards). This moving laboratory can be connected to any simple vehicle like tractor, Jeep or any LCV which is commonly available in a district or rural environment. This can be taken to town or panchayat or any places where bringing patients to the hospital for diagnosis is a challenge currently. The project was launched by Honorable Chief Minister of Karnataka, Shri B.S. Yediyurappa on September 21, 2020 by inaugurating the first vehicle which is donated by AAL.



If undelivered please return to

**Automotive Axles Limited**

Hootagalli Industrial Area

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Karnataka

[www.autoaxle.com](http://www.autoaxle.com)