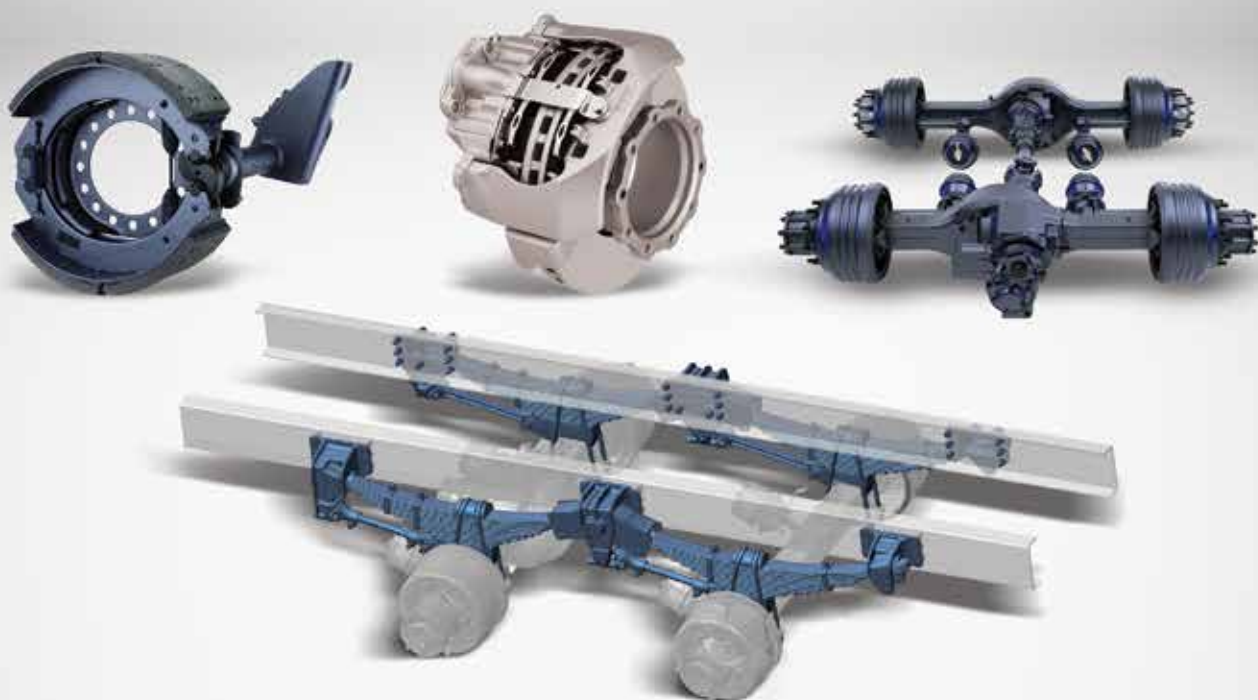




Growth and Sustainability

THROUGH TECHNOLOGY AND TEAMWORK

39th Annual Report 2019-20



Automotive Axles Limited



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Corporate Information

Board of Directors

Dr. Babasaheb N Kalyani, Chairman
Mr. Chrishan Anton Sebastian Villavarayan, Director
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, Sr. Vice President & Whole-time Director

Key Managerial Personnel

Mr. Srinivasan Kumaradevan, Sr. Vice 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

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

Registered Office

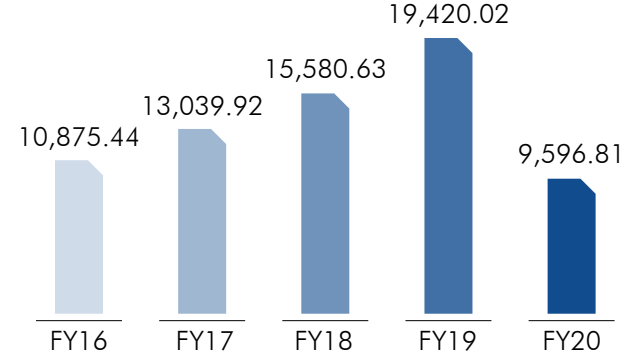
Hootagalli Industrial Area, Off Hunsur Road,
Mysuru, Karnataka - 570 018
Ph: 0821-7197500
Website: www.autoaxle.com
Email: sec@autoaxle.com

Works

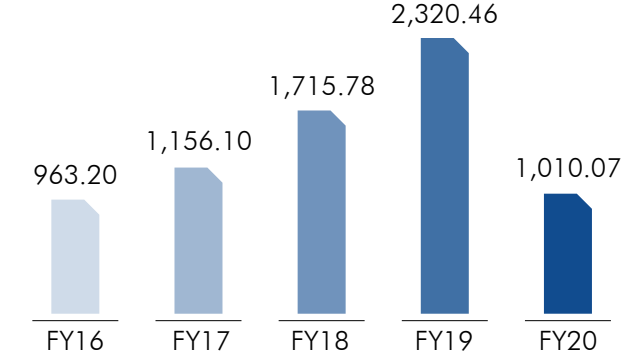
- 1. Mysuru**
Hootagalli Industrial Area,
Off Hunsur Road, Mysore, Karnataka – 570 018
- 2. Rudrapur**
Plot No. 3, ITBT Park, SIIDCUL - IEE, Pant Nagar, (NH-4),
Dist. Udham Singh Nagar, Uttarakhand - 263 150
- 3. Jamshedpur**
Old Khakripara, Village & Post – Chhota Govindpur,
Jamshedpur, Dist. E. Singhbhum, Jharkhand – 831 015
- 4. Hosur Plant**
Plot No 39, Sipcot Industrial Area, LAS Phase-I,
Mookandapalli, Hosur, Tamilnadu, 635 126

Financial Performance

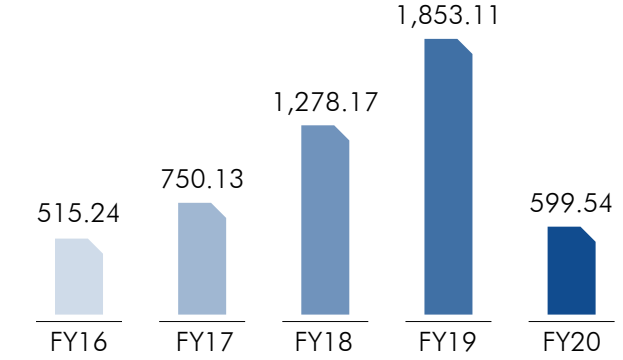
Total Revenue (₹ in mn)



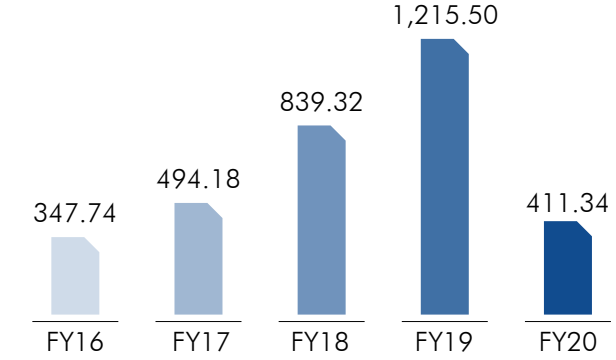
EBITDA (₹ in mn)



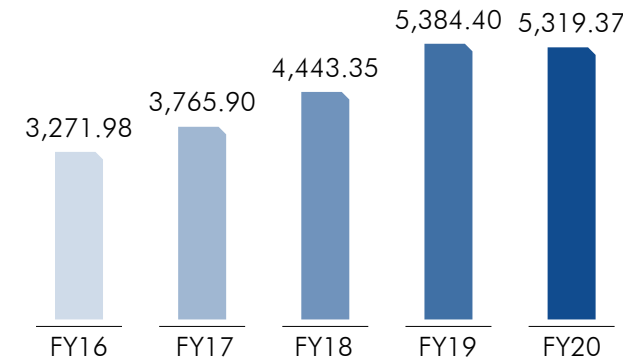
PBT (₹ in mn)



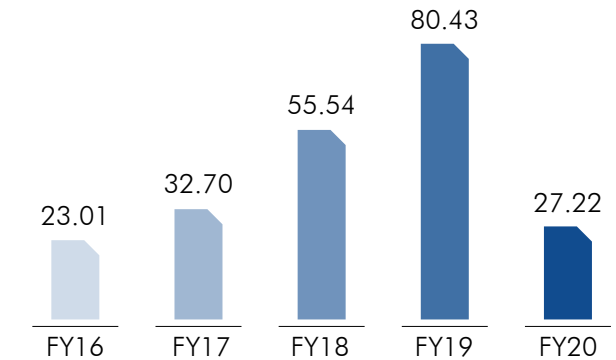
PAT (₹ in mn)



NETWORTH (₹ in mn)



EPS (₹)



Chairman's Review

Dear Stakeholders,

These are challenging times, and I hope you and all other members of your family are safe and in good health.

We are facing a health emergency that is disrupting the lives and livelihoods of millions of people across the world. It is reassuring to note that India's response to the COVID-19 outbreak has been prompt and the Government of India has already announced a ₹1.7 lakh crores relief package to help support the lives and livelihoods of millions of people. The Reserve Bank of India's (RBI) accommodative monetary policy has also helped ease the credit scenario to a very large extent.

I salute the spirit and solidarity of all citizens of our country, especially doctors, nurses, healthcare workers and other officials, who are endangering their lives to help save others. I am happy to share that your Company has pledged assistance through direct contribution of ₹1.50 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PMCARES Fund) to help combat the COVID-19 pandemic.

Our Group is committed to assist the central and state governments and local authorities in all possible ways to deal with the pandemic. As part of our corporate social responsibility initiatives, we are addressing the food requirements of the local community and will continue to scale up our efforts in the coming days.

I would like to assure the shareholders that your Company has taken every step to ensure safety of the employees and the community. We have established world-class safety measures and preventive protocols at all locations. We are taking employees health and safety as the number one priority during the lockdown, unlock and ramp up period.

Operating landscape

The global economy continues to grapple with headwinds arising from the COVID-19 pandemic with many countries expected to witness sharp decline in GDP. While it is too early to talk about recovery, IMF and other agencies

India's auto industry which consists of automobiles and auto components witnessed one of its most challenging years during FY 2019-20 with declining sales figures vis-à-vis the previous few years owing to weak domestic demand and falling exports.

are predicting recovery in CY 2021 driven by demand improvement and resumption of activities globally. Whether the recovery is 'V' shaped or 'U' shaped depends on how quickly normal economic activity can be resumed post lockdowns without further loss of lives and livelihoods. India is going through a graded exit from the lockdown, depending on the evolving scenario in the states. According to the Ministry of Statistics and Programme Implementation, Government of India, India's economy grew ~5% in FY 2019-20, despite a weak demand scenario across almost all sectors of the economy.

India's auto industry which consists of automobiles and auto components witnessed one of its most challenging years during FY 2019-20, with declining sales figures vis-à-vis the previous few years owing to weak domestic demand and falling exports. We are hoping that there will be marginal revival after the COVID crisis blows over, because the credit scenario in India is very encouraging right now, which can help drive demand.

Our performance

We recorded revenues of ₹952 crores and EBITDA of ₹101 crores. Our decline in numbers is a direct result of low production among our key OEM clients. This decline in production is due to an extremely weak demand scenario in the Commercial Vehicle (CV) industry, as OEMs remain cautious in ramping up BS-VI vehicles production.

We expected a decent performance for FY 2020-21, but the pandemic is set to impact our business brutally during the first half of the year and to a limited extent thereafter. However, we look forward to growth in the coming years.

Efficiency optimisation

During the year, we inaugurated our new state-of-the-art assembly line, which uses cutting-edge technology and contemporary equipment like robotic painting line and IoT-enabled processes. The facility also enables a digitally driven, paperless shop-floor in line with the Industry 4.0 trend of automation and data exchange in the manufacturing sector. It has already delivered a batch of products and facilitated improved cost structure and productivity. We remain confident that our recent capital expansion will help us to steer growth and improve margins once volumes return in the industry.

We have also successfully overcome the technical challenges in the way of manufacturing BS-VI-complaint products and now are capable of catering to this market requirement.

Over the years, we have embraced IT systems that strengthen our core. We have migrated to HANA version of SAP, which facilitates data-driven decision-making at AAL, increasing our efficiency and productivity. IT systems and processes play a big role in the organisation, as we continue to focus on automation in Human Resource Management System, vendor portal, e-way bills to align the enterprise better with the emerging trends of Industry 4.0.

Despite growing focus on technology, our people continue to be pivotal to our success and sustainability. We emphasise a congenial work environment that inspires talent to deliver their best every day. We invest in developing the skills of our teams and engaging with them continuously to build a collaborative work environment.

We have also successfully overcome the technical challenges in the way of manufacturing BS-VI-complaint products and now are capable of catering to this market requirement.

Road ahead

Going forward, we will prioritise:

- Grow revenue and profitability
- Enhanced engagement with existing and new customers
- Continuous improvement in safety, manufacturing processes and quality systems
- Operational excellence and focus on Industry 4.0
- Focus on new product development
- Employee engagement and talent management

We will continue to manage and mitigate the evolving risk scenario in the business and deliver on sustainability commitments to create value for all stakeholders.

On behalf of the Board and the leadership team, I thank you for your continued trust and support in all our endeavours.

Warm regards,

Dr. B N Kalyani
Chairman

Board's Report

To the Members,

Your Directors have the pleasure in presenting the 39th Annual Report on the business and operations of your Company together with the Audited Statements of Accounts for the financial period ended March 31, 2020:

Financial Highlights:

Particulars	₹ in million)	
	2019-2020	2018-2019
Total Revenue	9,596.81	19,420.02
Profit before depreciation & tax	971.76	2,314.97
Less : Depreciation, amortization & Loss on assets discarded	372.22	461.86
Tax expenses	188.20	637.61
Profit for the year after tax	411.34	1,215.50
Other comprehensive income for the year, net of tax	(5.04)	(28.51)
Total comprehensive income for the year	406.30	1,186.99
Balance of Profit from Previous Year	4,658.87	3,717.82
Less: Dividend	385.36	204.00
Dividend Distribution tax on Dividend	79.21	41.94
Effect of adoption of Ind AS 116 (net of taxes)	6.76	-
Profit available for appropriation	4,593.84	4,658.87

Dividend

The Board by passing resolution by circulation on 2nd of March, 2020 declared an interim dividend for the year 2019-20 of INR 6/- per Equity Share (i.e. 60%) of the face value of INR 10/- aggregating to INR 90.67 million, excluding Dividend Distribution Tax.

The Board, at its meeting held on 26th May, 2020, is pleased to recommend a dividend of ₹0.80/- per Equity Share of the face value of ₹10/- each for the financial year ended 31st March, 2020 subject to the approval of shareholders at the ensuing Annual General Meeting to be held on Wednesday, 19th August, 2020.

The total amount of Dividend aggregates to ₹1.21 million excluding Dividend Distribution Tax.

The register of members and share transfer books will remain closed from 14th August 2020 to 19th August, 2020 (both days inclusive) for the payment of final dividend to the shareholders of the Company, for the year ended on 31st March, 2020.

The Dividend will be paid to members within 30 days from the date of declaration of dividend to the Members whose names appear in the Register of Members as on 13th August, 2020.

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 ₹5,07,980/- which is unpaid/unclaimed dividends pertaining to the FY 2011-12 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 under the head IEPF Transfers

Performance of the Company

The total income for the financial year under review was ₹9,596.81 million as against ₹19,420.02 million for the previous financial year. The Profit before tax (PBT) was ₹619.78 million for the financial year under review, as against ₹1,853.11 million for the previous financial year.

Share Capital

The paid up Equity Share Capital as on 31st March, 2020 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 31st March, 2020 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.

During the year under review, the following changes have taken place in the Board of Directors of the Company:

1. Dr. Muthukumar N. (DIN: 06708535) has resigned from the position of whole time Director of the Company with effect from 14th August 2019 due to his personal reason.
2. Mr. Srinivasan Kumaradevan (DIN: 08107660) has been appointed as an additional director designated as Senior Vice President and Whole-time Director of the Company w.e.f. 14th August 2019 for a period of five years subject

to the approval of Members at the forth coming Annual General Meeting (AGM) of the Company.

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

Notice under section 160 of the Companies Act, 2013 received from a member of the company proposing candidature of Mr. Srinivasan Kumaradevan. The company has received from Mr. Srinivasan Kumaradevan i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and ii) intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified as per section 164(2) of the Companies Act, 2013 before his 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 2019-20, Independent Directors met on 10th February, 2020, discussed and reviewed the below:

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

Familiarization 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/Directors.aspx

Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts for the year ended 31st March, 2020, 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 31st March, 2020 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. S R 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

The Audit Committee and the Board of Directors recommend for the re-appointment of M/s Price Waterhouse Coopers Services LLP as Internal Auditors of the Company for the Financial Year 2020-21.

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 2019-20.

The Secretarial Audit Report for the financial year ended 31st March, 2020 in form MR-3 is appended to this report under **Annexure – A**

Explanation for observations made under Secretarial Audit Report:

As per reason mentioned in **Annexure-G**

Internal Financial Control

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

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

Corporate Governance

Corporate Governance is about maximizing the value and to ensure fairness to all its shareholders. Your Company is renowned for its exemplary governance standards and believe that sound corporate governance is critical to enhance and retain investor trust. Your Company ensures that performance is driven by integrity.

The Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations 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 lakh per annum or more and of every employee who is employed part of the financial year, was in receipt of remuneration of ₹8.50 lakh or more per month is appended as Annexure - C.

Extract of Annual Return 2019-20

The detail forming part of the extract of Annual Return in MGT-9 is appended as Annexure – D to this report. The Annual Return is also available at www.autoaxle.com.

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 31st March, 2020, the Board consisted 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 Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration.

The Nomination and Remuneration policy is appended as Annexure - E to this report and is also available on Company's website at www.autoaxle.com/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 13th August, 2018 for transaction value annually of ₹30,000 million p.a for a period of five (5) financial years starting from 1st April, 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 approval 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.

Related Party disclosures as per Indian Accounting Standards (Ind AS) -24 have been provided in Note No. 36 to the financial statement.

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

Risk Management System

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

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

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

Corporate Social Responsibility (CSR):

The Company has been carrying out various Corporate Social Responsibility (CSR) activities. These activities are in terms of section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. During the year the Company has spent ₹25.26 million on various CSR activities.

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

State of Company's Affairs

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

Management Discussion and Analysis Report

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

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 premise through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

In terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a Policy to prevent Sexual Harassment of Women at Workplace. The Company has also constituted Internal Complaints 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 31st March, 2020 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 Company has complied with the applicable secretarial standards.

Awards and Recognition

During FY 2019-20, your company received recognitions from the following bodies/customers as listed below:

1. Recognised for our support at all times and awarded us with the 'BEST SUPPORT FOR VEHICLE OFF ROAD (VOR)' in September 2019 by TATA Motors
2. Appreciated and rewarded with Gold Award for Business Alignment by Ashok Leyland
3. Received recognition from VOLVO towards 'Specialty Vehicle Build & Support' in November 2019
4. Upgraded from B to A in VECV 'KATA' initiative in October 2019
5. Got certified by Union of Japanese Scientists & Engineers (JUSE) through Quality Circle Forum of India

(QCFI) for Implementing best 5S practices, which was re-certified by QCFI in December 2019

6. Bagged seven Gold Awards and three Silver Awards during Chapter Convention on Quality Concept (CCQC-2019) in May 2019
7. Won distinguish award for Allied Case Study Presentation and Excellence Award for Kaizen Model Presentation during National Convention on Allied Concepts at Varanasi in December 2019
8. Bagged third place in district-level Safety Quiz & Safety Skit competition organised by Deputy Director of Factories & Boilers department, Karnataka

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

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 : 26th May 2020

Annexure A

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,
The Members,
Automotive Axles Limited
CIN: L51909KA1981PLC004198

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AUTOMOTIVE AXLES LIMITED** (herein after 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 2020 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 2020 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 observations:*

- a. The Company has not spent full amount which is mandated u/s 135 of the Companies Act, 2013 in the CSR projects

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 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.

Signature:

Name of Company Secretary in practice:

Pracheta M.

FCS No.: 9323

C P No.: 9838

UDIN: F009323B000276436

Place: Mysuru
Date: 26th May 2020

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 these secretarial records based on our audit.
4. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company and hence unable to comment on the compliance with the fiscal laws.
6. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
7. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
8. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Name of Company Secretary in practice:

Pracheta M.

FCS No.: 9323

C P No.: 9838

Place: Mysuru

Date: 26th May 2020

UDIN: F009323B000276436

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"> 1. Installation of VFD for high rated motor across the plant 2. Single loading transformer during holidays & non – working days 3. Installation and commissioning of Inverter type Eco friendly air conditioners 4. Replacing 400W focus lamp with 120W LED lamp for Peripheral area to reduce Power Consumption with standard illumination. 5. Online monitoring and management (vigilant) system 6. Installation of high Volume low speed (HVLS) Fan for shop floor 7. Installation of IGBT(Insulated gate bipolar transistor) based static VAR(voltage current resistance) correction panel resulting in avoid 5 % power transmission loss and improved quality of power. 8. 2 lamp one switch control for shop floor Lighting – to reduce needless load 9. Compressor automation across the plant 10. Installation & Commissioning of new PCC panel for Line wise distribution 11. Installation and commissioning of 150W induction lamp for new shed 12. LED light fixture for Office area
(b) The steps taken by the company for utilizing alternate sources of energy	<ol style="list-style-type: none"> 1. Green Power Purchase under Group captive mechanism 2. Perpetuation of Power purchase through Indian energy exchange 3. Installation of Auto Power Factor Correction Relay Panel (APFCR) panel for Power Factor Improvement across the plant 4. Installation of 120W LED lights for peripheral area to reduce energy and improve life 5. Installation of LED lights for shop office area in place of Compact Fluorescent lamps to reduce energy and improve life 6. Installation of Variable Frequency Drive (VFD) panel for Heat treatment cooling Tower 7. Endo gas generator 8. Air Compressor Automation for reduction of power Consumption 9. Installation Compressor & Blower settings optimized using Six Sigma methodology 10. Air Compressor Automation for reduction of power Consumption 11. EHT Transmission line (66/11kV) extending to VMI area to avoid frequent interruption. 12. EHT Transmission line (66/11kV) extending to R & D Block to avoid frequent interruption. 13. Installation of VRF type Air conditioners for office block 14. Installation of HVLS fan for assembly area 15. New project & layout modification works
(c) The Capital investment on energy conservation equipment's.	Your Company made capital investments amounting to ₹7.20 Mn approximately during the financial year 2019-20 on energy conservation equipment.

B. Technology absorption:

<p>1. The efforts made towards technology absorption:</p>	<ul style="list-style-type: none"> • Design development of Swift15 design as a replacement to MS160 for domestic product. Swift15 is value engineered product to meet evolving BS6 regulatory needs. Swift15 is expected to improve axle efficiency ~0.5% to 1% with 3 liters lower lube volume compared to predecessor MS160 • MT846 axle is the medium duty hub reduction axle. Approach is to have a modular design with existing carrier assembly designs and new design wheel ends. Rig level design validation plan is in progress for the MT846. Various application analysis is in progress with various OEM. • MT 15I design is designed to more reliable and efficient axle. MT15I design is complete and validation is in progress. • Development of higher capable axle MS177 for 41T to 45T development has been completed. Higher capable axle is needed for the axle load increase regulation changes and forthcoming auxiliary retarder changes. • Development of higher capable axle MS185 for 46 to 55t has been initiated. Higher capable axle is needed for the axle load increase regulation changes and new 12X2 rigid truck • Development of MT145 for 55T tractor trailer haulage application. This is needed to support evolving business needs for India market. • TLB axle development for back hoe loader application with wet disc brake design. The design is currently being validated • Axle rig level test such as axle chucking fatigue, torsional fatigue, lubrication flow & temperature rise have been domestically commissioned to support local R&D efforts and new product development support • Development of brakes to support safe axle load increase with increased torque handling capacity • Development of new liner to address noise issues through field noise data acquisition and data analysis & FEA.
<p>2. The benefits derived like product improvement, cost reduction, product development or import substitution</p>	<ul style="list-style-type: none"> • Development and optimization of cast housing for machining time reduction • MT15I design improvement upto 30% more gear life compared to current MT1497, also the axle is expected to have ~0.2 to ~0.5% efficiency improvement in rear axle • Normalization elimination of brake flange to avoid reheating of parts • BS6 and MBP oil seepage solution addressed through MT15i, MS15i & Swift15 design by having robust joint design • Axle shaft control cooling post forging, eliminating re-heating of shafts • Migration from cut IAD gearing of 1497 to precision forged IAD gear to improve life by 30% compared to baseline
<p>3. In case of imported technology (imported during the last 3 years reckoned from the beginning of financial year) :</p> <p>a. Details of technology imported</p> <p>b. The year of import</p> <p>c. Whether the technology been fully absorbed</p> <p>d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p>	<p>NIL</p>

4.	Expenditure on R & D	NIL
	a. Capital	
	b. Recurring	
	c. Total	
	d. Total R & D expenditure as a percentage to total turnover	

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	₹319.04 million [includes remittance of dividend for the FY 2018-19 & FY 2019-20 (interim dividend)]
	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

Place : Pune
Date : 26th May 2020

B. N. Kalyani
Chairman

Annexure C

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

I.

(i)	the ratio of the remuneration of 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 4% 6%
(iii)	the percentage increase in the median remuneration of employees in the financial year	4%
(iv)	the number of permanent employees on the rolls of company as on 31st March 2020;	1029
(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. 2019-20 was 4.86% whereas the increase in the managerial remuneration for 2019-20 was 5.17%.

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

Sr. 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	0.35:1	300%
2	Mr. B B Hattarki	Independent Director	0.69:1	0%
3	Mr. B C Prabhakar	Independent Director	0.60:1	(13%)
4	Mr. Rakesh Kalra	Independent Director	0.52:1	0%
5	Dr. Shalini Sarin	Independent Director	0.35:1	300%
6	Dr. N Muthukumar	Whole Time Director	12.36:1	(47%)
7	Mr. Srinivasan Kumaradevan	Whole Time Director	11.08:1	0%

*Note:

Percentage increase in the remuneration i.e (sitting fees) of Directors, apart from Dr. N. Muthukumar & 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	53.1	Sr. Vice President & Whole Time Director	80,30,231	BE (Mech), MS	31	6-Jun-19	L&T Valves Limited	No
2	Ranganathan S	52.9	Chief Financial Officer	67,94,523	B.com, CA, Cost & Works Accountancy	26	6-May-15	Circor Flow Technologies India Pvt Ltd	No
3	Shivakumar R	56.9	Vice President	63,76,995	BE (Mech), MS (Engineering Business Management)	35	4-Jan-85	NA	No
4	Muraleekrishnan V	50.8	GM- Sales administration, Customer Support & MPS	50,54,707	B. Tech, M.Tech	25	13-Oct-08	M & M	No
5	Satish K S	54.8	GM - Quality, Service & Metallurgy	43,20,696	Dip (Mech), PGDMS (Warwick)	31	22-Nov-00	Gleason Works India Pvt Ltd	No
6	Abdul Kareem	54.0	GM – Brakes, Speciality Axles & JSR, PNR Plants	35,21,828	Dip (Mech)	33	17-Jan-87	NA	No
7	Murali Barki B (Superannuating on 30th Mar'2020)	58.0	GM - Strategic Sourcing	34,26,346	BE(Mech)	30	1-Jul-94	Beaver Automotive(P) Ltd	No
8	Manjunatha S	58.5	DGM - ER/IR	33,12,016	MSW, LLB	33	23-Sep-19	BOSCH Ltd	No
9	C N S Srinivas	45.7	AGM - Customer Contact Zero KM & Field Service	31,67,765	Dip (Automobile Engineering), BA, MBA	26	2-May-13	Casper Industries pvt Ltd	No
10	Dhiraj Banerjee	45.8	AGM - Gear Manufacturing	31,02,482	B Tech (Mech), PGDBA (Operations - Distance)	19	18-Dec-17	Gleason Works India Pvt Ltd	No
11	Rama Kantha Rao Bonda	41.7	AGM - Improvement Projects	30,73,173	Dip (Mech), B Tech (Mech), PG course in Tool, Die & Mould Design	17	10-May-18	Tata Motors Ltd, Jamshedpur	No
12	Dr. Muthukumar N (Exit -3rd Sep 2019)	55	President & Whole Time Director	77,85,064/-	M. Sc., MBA, Phd	32	16-Apr-08	T.T.K Ltd	No
13	Mr. Muthusamy E (Superannuated on 19th July 2019)	58	General Manager- Capex & Projects	50,05,330/-	Dip(Electrical), B. Sc. (Engineering Technology), MS(Mfg.Mgt)	38	2-May-08	TVS Motor Company Ltd	No

Notes:

- 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.
- 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, 2020.
- Gross Remuneration includes Salary, Allowances and other perks like Leave Travel Allowance, Medical reimbursement and Company's contribution towards Provident Fund, Gratuity and Superannuation.
- Dr. Muthukumar N., President & Whole Time Director of the company ceased from the Company on 3rd September, 2019, Mr. Muthusamy E. superannuated on 19th July, 2019 and Mr. Murali Barki B Superannuated on 30th March, 2020.

For and on behalf of the Board of Directors

Place : Pune

Date : 26th May 2020

B. N. Kalyani
Chairman

Annexure D

Form No. MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH, 2020
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L51909KA1981PLC004198
ii.	Registration Date	21.04.1981
iii.	Name of the Company	Automotive Axles Limited
iv.	Category / Sub-Category of the Company	Public Company Limited by shares/Indian Non-Government Company
v.	Address of the Registered office and contact details	Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018 Ph : 0821-7197500, fax : 0821 2402451, email : sec@autoaxle.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Pvt. Ltd #30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru, Karnataka Ph:080-23460815 Email: irg@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Rear Drive Axles	29301	59.27%
2	Brakes	29301	20.65%
3	Other Parts	29301	20.09%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2019				No. of Shares held at the end of the year - 31.03.2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	5367806	-	5367806	35.52	5367806	-	5367806	35.52	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	5367806	-	5367806	35.52	5367806	-	5367806	35.52	-
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	5367275	-	5367275	35.52	5367275	-	5367275	35.52	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	5367275	-	5367275	35.52	5367275	-	5367275	35.52	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	10735081	-	10735081	71.04	10735081	-	10735081	71.04	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	1407880	588	1408468	9.32	1466613	588	1467201	9.71	0.39
b) Banks/FI	15923	-	15923	0.11	9815	-	9815	0.06	-0.05
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Alternative Investment Funds	3185	-	3185	0.02	-	-	-	-	-0.02
f) Insurance Companies	-	-	-	-	619156	-	619156	4.10	4.10
g) FIIS	192914	-	192914	1.28	126345	-	126345	0.84	-0.44
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	1619902	588	1620490	10.72	2221929	588	2222517	14.71	3.98

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2019				No. of Shares held at the end of the year - 31.03.2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	921838	88	921926	6.10	252540	88	252628	1.67	-4.43
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	1486763	70667	1557430	10.31	1488907	64519	1553426	10.28	-0.03
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	104335	-	104335	0.69	198521	-	198521	1.31	0.62
c) Others (specify)									
NRI	99796	100	99896	0.66	92996	100	93096	0.62	-0.04
Clearing Member	41281	-	41281	0.27	25320	-	25320	0.17	-0.10
Trusts	-	-	-	-	-	-	-	-	0.00
IEPF	31536	-	31536	0.21	31386	-	31386	0.21	0.00
SUB TOTAL (B)(2):	2685549	70855	2756404	18.24	2089670	64707	2154377	14.26	-3.98
Total Public Shareholding (B)= (B)(1)+(B)(2)	4305451	71443	4376894	28.96	4311599	65295	4376894	28.96	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	15040532	71443	15111975	100.00	15046680	65295	15111975	100.00	0.00

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% change in share holding during the year
		No. of Shares	% of total Shares of the Co.	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Co.	% of Shares Pledged / encumbered to total shares	
1.	BF Investment Limited	53,67,806	35.52	-	53,67,806	35.52	-	No Change
2.	Meritor Heavy Vehicle Systems LLC, USA	53,67,275	35.52	-	53,67,275	35.52	-	No Change
	Total	1,07,35,081	71.04	-	1,07,35,081	71.04	-	

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

Particulars	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	1,07,35,081	71.04	1,07,35,081	71.04
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease	No change			
At the End of the year	1,07,35,081	71.04	1,07,35,081	71.04

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

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2019		Date	Increase/Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2020	
		No. of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
1	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE TAX SAVER (ELSS) FUND	891000	5.90	01.04.2019	0	-	891000	5.90
				17.05.2019	18000	Transfer	909000	6.02
				24.05.2019	9000	Transfer	918000	6.07
				31.05.2019	7200	Transfer	925200	6.12
				14.06.2019	9000	Transfer	934200	6.18
				05.07.2019	5371	Transfer	939571	6.22
				12.07.2019	32429	Transfer	972000	6.43
				13.03.2020	2779	Transfer	974779	6.45
				31.03.2020			974779	6.45
2	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	597713	3.96	01.04.2019	0	-	597713	3.96
				05.04.2019	7000	Transfer	604713	4.00
				12.04.2019	2000	Transfer	606713	4.01
				26.04.2019	3700	Transfer	608413	4.03
				24.05.2019	2143	Transfer	610556	4.04
				05.07.2019	5000	Transfer	615556	4.07
				26.07.2019	-4830	Transfer	610726	4.04
				02.08.2019	-200	Transfer	610526	4.04
				23.08.2019	-1300	Transfer	609226	4.03
				30.08.2019	-2000	Transfer	607226	4.02
				06.09.2019	1000	Transfer	608226	4.02
				20.09.2019	-1600	Transfer	606626	4.01
				30.09.2019	3270	Transfer	609896	4.04
				04.10.2019	5000	Transfer	614896	4.07
				11.10.2019	-2200	Transfer	612696	4.05
				01.11.2019	2000	Transfer	614696	4.07
				08.11.2019	-12000	Transfer	602696	3.99
		15.11.2019	-6540	Transfer	596156	3.94		
		22.11.2019	-16600	Transfer	579556	3.84		
		29.11.2019	-4400	Transfer	575156	3.81		
		06.12.2019	9000	Transfer	584156	3.87		
		13.12.2019	1000	Transfer	585156	3.87		
		20.12.2019	1000	Transfer	586156	3.88		

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2019		Date	Increase/Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2020	
		No. of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
				27.12.2019	2000	Transfer	588156	3.89
				31.12.2019	700	Transfer	588856	3.90
				03.01.2020	4300	Transfer	593156	3.93
				31.01.2020	6000	Transfer	599156	3.96
				07.02.2020	18000	Transfer	617156	4.08
				27.03.2020	2000	Transfer	619156	4.10
				31.03.2020			619156	4.10
3	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL	400000	2.65	01.04.2019	0		400000	2.65
				14.06.2019	1000	Transfer	401000	2.65
				16.08.2019	2000	Transfer	403000	2.67
				30.08.2019	1000	Transfer	404000	2.67
				31.03.2020	0		404000	2.67
4	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO)	55057	0.36	01.04.2019	0	-	55057	0.36
				26.07.2019	856	Transfer	55913	0.37
				31.03.2020			55913	0.37
5	IIFL SECURITIES LIMITED	47611	0.32	01.04.2019	0		47611	0.32
				05.04.2019	-1506	Transfer	46105	0.31
				14.06.2019	-46105	Transfer	0	0.00
				31.03.2020			0	0.00
6	RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE CAPITAL	45000	0.30	01.04.2019	0		45000	0.30
				05.04.2019	18000	Transfer	63000	0.42
				31.03.2020			63000	0.42
7	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO SMALL	37806	0.25	01.04.2019	0		37806	0.25
				24.05.2019	5800	Transfer	43606	0.29
				31.05.2019	2286	Transfer	45892	0.30
				01.11.2019	-13119	Transfer	32773	0.22
				08.11.2019	-11018	Transfer	21755	0.14
				29.11.2019	-21755	Transfer	0	0.00
				31.03.2020			0	0.00

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2019		Date	Increase/Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2020	
		No. of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
8	ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND LLC	37043	0.25	01.04.2019	0		37043	0.25
				12.04.2019	-551	Transfer	36492	0.24
				17.05.2019	-437	Transfer	36055	0.24
				24.05.2019	-3394	Transfer	32661	0.22
				31.05.2019	-4117	Transfer	28544	0.19
				07.06.2019	-3891	Transfer	24653	0.16
				14.06.2019	-1081	Transfer	23572	0.16
				30.06.2019	-1683	Transfer	21889	0.14
				19.07.2019	-1648	Transfer	20241	0.13
				26.07.2019	-5486	Transfer	14755	0.10
				02.08.2019	-5902	Transfer	8853	0.06
				09.08.2019	-1947	Transfer	6906	0.05
				16.08.2019	-3067	Transfer	3839	0.03
				23.08.2019	-3045	Transfer	794	0.01
				30.08.2019	-794	Transfer	0	0.00
		31.03.2020			0	0.00		
9	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMP	36800	0.24	01.04.2019	0		36800	0.24
				03.05.2019	618	Transfer	37418	0.25
				10.05.2019	732	Transfer	38150	0.25
				30.06.2019	785	Transfer	38935	0.26
				13.12.2019	-1408	Transfer	37527	0.25
				24.01.2020	881	Transfer	38408	0.25
				14.02.2020	878	Transfer	39286	0.26
		31.03.2020	-2419	Transfer	36867	0.24		
10	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	31536	0.21	01.04.2019	0		31536	0.21
				30.09.2019	-100	Transfer	31436	0.21
				06.12.2019	-25	Transfer	31411	0.21
				28.02.2020	-25	Transfer	31386	0.21
		31.03.2020			31386	0.21		
11	UTI TRANSPORTATION AND LOGISTICS FUND	28227	0.19	01.04.2019	0		28227	0.19
				31.01.2020	-3280	Transfer	24947	0.17
				14.02.2020	-1155	Transfer	23792	0.16
		31.03.2020	0		23792	0.16		

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2019		Date	Increase/Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2020	
		No. of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
12	KAMLESH NAVIN SHAH	0	0.00	01.04.2019	0		0	0.00
				21.02.2020	7299	Transfer	7299	0.05
				20.03.2020	31300	Transfer	38599	0.26
				31.03.2020	0		38599	0.26
13	KAMAL NAYAN SARAOGI	0	0.00	01.04.2019	0		0	0.00
				31.12.2019	27440	Transfer	27440	0.18
				03.01.2020	5850	Transfer	33290	0.22
				31.03.2020	0		33290	0.22
14	NOVEL SUPPLIERS PVT LTD	27118	0.18	01.04.2019	No Movement during the year			
				31.03.2020			27118	0.18

*Reasons for Change

- 1 Bought from Secondary Market
- 2 Sold in Secondary Market
- 3 No Change

V. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars of each Director & KMP	Shareholdings at the beginning of the year 01.04.2019		Cumulative holding during the year (01.04.2019 – 31.03.2020)	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Dr. B N Kalyani (DIN - 00089380)				
	At the beginning of the year	126	-	126	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	126	-	126	-
2	B C Prabhakar (DIN - 00040052)				
	At the beginning of the year	575	-	575	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	575	-	575	-
3	Ranganathan S. (Chief Financial Officer)				
	At the beginning of the year	102	-	102	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	102	-	102	-
4	Debadas Panda (Company Secretary)				
	At the beginning of the year	1	-	1	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	1	-	1	-

VI. Indebtedness:

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

(₹ in million)				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness				
Indebtedness at the beginning of Financial Year				
i) Principal Amount	730.00	NIL	NIL	730.00
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	730.00	NIL	NIL	730.00
Change during the Financial Year				
- Addition	NIL	NIL	NIL	NIL
- Reduction	500.83	NIL	NIL	500.83
Net Change	(500.83)	NIL	NIL	(500.83)
Indebtedness at the end of the Financial Year				
i) Principal Amount	229.17	NIL	NIL	229.17
ii) Interest due but not paid	Nil	NIL	NIL	Nil
iii) Interest accrued but not due	1.94	NIL	NIL	1.94
Total (i+ii+iii)	231.11	NIL	NIL	231.11

VII. Remuneration of Directors & Key Managerial Personnel :

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

Sl. No.	Particulars of Remuneration	Dr. N Muthukumar Whole Time Director (Rupees in million) (Upto 14.08.2019)	Kumaradevan Srinivasan, Whole Time Director (Rupees in million) (W.e.f. 14.08.2019)
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.13	6.11
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission & Others	2.02	0.31
5.	Total	7.15	6.42
	Ceiling as per the Act	93.24	

B. Remuneration to other directors:

Particulars of Remuneration	Name of Director				Total Amount (₹ in million)
	B B Hattarki	BC Prabhakar	Rakesh Kalra	Shalini Sarin	
Independent Directors					
Sitting Fee	0.40	0.35	0.30	0.20	1.25
Commission & others	-	-	-	-	-
Total (1)	0.40	0.35	0.30	0.20	1.25
Other Non-Executive Directors	B N Kalyani	Chrisan Villavarayan			
Sitting Fee	0.20	Nil			0.20
Commission & others	-	-			-
Total (2)	0.20	-			0.20
Total (B)=(1+2)					
Total Managerial Remuneration					1.45
Overall Ceiling as per the Act					* ₹1.00 Lac Per meeting of the Board or Committee thereof

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

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

Sl. No.	Particulars of Remuneration	Ranganathan S CFO (₹ in million)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.29
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	0.50
5.	Total	6.79

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

Sl. No.	Particulars of Remuneration	Debadas Panda Company Secretary (₹ in million)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.01
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	0.16
5.	Total	2.17

VIII. Penalties/Punishment/Compounding of Offences:

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

For and on behalf of the Board of Directors

Place : Pune
Date : 26th May 2020

B. N. Kalyani
Chairman

Annexure E

NOMINATION AND REMUNERATION POLICY

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

1. OBJECTIVE

The Committee and this Nomination and Remuneration Policy ("Policy") are in terms of provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as "KMP") and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- 1.4. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity.
- 1.7. To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel (KMP)** means
 - 2.4.1. Whole-time Directors;
 - 2.4.2. Chief Financial Officer; and

- 2.4.3. Company Secretary;

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

2.6. Senior Management

shall mean all members of management one level below the whole time director including company secretary and chief financial officer.

The terms used in this Policy but not defined shall have the meaning assigned to such terms in the Act and the Regulations.

3. ROLE OF COMMITTEE

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

The Committee shall:

- 3.1.1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- 3.1.2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- 3.1.3. Devising a policy on diversity of board of directors;
- 3.1.4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- 3.1.5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- 3.1.6. Recommend to the board, all remuneration, in whatever form, payable to senior management.

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

3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who is below the age of twenty-one years or has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- d) The Committee shall decide on whether to extend or continue the term of appointment of Independent director, on the basis of the report of performance evaluation of Independent directors.

3.2.2. Term / Tenure

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

- b) **Independent Director:**

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

- c) **Non Executive Director:**

The Company shall not appoint or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed by the shareholders to that effect.

3.2.3. Evaluation

The Committee shall carry out yearly evaluation of performance of every Director, KMP and Senior Management Personnel as per the requirement of Act/ Listing Agreement.

3.2.4. Removal

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

3.2.5. Retirement

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

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

3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- e) In case any difficulty or doubt arises in the interpretation or implementation of this Policy, the decision of the Chairman of the Company shall be final. In exceptional circumstances, the Chairman shall be authorized to exercise functions vested in the committee in so far as these relate to Key Managerial Personnel covered under Clause 2.4 and the Senior Management

covered under Clause 2.6; provided however that such actions taken by the Chairman shall be placed before the Committee for ratification in the succeeding meeting.

3.3.2. Remuneration to Whole-time / Executive Director, KMP and Senior Management Personnel:**a) Fixed pay:**

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

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

3.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

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

b) Sitting Fees:

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

c) Commission:

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

4. MEMBERSHIP

- 4.1 The Committee shall consist of a minimum 3 non-executive directors, at least 50% of them being independent.
- 4.2 Either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance
- 4.3 Membership of the Committee shall be disclosed in the Annual Report.
- 4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

- 5.1 Chairperson of the Committee shall be an Independent Director.
- 5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- 5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.4 Chairman of the Nomination and Remuneration Committee meeting may be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required provided that it shall be held at least once in a year.

7. COMMITTEE MEMBERS' INTERESTS

- 7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

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

9. VOTING

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

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

10. NOMINATION DUTIES

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

- 10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.3 Determining the appropriate size, diversity and composition of the Board;
- 10.4 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.5 Developing a succession plan for the Board and Senior Management.
- 10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.9 Recommend any necessary changes to the Board; and

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

11. REMUNERATION DUTIES

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

- 11.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 11.2 to approve the remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 11.4 to consider any other matters as may be requested by the Board.
- 11.5 Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETING

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

Annexure F

Form AOC – 2

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

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

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

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

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

a.	Name(s) of the related party and nature of relationship	Meritor HVS (India) Limited
b.	Nature of contracts/arrangements/ transactions	Purchase of raw material, sale of finish goods, availing technical service
c.	Duration of the contracts/arrangements/ transactions	On ongoing basis
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Estimated annual transaction value of ₹30,000 million for a period of five (5) years Starting from 1st April, 2019
e.	Date(s) of approval by the Board, if any	8th May, 2018 and approved by shareholders in the Annual General Meeting held on August 13, 2018
f.	Amount paid as advances, if any:	Nil

Annexure G

CORPORATE SOCIAL RESPONSIBILITY

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

1. Corporate Social Responsibility Policy

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

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

2. Composition of the CSR Committee

The Board Committee of CSR comprises of:

- (a) Mr. B. C. Prabhakar, Chairman (Independent Director)
- (b) Dr. Shalini Sarin, Member (Independent Director)
- (c) Mr. Kumaradevan Srinivasan, Member

3. Average net profit of the company for last three financial years: ₹1,287.61 million

4. Prescribed CSR Expenditure (Two percent of the amount as in Item 3 above): ₹25.75 million

5. Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year: ₹25.75 million
- b) Amount unspent, if any: ₹0.49 million
- c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programs at	Amount outlay (budget) (INR in million)	Amount spent on the projects (INR in million)	Cumulative expenditure upto the reporting period in INR million	Amount spent directly or through implementing agency
*1	Swachh Bharat Abhiyaan	Environmental Sanitation	Mysuru,	1.04	1.04	1.04	Direct
*2				8.22	8.22	8.22	Direct
3	Skill Development Program	Promoting enhancement of vocation skills	Mysuru,	0.71	0.71	0.71	Through Agency
4	Contribution towards Mysuru Dasara cultural program	Promoting culture	Mysuru,	0.29	0.29	0.29	Direct
5	COVID-19 pandemic	Contribution towards PM CARES Fund	NA	15.00	15.00	15.00	Direct
Total					25.26		

*Note

(1) Development of nearby park

(2) Lake Renovation

6. Reasons for a part of CSR amount unspent:

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 but the amount could not be spent due to delay in getting necessary approvals.

7. CSR Committee Responsibility Statement:

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

For and on behalf of the Board of Directors

Srinivasan Kumaradevan

Sr.Vice President & Whole-time Director

Place : Mysuru

Date : 26th May 2020

B. C. Prabhakar

Chairman of the CSR Committee

Place : Bengaluru

Date : 26th May 2020

Management Discussion and Analysis

Global economy

The global economy came across several uncertainties during the year 2019. Rising tensions in world trade, delay in the Brexit deal, disruptions in the oil market and an impending recession in some of the major economies created a negative sentiment across the world.

In calendar year (CY) 2019, the US economy grew by 2.3% and was one of the fastest growing nations among the developed countries. The major reasons being increased manufacturing activity, employment generation and consumer spending. This growth in the US has also helped in reducing the impact of slowed growth in the European Union (EU) countries, thereby aiding in a stable growth in world output. In Britain, trading activities, government consumption and private consumption contributed towards a tepid growth of 1.4%.

However, with the outbreak of COVID-19, things have become more challenging. As governments across the world focus on containment of the disease, the measures adopted have led to shortage of labour supply and movement of goods. As production is curtailed around the world, many firms will not have necessary inputs which is likely to create a vicious cycle. The global impact of China's slowdown is already being felt around the world as the virus outbreak has disrupted manufacturing supply chains and sharply curtailed energy as well as commodity demand.

As a result of this economic fallout, the global economy is forecasted to sharply contract by -3% during CY 2020 which would be worse than the 2008-09 financial crisis. However, the global economy is projected to grow by 5.8% in CY 2021 when economic activity normalises.

(Source: World Economic Outlook, April 2020 by IMF)

Annual GDP growth rate

Region	2019	2020	2021
World output	2.9	-3.0	5.8
United States	2.3	-5.9	4.7
Europe region	1.2	-7.5	4.7
United Kingdom	1.4	-6.5	4.0
China	6.1	1.2	9.2
India	4.2	1.9	7.4

(Source: World Economic Outlook, April 2020 by IMF)

Indian economy

India has emerged as the fastest growing major economy in the world and is expected to be considered among

the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

However, during FY 2019-20, India's economy grew by just 4.2%, as compared to 6.8% in FY 2018-19. The major factors behind this low growth rate being decline in domestic demand, slowdown in growth of rural income and inefficiency in the operations of Non-Banking Financial Corporations (NBFCs). This further led to fall in export demand, lower capacity utilisation of industries and thereby reduction in fresh investments.

To bring back the wheels of the economy in place, steps such as reduction in corporate tax rates, offering credit guarantee for financially sound NBFCs, slashing down of repo rate were taken up. These initiatives had gradually started delivering results in the second half of FY 2019-20, when the outbreak of COVID-19 put up fresh challenges. Various steps were undertaken to stop its outbreak, such as nationwide restrictions and a complete lockdown, which impacted economic activity on a significant scale. The severe disruptive impact on demand caused by the pandemic has created large cash flow gaps for corporates.

Understanding the requirement of the situation, the Government of India has announced a relief package worth Rs 20 lakh crores, which is roughly 10% of the GDP of India. This economic package has the objective of increasing growth and help the country accelerate towards achieving the aim of building a self-reliant India.

However, looking into the current scenario, IMF has slashed down its expected growth rate for FY 2020-21 to 1.9% from the previously expected 5.6%, but a major turnaround of 7.4% is expected in FY 2021-22.

(Source: World Economic Outlook, April 2020 by IMF)

Indian automobile and auto component industry

Automobile industry

The Indian automobile and auto component industry together contribute ~10% to the GDP, with automobile contributing ~7.1% and the auto component industry contributing 2.3% to the GDP. Besides, the industry employs close to 4 crores people.

The auto industry went through one of the most challenging years during FY 2019-20, with sales falling by double-digits

across all segments compared to FY 2018-19. Sales of passenger vehicles and two-wheelers fell by 18% whereas commercial vehicles numbers went down by 29%.

The automobile industry was on a brink of revival after a torrid FY 2019-20. The expectation was of a decent FY 2020-21, however, the COVID-19 led lockdown dealt a decisive blow to the already bleeding automobile industry. In these conditions, rural economy can turn out to be a point of attraction. With forecasts of normal monsoons and therefore healthy kharif and rabi crops, a boost in the rural economy is expected. This could potentially lead to a rise in vehicle sales from the second half of the year.

(Source: KPMG, Potential impact of Covid-19 on the Indian economy, Edelweiss Professional Investor Research, IBEF)

Auto component industry

The key source countries for imports of auto and auto components include China, Germany, South Korea, Japan and Thailand, whereas key export markets include the US, Mexico, Bangladesh, Africa and Asia. Most of these countries are under the ambit of COVID-19, which makes matters worse for the industry, already facing weak demand. Moreover, production shutdown across the country due to the pandemic will significantly impact the sector further. Besides, liquidity shortfall in the sector due to Non-Banking Financial Companies (NBFCs) and banking sector challenges are going to have an impact on sales.

With China catering to ~25% of India's automotive part imports, disruption in supply of raw materials and other critical components have affected imports and led to fluctuations in prices of raw materials. It is also expected that availability of contract labour for operations and support functions might become an issue for a major part of FY 2020-21.

However, if we analyse the auto component industry, before the COVID-19 impact, it seemed quite promising. Having expanded by 10.6%, the Indian auto-components industry has been experiencing healthy growth over the last few years. It reached a level of US\$56.2 billion in FY 2018-19 and employed ~1.5 million people directly and the same number of individuals indirectly.

According to data by the Department for Promotion of Industry and Internal Trade (DPIIT), the Foreign Direct Investment (FDI) inflows into the Indian automotive industry during the period April 2000–December 2019 stood at US\$23.89 billion, which reflects the confidence that various

international auto giants have in the Indian markets.

Additionally, according to the Automotive Component Manufacturers Association of India (ACMA), the Indian auto components industry is expected to register a turnover of US\$100 billion by 2020 backed by strong exports ranging between US\$80–100 billion by 2026. Though, with the current ongoing global pandemic, things seem to be uncertain but when the world economies stabilise, this industry would be among the fastest growing ones.

(Source: KPMG, Potential impact of Covid-19 on the Indian economy, Edelweiss Professional Investor Research, IBEF)

Tractors

Agriculture remains a focus area for the government, employing significant portion of the domestic workforce. More importantly, the health of this sector remains critical to meet food security needs and hence the Government of India has been focusing upon promoting mechanisation of farmlands (which translates to the use of tractors, along with implements).

The agriculture tractor market in India is expected to grow at a CAGR of 6.7% during 2019-2024. Bolstered by a series of policy incentives to support the agricultural machinery sector and subsidies for the purchase of farm machinery, the agricultural tractor industry in India witnessed rapid development in the past few years.

Macro factors such as the overall level of economic development, migration of rural labour, land utilisation, agricultural production, food demand, agricultural machinery industry, trade, manufacturing capacity and testing have created a favourable market scenario for the agriculture tractor market in India. Besides, both central and local governments allocate funds to subsidise farmers' purchase of agricultural machinery, which is already giving and is expected to further push the tractor industry.

But at the same time, it is important to note that the impact of COVID-19 will have a widespread impact and would indirectly affect this industry as well. However, India being an agrarian economy, it is going to be impacted a lot lesser than the manufacturing and service industries.

(Source: Business wire, Jan 2020)

Outlook

The automobile segment is significantly impacted by economic sentiments and consumer purchasing power. As a result, we expect that the demand for passenger vehicles

(including two/four-wheelers) as well as commercial vehicles would remain low. Liquidity and cash crunch have already put a dent in sales to fleet operators and with the breakout of COVID-19, the demand for commercial vehicles is expected to further decline in the coming months.

Auto original equipment manufacturers (OEMs) would have to delay any new launches by at least a few quarters or till the sentiments get better. However, Indian auto components industry can emerge in medium to long term as an alternative source of supply if the industry receives support by policy framework in the months, going forward.

Concurrently, it is to be considered that humanity has always emerged stronger after facing every new challenge and adversity and the same would happen regarding COVID-19. Therefore, the fact that the world is globalising rapidly would also open newer avenues for the transportation industry, especially shifts towards electric, electronic and hybrid cars. This would also lead to newer verticals and opportunities for auto-component manufacturers, who are continuously innovating through systematic research and development.

Indian auto-component makers are well positioned to benefit from globalisation in medium to long term as exports have the potential to increase by ~US\$30 billion by CY 2021 and subsequently making the Indian auto-components industry the third largest in the world by CY 2025.

Simultaneously, the availability of skilled labour at low cost, robust R&D centres and cost-efficient steel production in India shows a promising future for India's automobile industry. These factors are also expected to provide great opportunities for investment, along with direct and indirect employment to both skilled and unskilled labour. So, on an overall basis, Indian automotive industry (including component manufacturing) is expected to reach ~ US\$250 billion by 2026.

(Source: KPMG, Potential impact of Covid-19 on the Indian economy, IBEF)

AAL: Progressing 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).

We revere the principle of 'Don't Accept. Don't Produce. Don't Release.' defective products. This approach 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, 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—Rudrapur (Uttarakhand), Mysuru (Karnataka), Jamshedpur (Jamshedpur) and Hosur (Tamil Nadu)—where we reinforce our world-class manufacturing standards by underpinning the concept of built-in quality. Besides, Bangalore Technical Centre (BTC) 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.

Our story in numbers

38+
years

- Drive Axles
- Front Steer Axles
- Off-highway Axles
- Non-Drive Axles
- Drum & Disc Brake
- Suspension

~1,700

Experience

Product categories

**Team size
(Approximately)**

Four

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

(INR in crores)
Total Income:
Rs. 959.68
Profit after tax:
Rs. 41.13
Earnings per share:
INR 27.22
(INR in rupees)

**Production
units**

Major Customers

**Financial
Performance for
the year**

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 38+ 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 certified with BS OHSAS 18001:2007

- 5S certification through QCFI-JUSE
- Quality Management System certified with IATF 16949:2016
- Heat Treatment Process certified with CQI 9
- Welding processes certified with CQI 15

Awards and recognitions

- Recognised for our support at all times and awarded us with the 'BEST SUPPORT FOR VEHICLE OFF ROAD (VOR)' in September 2019 by TATA Motors
- Appreciated and rewarded with Gold Award for Business Alignment by Ashok Leyland
- Received recognition from VOLVO towards 'Specialty Vehicle Build & Support' in November 2019
- Upgraded from B to A in VECV 'KATA' initiative in October 2019
- Got certified by Union of Japanese Scientists & Engineers (JUSE) through Quality Circle Forum of India (QCFI) for Implementing best 5S practices, which was re-certified by QCFI in December 2019
- Bagged seven Gold Awards and three Silver Awards during Chapter Convention on Quality Concept (CCQC-2019) in May 2019
- Won distinguish award for Allied Case Study Presentation and Excellence Award for Kaizen Model Presentation during National Convention on Allied Concepts at Varanasi in December 2019
- Bagged third place in district-level Safety Quiz & Safety Skit competition organised by Deputy Director of Factories & Boilers department, Karnataka

Operational highlights

At AAL, we utilise sophisticated and contemporary equipment to deliver our world-class offerings. During the year, we inaugurated a new state-of-the-art axle assembly and painting line to enhance our capacity. The plant also has avant-garde pre-treatment and robotic painting line with 2K paint. We have begun production in the new unit and delivered goods produced in it. We also introduced IoT (Internet of Things platform)-enabled processes in line with Industry 4.0 digitalisation by incorporating digital mistake proofing, paperless factory with all digital displays and automatic data capturing. Additionally, we are installing a drive head assembly line with latest equipment to cater to new-age requirements.

We use advanced gear manufacturing equipment, with modern continuous carburising and sealed quench furnaces for heat treatment process. We also installed four new face

hob design equipment with spiron cutters and closed loop cutter setting with blade profile grinding facilities to enhance capacity. These improvements have enabled us to meet the enhanced requirement of BS-VI emission norms.

This year we also began a journey to implement Total Productive Maintenance (TPM) to adapt best processes and world-class manufacturing systems.

FINANCIAL PERFORMANCE

Key highlights	₹ in million				
	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16
Total Income	9596.81	19420.02	15580.63	13039.92	10875.44
Profit before Depreciation & Tax	971.76	2314.97	1710.30	1143.77	909.66
Profit After Tax	411.34	1215.50	839.32	494.18	347.74
Earnings Per Share (Rs.)	27.22	80.43	55.54	32.70	23.01

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

Key financial ratios	2019-20	2018-19	If there is change of 25% or more as compared to the immediately previous financial year detail with explanation
Debtors Turnover	7.76	5.60	Debtors receivables have been high as on 31st March 2020 due to collection backlog during the end of the year due to slowdown in the Automobile Industry and COVID-19
Inventory Turnover	4.14	7.29	Due to the slowdown in Automobile Industry during the year 2019-20, Management has taken aggressive inventory reduction and liquidation plans
Interest Coverage Ratio	18.39	98.97	Interest cost is insignificant when compared to the business volumes and has no material impact on the reported numbers
Current Ratio	2.59	2.00	Increase in the current ratio is mainly due to a higher Debtors turnover ratio caused by reduction in the debtors collection due to - market slowdown during the year and - COVID-19 towards the end of the financial year
Debt Equity Ratio	0.04	0.14	Significant portion of long-term debts have been repaid during the year
Operating Profit Margin (%)	22.7%	20.7%	
Net Profit Margin (%)	4.2%	6.1%	
Return on Capital employed	0.11	0.30	Slowdown in Automobile Industry during the year 2019-20 has resulted in severe strain on the Sales and the profitability
Return on Net Worth	0.08	0.22	Slowdown in Automobile Industry during the year 2019-20 has resulted in severe strain on the Sales and the profitability

Business outlook 2020-21

We expected a decent performance for FY 2020-21, but the pandemic is set to impact our business brutally during the first half of the year and to a limited extent thereafter. However, we look forward to growth in the coming years.

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

We are among India's top manufacturers of specialised auto

components. Our world-class offerings are a result of our technology expertise, skilled workforce and focus on quality

Technology

We use contemporary technology to provide our customers products that are dependable and enduring. Our operations include:

- Friction welding
- Argon CO2 welding
- Robotic welding
- CNC machining

- Gear and pinion dry cutting
- 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 centres 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:

New assembly shop with robotic painting: This new assembly line is Industry v4.0 enabled and offers world-class manufacturing of axles with process and product traceability, real-time data acquisition enabling monitoring of process and operations dynamically and data-based decision-making. The line is equipped with automated paint kitchen and robotic painting process, which is a global benchmark.

Housing line equipment: Housing line capacity was enhanced by improving existing processes and infusing high technology processes like robotic welding cells and multi-machining machines.

Gear manufacturing equipment: Gear Set capacity improves by adding cutting-edge close-loop machines, which facilitate the production of benchmarked-quality offerings.

Quality management

We are strengthening our production quality by embracing contemporary production techniques. The adoption of Quality Management System (QMS) and Lean Management System (LMS) have helped us reinforce our Built-In Quality (BIQ) concept and ZERO COC (coolant, oil and chip). 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

A company's growth is the result of its team's ability to collectively leverage its 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 & 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 2019-20, we hired 24 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).

Percentage of training and learning programmes

Type of training and learning programme	Percentage
Technical programmes	70%
Behavioural programmes	20%
Common programmes	10%

5S Workplace Management

The 5S workplace management system allows us to maintain better controls on our processes and operations.

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. During FY 2019-20, over 1,000 teammates, along with their spouse and children participated in different sports and cultural activities such as athletics, singing, yoga, essay

writing, and others. We appreciated the participation of our people and their families in the prize distribution ceremony that was celebrated with Kannada Rajyotsava on 1st November 2019.

Employee Development Program

Additionally, our Employee Development Program 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) processes defend our operations and help in cutting down risk factors in our units, lowering the number of accidents and near-miss cases. We have an on-site emergency plan prepared and approved from the Department of Factories and Boilers Office, Karnataka.

We reinforce the safety of our people through various safety training programmes, periodically organising safety audits that address potential hazards and abnormalities immediately. Our well-trained emergency team is readily available 24x7 to attend any emergencies at our worksites. We also conduct mock drills to prepare on-site emergency routines.

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. We also invite renowned specialists to speak at these events.

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 2020 was celebrated on 9th March 2020 by inviting a renowned psychiatrist from Apollo Hospital who enlightened the women employees on handling stress at work and home. Post the session, we had a short quiz stint where women were encouraged to reflect upon the session and received spot awards on giving right answers.

Safety, health and environment

We strive towards better management of our sustainability drivers, including safety, health and environment of our assets. For us, the health and safety of our communities is equally important as that of our people. Therefore, we undertake community initiatives around various causes for the communities around us.

We have the following safety, health and environment initiatives:

Safety

- Conducting compulsory safety induction training and refresher safety workshop/sessions for all employees to ensure preparedness towards any accident/incident prevention
- Introduced oil/chemical cotton based reusable sorbent for oil and coolant accidental spillage/leakage by eliminating usage of saw dust (potential fire hazard elimination)
- Organised external and internal certification safety training programmes in association with government agencies and competent institutions
- Advanced/new technology fire extinguisher provided in shop floor as part of fire prevention and mitigation measure
- Introduced and practiced Rapid Upper Limb Assessment (RULA)/Rapid Entire Body Assessment (REBA), a scientific tool related to ergonomics to study employee postures at workplace; this will enable us to suitably modify and improve Work Space Organisation (WSO) to reduce operator fatigue
- Installed CO2 auto-flooding system in new NX assembly robot painting chamber and paint kitchen under Fire Mitigation and Prevention programme,
- Provided auto-sprinkling system with heat sensor quartz bulb type fire hydrant system for new NX paint booth
- Installed multi-purpose nozzles for firefighting, under fire-fighting infrastructure development
- Conducted Major Accident Hazard (MAH) unit total plant safety audit by external competent agency according to applicable safety regulatory guidelines,
- Completed migrating process from OHSAS 18001:2007 to new ISO 45001:2018
- Organised hydrostatic, non-destructive ultrasonic test on our half-mounded LPG storage bullets by Petroleum and Explosive Safety Organisation (PESO) authorised agency according to statutory requirements
- Incorporated Lock-Out & Tag-Out (LOTO) stations provision across the plant for major electrical maintenance work
- Received approval from FM Global for Research & Testing for Property Loss Prevention Services for chemical cabinet's provision that includes paint booths for safe storage of paint and thinner
- Installed CO2 auto-flooding system with heat sensor for shop peening and brake shoe liner grinding machine exhaust system have been to mitigate/prevent fire incidents
- Defined and displayed safety protocol in all entry and exit gates of factory premises

- Fixed electric chain hoists cross beams and longitudinal beams secondary safety wire rope for all material handling equipment under the Safety Incident Prevention Program
 - Conducting a customised workshop—Behaviour Based Safety—to create ‘Safety First Priority’ among all levels of employees
 - Displayed ‘Sensitive to Safety’ visuals on all machines to sensitise against hazards associated with any specific process or operation
 - Department-wise monthly communication to emphasise safety across the plant,
 - Observing National Safety Day—like every year—to promote and propagate ‘Safety First’ culture, during March wherein we organise various competitions, including Walkathons, and display safety information and play videos on the importance of safety
 - Extended the Central Fire Hydrant System, now creating additional 12 outlets taking the total count to 23 for fire mitigation
 - Revised ‘Permit to Work’ system with enhanced responsibility and accountability to strengthen vigilance on hazardous activities
 - Improved safety at source with hazard mitigation initiative by respective Line Head of Departments (HODs) and Line Supervisors on 4M analysis (Man, Machine, Method & Material) for Environment, Occupational Health and Safety area co-ordinators to identify unsafe conditions/acts under the accident prevention programme
 - Ensuring periodical safety testing and certification of all Material Handling Mechanical Equipment by authorised external competent person
 - Recognised and rewarded best safe employee value streamwise.
 - Observed Chemical Disaster and Prevention Day to create awareness among all employees on safety in chemical management
 - Conducting periodical on-site emergency plan and preparedness mock drills and fire drills involving all emergency response teams
- ## Health
- Conducted ergonomics-focused health training with exercises for employees, including Acupuncture for pain and physiotherapy
 - Organised first aid training for our people in association with by St. Johns Ambulance Group
 - Celebrated World Health Day by conducting ‘basic life support training’ for all employees
 - Arranged periodic inspections by in-house doctors to identify health hazards at workplace
 - Conducted Health Talk (about different organs of the body) on monthly basis through interactive sessions with renowned doctors in the city
 - Organised trainings on team building, stress-free working, potential enhancement of efficiency at workplace
 - Arranged pre-recruitment medical check-up for all recruits and annual check-up for all regular employees and trainees
 - Equipped our Occupational Health Centre with all modern machines like ECG machine, automated external defibrillator machine nebuliser for treating acute asthma cases
- ## Environment
- Undertook the following programmes under Natural Resource Conservation Initiative:
 - Robotic painting process introduced to optimise the paint consumption
 - Oil & Coolant Recovery plant is being used for filtration and reuse of used oil and coolant
 - Promoting the 5S culture at workplace and motivated people to incorporate it at home as well

- Commenced the following programmes under the Go Green initiatives:
 - Eliminated wood packaging and introduced returnable metal-based pallets and metal separators
 - Diminished of paper consumption by embracing digitalisation through KIOSK and LED Shift In-charge display screens installed at shop entrance
 - Nearby public park developed by planting 200 saplings
- Initiated theme-based water conservation audits and projects to reduce freshwater consumption towards water positive journey
- Provided polycarbonate sheets on the roof of our NX plant to get sunlight under the Power Conservation Initiative
- Introduced High Velocity Low Speed (HVLS), ventilator fans in the NX plant shop, resulting in 33% power saving
- Replaced induction motor with energy-efficient motors and Variable Frequency Drive (VFD) for significant energy use (7.5 HP and above)
- Reduced hazardous waste generation by adopting recycle and recovery system in new NX paint booth
- Used Fish Test methodology to test the quality of STP- and ETP-treated water to prevent environment pollution
- Started eFactory Development Initiative with digitalization of manufacturing operations by Industry-4.0 complied, IoT platform
- Distributed eco-friendly Ganesha idols to all employees on Ganesha Chaturthi celebration to prevent water pollution and land contamination
- Celebrated World Environment Day on 5th June 2019 by planting 1,000+ saplings in and around our premises
- Sustained ISO 14001:2015, Environment Management System certification after audit by M/s DQS, India
- Installed additional filter press to reduce the STP sludge generation.

Precautions taken during COVID-19 situation

As the challenges around COVID-19 continue to evolve, we are carefully considering the best course of action to ensure the wellbeing of our people and our business.

We are glad to announce that none of our employees have tested positive for COVID-19 till date. We also continue to encourage them to strictly adhere to safety guidelines through periodic communications.

Currently, we are operating as per the government guidelines and implementing rigorous screening at our units. We are ensuring 100% thermal screening at all factory entrance gates, besides ensuring hand sanitisers and other critical gear are available at all the important areas across all our factories. We have made wearing masks a compulsory measure at AAL, with all security, canteen and housekeeping staff issued the best quality products available.

We are consistently communicating the measures we are undertaking to avoid COVID-19 breakout to our people. 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 followed all required guidelines of central & state Government

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	Technology risk	People risk
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"> Regular review of market conditions Resilient business model Long-term contracts enable us to tide over short-term slack in the markets Introduction of value-based products to our customers Improving the share of business through quality, delivery and cost performance. 	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"> Focus on key talent and their retention. Pay by performance culture Strong value-led culture throughout recruitment, induction and training Employee engagement activities and incentive plans
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"> Develop cost-efficient manufacturing processes Consistent efforts to reduce costs 		

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 31st March, 2020 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.

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 31st March, 2020, 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 2019-20, the attendance at last Annual General Meeting held on Wednesday, August 14, 2019 and the number of Directorships and Committee Chairmanships/Memberships held by them in other Indian Companies as on 31st March, 2020 are given herein below:

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	1	No	2	Nil	Nil
Mr. B.B. Hattarki	Independent	4	Yes	13	4	5
Mr. B.C. Prabhakar	Independent	3	Yes	3	2	2
Mr. Rakesh Kalra	Independent	3	Yes	6	5	Nil
Dr. Shalini Sarin	Independent	4	Yes	6	2	Nil
Mr. Srinivasan Kumaradevan (Appointed w.e.f. 14.08.2019)	Executive	3	Yes	1	1	Nil
Dr. N Muthukumar (Resigned w.e.f. 14.08.2019)	Executive	2	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.

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

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 for new Directors.

The Nomination and the Remuneration Committee makes recommendation to the Board on induction of new member after screening and the selection process, 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, organisational structure, role and responsibilities, services, board procedures, matters reserved for the board, risk and the compliance details and such other details to familiarise the new Director about the Company.

A separate Independent Directors meeting was conducted during the year.

Board Meetings

In FY 2019-20 (Apr'19-Mar'20), the Board met four (4) times on 13th May 2019, 14th August 2019, 4th November 2019 and 14th February 2020. 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 2019-20

Name of the Director	No. of meetings conducted and attended during the year				Total Attendance	Total No. of Meetings	% of attendance
	13th May 19	14th Aug 19	4th Nov 19	14th Feb 20			
Dr. B N Kalyani	✓	✓	✓	✓	4	4	100
Mr. Chrishan Anton Sebastian Villavarayan	Con Call	Con Call	Con Call	✓	1	4	25
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100
Mr. B C Prabhakar	✓	✓	✓	LOA	3	4	75
Mr. Rakesh Kalra	✓	✓	LOA	✓	3	4	75
Dr. Shalini Sarin	✓	✓	✓	✓	4	4	100
Dr. N Muthukumar (Resigned w.e.f. 14.08.2019)	✓	✓	N.A.	N.A.	2	2	100
Mr. Srinivasan Kumaradevan (Appointed w.e.f.14.08.2019)	N.A.	✓	✓	✓	3	3	100

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 31st March, 2020.

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

Prevention of Insider Trading

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

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

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

BOARD COMMITTEES

As on 31st March, 2020, 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 31st March, 2020

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	Dr. N Muthukumar (Resigned w.e.f. 14.08.2019)	✓		Member	Member	Member	
8	Mr. Srinivasan Kumaradevan (Appointed w.e.f. 14.08.2019)	✓		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, Members

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 13th May 2019, 13th August 2019, 4th November 2019 and 10th February 2020

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 2019-20

Name of the Director	Audit Committee Meeting held during the year 2019-20				Total Attendance	Total No. of Meetings	% of attendance	Status
	13 th May 19	13 th Aug 19	4 th Nov 19	10 th Feb 20				
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100	Chairman
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Member
Mr. Rakesh Kalra	✓	✓	LOA	✓	3	4	75	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 inter alia includes the following:

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

- Review of Management discussion and analysis of financial condition and results of operations;
- Oversight of Company's financial reporting system;
- Review of the annual financial statements, before submission to the Board, focusing primarily on changes if any, in the accounting policies or practices, compliance of accounting standards, qualifications, related party transactions, Directors' responsibility statement etc.;
- Reviewing with the management the quarterly financial statements before submission to the board for approval;

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

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Nomination and Remuneration Committee consists of three Independent Directors:

Mr. B C Prabhakar, Chairman,
Mr. Rakesh Kalra, Member
Dr. Shalini Sarin, Member

The committee met three (3) times during the year on 13th May 2019, 13th August 2019 and 14th February 2020.

Attendance record of NRC members for 2019-20

Name of the Director	NRC meeting held during the year 2019-20			Total Attendance	Total No. of Meetings	Attendance %	Status
	13 th May 19	13 th Aug 19	14 th Feb 20				
Mr. B C Prabhakar	✓	✓	LOA	2	3	67	Chairman
Mr. Rakesh Kalra	✓	✓	✓	3	3	100	Member
Dr. Shalini Sarin	✓	✓	✓	3	3	100	Member

Terms of Reference

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

Independent Directors

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

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.

The weblink where the details of familiarisation programme imparted to independent directors is available at www.autoaxle.com

During the year 2019-20, Independent Directors met on 10th February, 2020, discussed and reviewed the below:

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

Performance evaluation criteria for independent directors:

- a) Attendance and participation in the meetings and timely inputs on the minutes of the meetings
- b) Adherence to ethical standards and code of conduct of company and disclosure of non-independence, as and when exists and disclosure of interest

- c) Raising of valid concerns to the Board and constructive contribution to resolution of issue at meetings
- d) Interpersonal relations with other Directors & Management
- e) Objective evaluation of Board's performance, rendering independent, unbiased opinion
- f) Understanding of the company and the external environment in which it operates and contribution to strategic direction.
- g) Safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information.

Remuneration of Directors

The details of remuneration to Directors, their relationship with each other and Equity Shares held as on 31st March, 2020 are presented below:

Directors	Relationship with other Directors	Equity Shares held	Board Meeting Sitting Fees (In ₹)	Audit Committee Meetings Sitting Fees (In ₹)	Salaries, performance bonus and perquisites (In ₹)	Total (In ₹)
Dr. B.N. Kalyani	None	126	2,00,000	N.A.	Nil	2,00,000
Mr. Chrishan Anton Sebastian Villavarayan*	None	Nil	N.A.	N.A.	Nil	N.A.
Mr. B B Hattarki	None	Nil	2,00,000	2,00,000	Nil	4,00,000
Mr. B C Prabhakar	None	575	1,50,000	2,00,000	Nil	3,50,000
Mr. Rakesh Kalra	None	Nil	1,50,000	1,50,000	Nil	3,00,000
Dr. Shalini Sarin	None	Nil	2,00,000	N.A.	Nil	2,00,000
Dr. N Muthukumar (Resigned w.e.f. 14.08.2019)	None	Nil	NA	NA	71,58,415	71,58,415
Mr. Srinivasan Kumaradevan (Appointed w.e.f. 14.08.2019)	None	Nil	NA	NA	64,14,051	64,14,051

Note:

1. *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.
2. All the above elements are fixed component but for the Performance linked Bonus

Directors with materially significant pecuniary transaction or relationship with the Company

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

STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

The Stakeholders Relationship Committee 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

The Committee met four times during the year on 13th May, 2019, 13th August, 2019, 4th November, 2019 and 10th February, 2020.

During the year the SRC has been reconstituted by replacing Dr. N. Muthukumar with Mr. Srinivasan Kumaradevan.

Attendance record of SRC members for 2019-20

Name of the Director	SRC Meeting held during 2019-20				Total Attendance	Total No. of Meetings	Attendance %	Status
	13 th May 19	13 th Aug 19	4 th Nov 19	10 th Feb 20				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Mr. Rakesh Kalra	✓	✓	LOA	✓	3	4	75	Member
Dr. N Muthukumar (Resigned w.e.f. 14.08.2019)	✓	✓	NA	NA	2	2	100	Member
Mr. Srinivasan Kumaradevan (Appointed w.e.f. 14.08.2019)	NA	NA	✓	✓	2	2	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 2019-20	3
Number of complaints not solved to the satisfaction of the shareholders	Nil
Number of pending complaints	Nil

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Committee comprises of three members as on 31st March, 2020:

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

During the year the CSR has been reconstituted by replacing Dr. N. Muthukumar with Mr. Srinivasan Kumaradevan.

The CSR committee met two times during the year on 13th May, 2019, 14th February, 2020.

Attendance record of CSR members for 2019-20

Name of the Director	CSR Meeting held during the year 2019-20		Total Attendance	Total No. of Meetings	Attendance %	Status
	13 th May 19	14 th Feb 20				
Mr. B C Prabhakar	✓	LOA	1	2	50	Chairman
Dr. Shalini Sarin	✓	✓	2	2	100	Member
Dr. N Muthukumar (Resigned w.e.f. 14.08.2019)	✓	NA	1	1	100	Member
Mr. Srinivasan Kumaradevan (Appointed w.e.f. 14.08.2019)	NA	✓	1	1	100	Member

Terms of reference inter alia includes the following:

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

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

Policy. The CSR policy is available on the website of the Company at www.autoaxle.com/Policy.aspx

RISK MANAGEMENT COMMITTEE (RMS)

The Committee comprises of two members as on 31st March, 2020:

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

During the year the RMS has been reconstituted by replacing Dr. N. Muthukumar with Mr. Srinivasan Kumaradevan

The RMS committee met four times during the year on 13th May, 2019, 13th August, 2019, 4th November, 2019 and 10th February, 2020

Name of the Director	RMS meeting held during the year 2019-20				Total Attendance	Total No. of Meetings	Attendance %	Status
	13 th May 19	13 th Aug 19	4 th Nov 19	10 th Feb 20				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Dr. N Muthukumar (Resigned w.e.f. 14.08.2019)	✓	✓	NA	NA	2	2	100	Chairman
Mr. Srinivasan Kumaradevan (Appointed w.e.f. 14.08.2019)	NA	NA	✓	✓	2	2	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.

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	Promoter, Non Executive
5	AUTOMOTIVE AXLES LIMITED	Non-Executive, Non Independent

2. Chrishan Anton Sebastian Villavarayan
(DIN: 03020467)

SL No	Name of the Companies	Category
1	AUTOMOTIVE AXLES LIMITED	Non-Executive, Non Independent

3. Bhalachandra Basappa Hattarki
(DIN: 00145710)

SL No	Name of the Companies	Category
1	KALYANI STEELS LIMITED	Independent Director
2	BF UTILITIES LIMITED	Non-Executive, Independent Director
3	AUTOMOTIVE AXLES LIMITED	Non-Executive, Independent Director
4	BF INVESTMENT LIMITED	Independent Director
5	KALYANI INVESTMENT COMPANY LIMITED	Non-Executive, 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	Non-Executive, Independent Director

5. Rakesh Kalra
(DIN: 00780354)

SL No	Name of the Companies	Category
1	KRITI NUTRIENTS LIMITED	Non-Executive, Independent Director
2	KRITI INDUSTRIES (INDIA) LIMITED	Non-Executive, Independent Director
3	JAMNA AUTO INDUSTRIES LIMITED	Independent Director
4	AUTOMOTIVE AXLES LIMITED	Non-Executive, Independent Director

6. Dr. Shalini Sarin
(DIN: 06604529)

SL No	Name of the Companies	Category
1	AUTOMOTIVE AXLES LIMITED	Non-Executive, Independent Director
2	LINDE INDIA LIMITED	Non-Executive, Independent Director
3	KIRLOSKAR OIL ENGINES LIMITED	Non-Executive, Independent Director

7. Mr. Srinivasan Kumaradevan
(DIN: 08107660)

SL No	Name of the Companies	Category
1	AUTOMOTIVE AXLES LIMITED	Wholetime Director

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	Name of directors who have such skill/ Expertise/Competencies
1 Leadership Skill	Available	All the Board Members
2 Operations Management of Automotive Sector	Available	Dr. B. N. Kalyani Mr. Chrishan Anton Sebastian Villavarayan Mr. Rakesh Kalra Mr. Srinivasan Kumaradevan
3 Project Management	Available	Mr. Srinivasan Kumaradevan
4 Strategic Planning	Available	Dr. B. N. Kalyani Mr. Rakesh Kalra
5 Expertise in forging industry	Available	Dr. B. N. Kalyani Mr. B. B. Hattarki
6 Expertise in Industrial Law	Available	Mr. B.C. Prabhakar
7 Human resource management	Available	Mr. B. C. Prabhakar Dr. Shalini Sarin
8 Technical Skill	Available	Dr. B. N. Kalyani Mr. Chrishan Anton Sebastian Villavarayan Mr. B. B. Hattarki Mr. Rakesh Kalra Mr. Srinivasan Kumaradevan
9 Economy & Finance	Available	Dr. B. N. Kalyani Mr. Chrishan Anton Sebastian Villavarayan Mr. B. B. Hattarki Mr. Srinivasan Kumaradevan

10	Marketing and sourcing	Available	Dr. B. N. Kalyani Mr. Chrishan Anton Sebastian Villavarayan Mr. Srinivasan Kumaradevan
11	Governance and Risk Management	Available	Dr. B. N. Kalyani Mr. Chrishan Anton Sebastian Villavarayan Mr. Srinivasan Kumaradevan

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 dematerialised shares held with NSDL and CDSL.

General Body Meetings

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

Financial Year	Date	Time	Venue	Special Resolutions Passed
2016-17	18th August 2017	12.30 p.m.	Regd. Office of the Company	None
2017-18	13th August 2018	12.30 p.m.	Regd. Office of the Company	None
2018-19	14th August 2019	3.15 p.m.	Regd. Office of the Company	1.Re-appointment of Mr. Bhalachandra Basappa Hattarki as an Independent Director of the Company 2.Re-appointment of Mr. Bhoopalam Chandrashekharaiiah Prabhakar as an Independent Director of the Company 3.Re-appointment of Dr. N. Muthukumar (DIN: 06708535), President & Whole Time Director for a period of five years

No Extraordinary General Meeting of the Members was held during the financial year 2019-20.

Resolution passed through Postal Ballot

No resolution was passed through Postal Ballot during the year 2019-20.

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

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

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.

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

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:

1. Total fees for all services paid by the company to the statutory auditor M/s. S R Batliboi & Associates LLP has been provided in Note 28 of the financial statement.
2. Ernst & Young Associates LLP : INR 1,85,988.66

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

MEANS OF COMMUNICATION

Your Company puts forth all vital information about the Company's performance including quarterly result and communication to investors on Company's website: www.autoaxle.com regularly for the benefit of the public at large

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

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

COMPLIANCE WITH MANDATORY & NON MANDATORY REQUIREMENTS/ DISCRETIONARY REQUIREMENTS:

The Company has complied with the applicable mandatory requirements of 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.

Separate posts of Chairman and Chief Executive Officer (CEO)

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

Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

SEBI Complaints System (SCORES)

The investor complaints are processed in a centralised web based complaints redress system. The salient features of this system are: centralised 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 on dated 25th Nov, 2019 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.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Date & Time : 19 th August 2020 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	1 st April, 2019 to 31 st March, 2020
Book Closure Dates	14 th August, 2019 to 19 th August, 2020 (both days inclusive)
Dividend Payment Date	Expected on or before 17 th September, 2020
Plant Locations	Mysuru Plant : Hootagalli Industrial Area Off Hunsur Road, Mysuru, Karnataka - 570018 Rudrapur Plant : Plot No. 3, ITBT Park, SIIDCL - IEE, Pant Nagar (NH-4), Dist. Udham Singh Nagar, Uttarakhand - 263150 Jamshedpur Plant : Old Khakripara, Vill & Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand - 831015 Hosur Plant: Plot No 39, Sipcot Industrial Area, LAS Phase-I, Mookandapalli, Hosur, Tamilnadu, 635126
Securities Listing	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai - 400 051 The Company confirms that the annual listing fee for the year 2019-20 has been paid to both the stock exchanges.
Stock Codes	BSE – 505010 NSE – AUTOAXLES Demat ISIN Number: INE449A01011

Stock Data

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

Month	BSE			NSE		
	High (In ₹)	Low (In ₹)	No. of Shares Traded	High (In ₹)	Low (In ₹)	No. of Shares Traded
April, 2019	1,255	1,130	11,729	1,255	1,125	96,908
May, 2019	1,222	1,042	14,881	1,224	1,030	2,75,609
June, 2019	1,155	1,001	9,127	1,160	1,001	1,21,137
July, 2019	1,115	775	39,874	1,097	773	2,53,514
August, 2019	844	731	14,648	844	725	1,42,258
September, 2019	1,019	783	32,921	1,019	781	2,00,092
October, 2019	995	833	11,489	995	834	2,10,205
November, 2019	970	775	42,112	980	780	2,91,310
December, 2019	862	770	28,451	864	771	1,70,894
January, 2020	907	802	11,998	910	801	2,03,074
February, 2020	855	686	20,976	860	685	1,92,806
March, 2020	700	336	50,098	717	336	2,47,412

The performance of the company's scrip on BSE and NSE as compared to the SENSEX and NIFTY AUTO during the year 2019-20 are as under: -

Month	AAL Share Price on BSE		SENSEX		AAL Share Price NSE		NSE NIFTY AUTO	
	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)
April, 2019	1255	1130	39487	38460	1255	1125	9059	8294
May, 2019	1222	1042	40125	36956	1224	1030	8517	7822
June, 2019	1155	1001	40312	38871	1160	1001	8358	7723
July, 2019	1115	775	40032	37128	1097	773	8099	6728
August, 2019	844	731	37808	36102	844	725	7203	6733
September, 2019	1019	783	39441	35988	1019	781	7939	6745
October, 2019	995	833	40392	37416	995	834	8501	7297
November, 2019	970	775	41164	40014	980	780	8499	7973
December, 2019	862	770	41810	40135	864	771	8338	7774
January, 2020	907	802	42274	40477	910	801	8463	7901
February, 2020	855	686	41709	38220	860	685	8212	6883
March, 2020	700	336	39083	25639	717	336	7048	4452

Share Transfer System & Share Transfer Agents

In compliance with the SEBI circular dated 27th December 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, the Company has appointed Integrated Registry Management Services Private Limited, No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003, as its Registrar and Share Transfer Agents (RTA). Company's shares are traded on the Stock Exchanges compulsorily in demat mode.

Shareholding pattern as on 31st March 2020:

Pattern of Shareholding by ownership			Pattern of shareholding by share class			
Ownership	No. of Shares held	Share holding	Category	No. of Shares holders	No. of Shares held	Share holding
		%				%
Promoters	10,735,081	71.04	=/< 500	17,390	973,170	6.44
Non Promoter (Public)			501-1000	289	221,301	1.46
Bodies Corporate	252,628	1.67	1001-2000	162	233,303	1.54
FI/ Foreign Portfolio Investor's & Bank	126,345	0.84	2001-3000	63	150,738	1.00
NRI's	93,096	0.62	3001-4000	24	82,530	0.55
Mutual Funds	1,467,201	9.71	4001-5000	18	84,206	0.56
Others	2,437,624	16.12	5001-10000	22	157,114	1.04
Total	15,111,975	100	> 10000	21	13,209,613	87.41
			Total	17,989	15,111,975	100

Dematerialization The Company's Equity Shares are under compulsory demat trading. As on 31st March 2020, dematerialised shares accounted for 99.57% of total equity.

Audit Qualification There is no audit qualification in the financial Statements of the Company for the year ended 31st March, 2020

List of credit ratings obtained**Credit Rating Agency : ICRA Limited****Rating as on 01.04.2019**

Instrument	Rating Action
Long Term Fund based facilities	[ICRA]A+ (Positive)
Short Term Non fund based facilities	[ICRA]A1+

Revised Rating with effect from September 27, 2019

Instrument	Rating Action
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 - 570 018 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 – 560 003 Phone: 080-23460815-818 Fax : 080-23460819 E-mail : irg@integratedindia.in

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, Srinivasan Kumaradevan, Senior Vice President & Whole-time Director of Automotive Axles Limited hereby declare that all the Board Members and Senior Managerial Personnel have affirmed for the year ended 31st March, 2019 compliance with the Code of Conduct of the Company laid down for them.

Place: Mysuru
Date: 26th May, 2020

Mr. Srinivasan Kumaradevan
Sr. Vice President & Whole Time 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, Sr. Vice 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 31st March 2020 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: 26th May, 2020

Srinivasan Kumaradevan
Sr. Vice 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 2020, 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

Place: Mysuru

Date: 26th May, 2020

CS. Pracheta M.

Practicing Company Secretary

C.P.No.9838

UDIN:F009323B000276491

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	www.autoaxle.com	
5	E-mail id	sec@autoaxle.com	
6	Financial Year reported	2019-20	
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code	Description
		29301	Rear Drive Axles
		29301	Brakes
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	i) Rear Drive Axles ii) Brakes iii) Suspension	
9	Total number of locations where business activity is undertaken by the Company	Nil	
	(a) Number of International Locations (Provide details of major 5)	Nil	
	(b) Number of National Locations	Registered Office: Hootagalli Industrial Area, Off. Hunsur Road, Mysore, Karnataka - 570018 Manufacturing locations: Jamshedpur, Rudrapur, Hosur	
10	Markets served by the Company – Local/State/National/International	India	

SECTION B- FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	Rs.151.12 million
2	Total Turnover (INR)	Rs. 9596.81 million
3	Total profit after taxes (INR)	Rs. 411.34 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	6.26 % of net profit of the Company was spent towards Corporate Social Responsibility during the financial year 2019-20.
5	List of activities in which expenditure in 4 above has been incurred:-	(i) Nearby park development (ii) Renovation of Lake (iii) Promoting Culture (iv) Skill development initiatives (v) Contribution towards PM's CARES Fund

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	Details of Director/Directors responsible for BR:	
	(a) Details of the Director/Director responsible for implementation of the BR policy/policies	
	No. Particulars	Details
	1. DIN Number	08107660
	2. Name	Mr. S. Kumaradevan
	3. Designation	Sr. Vice President & Wholetime Director
	(b) Details of the BR head	
	No. Particulars	Details
	1. DIN Number (if applicable)	08107660
	2. Name	Mr. S. Kumaradevan
	3. Designation	Sr. Vice President & Wholetime Director
	4. Telephone number	+91 821 7197500
	5. e-mail id	kumar@autoaxle.com

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. No.	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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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, BS 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	https://www.autoaxle.com/Investor_Policy.aspx								
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 and Environment 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. No.	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?	As the disclosure is applicable from this year and it will be published as part of Annual Report for the FY 2019-20 onward.

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 exhaust emissions 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</p> <p>(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 & 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"> Certified under ISO-14001:2015- Environment Management System & ISO-45001:2018- Occupational Health & safety Management System Raw materials optimization by reducing input weight by 8% for R160V Notch Raw material conservation by reducing input weight by 16% for housing ring machining stock reducing on both sides Resource conservation by reducing input weight by 4% for 41 Diameter in Brakes Camshaft Natural resource conservation by wood consumption reduction in all stages of manufacturing Brakes components Yield Improvement from 66% to 88% LPG consumption reduction in Heat Treatment process from 0.32kg/ Kg Material to 0.22Kg /kg of Material Input to furnaces Raw Water Consumption Reduction from 23 Ltrs/SDLH to 20Lts/SDLH has been achieved through water harvesting and recycling initiatives With all water conservation initiatives, achieved 40% water positive status 30% CO2 Emission reduction achieved through Renewable energy usage- Sources of Energy (Solar, Hydel, Wind) & Tree plantation Increase in Loading efficiency of truck for FG dispatch to customer site 100% Elimination of LPG operated forklift by battery operated forklift to reduce GHG emissions Paint consumption reduction by 15 % by eliminating Manual painting operation to Robot painting. 30 Kwh solar panel installed in brakes plant roof top. VFD provision for all high running motors & Utility Equipment's 250W Metal Halide Lamps replaced with 150W induction lamps- Energy conservation by 47%. Provisions for 100% Natural light entry during day plant operation
<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"> ● The wooden pallets used for packing of Finished Goods is replace with metal based reusable & returnable pallets resulting to 60% elimination of Wooden Pallets Packaging and also improving the transportation quality. ● Rail transport-long chassis trucks are always given preference for transporting finished goods, which is technically and economically feasible. ● Ensuring truck maximum capacity in all areas of supply chain management.

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

Principle 3: Businesses should promote the wellbeing of all employees

(a)	Please indicate the Total number of employees	386 (Management Staff) 643 (Workmen) Total Permanent Employees : 1029			
(b)	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	660			
(c)	Please indicate the Number of permanent women employees	23			
(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, 62% 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.	Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
(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.	<p>Yes, several initiatives have been taken by the Company like :</p> <ul style="list-style-type: none"> (i) We provide basic educational infrastructure to nearby Govt. schools like Libraries, LED bulbs, face up-lift of the schools etc., to create an educational ambience. (ii) We focus on providing skill development programs to increase the employability of the working class. (iii) We provide mid-day meals to the inmates of the nearby house for destitute and ensure their basic needs are met with. (iv) Our prime focus being the health & sanitation issue, we have provided world-class Public Convenience Facilities to the general public in tourist spots. (v) To support the wellbeing of the general public, we develop and maintain the nearby public parks, plant saplings, renovate and maintain lakes.
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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.	<p>Yes, As part of Go-Green 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.</p> <p>Webpage : Status updation under progress</p>

(c) Does the company identify and assess potential environmental risks? Y/N	<p>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:</p> <ul style="list-style-type: none"> (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 <p>Once risks are identified, steps are taken to measure and mitigate these risks through EHS management system approach, certified under ISO-14001:2015-EMS.</p>
(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?	<p>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.</p>
(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.	<p>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.</p> <p>Webpage : Status updation under progress</p>
(f) Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	<p>Yes, all emissions / waste generated are monitored daily / monthly / quarterly and ensured for within the permissible limit as per KSPCB Consent norms.</p>
(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	<p>NIL</p>

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"> 1. Confederation of Indian Industry (CII); 2. Automotive Component Manufacturers Association of India (ACMA)
(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> <ul style="list-style-type: none"> (i) economic reforms (ii) corporate governance and transparency (iii) education and skill development (iv) women empowerment and child welfare (v) sanitation and hygiene (vi) Addressing issues pertaining to global warming, climate change, environment protection and pollution control.

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>Environment Sustenance: Having greater interest towards driving environment sustainability, we have undertaken the responsibility of developing nearby parks to our factory and parks in tourist spots along with the responsibility to maintain the Parks.</p> <p>Revival of nearby lake making Water positive which led to increase in Water storage capacity from 12.5 to 46 Thousand Cubic Meters and ground water level increased from 20 to 35% and the surrounding bore wells yield increased from 0.6 to 2 Meters.</p> <p>Tree Plantation Drive - We have planted around 3500 saplings at various locations in Mysuru and also ensured their sustainability by putting tree guard mesh.</p> <p>Promoting Skill Development : In association with JSS University, employment enhancing vocation skills development program is being provided to the needy section of the society.</p> <p>Promoting Culture : Mysuru Dasara is a world renowned cultural program for which we made our contributions to promote the local culture.</p> <p>Contribution towards PM CARES Fund : At a time when the whole world was struck with COVID-19 pandemic we could do our best by contributing towards the PM's CARES Fund.</p> <p>Eradicating hunger, poverty and malnutrition : 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>
(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?	Yes, we have undertaken the impact assessment for most of our projects.
(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 ₹25.26 million towards various CSR activities. The project wise details are provided in Annexure - G 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 2019-20.
(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

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 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, 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, 2020, its profit including other comprehensive income, 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.

Emphasis of matter

We draw attention to Note 32 of the financial statements, describing that the Pandemic COVID-19 would cause various social and economic disruption impacting supply chains, consumer demand, commodity prices, personnel available for work and access to offices of the Company. Our opinion is not modified in respect of this matter.

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, 2020. 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 the matter mentioned 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>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 inventories as a result of technological and regulatory changes in the automotive sector on transition to BS-VI norms 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, 2020 is INR 1,624.64 million, against which provision amounting to INR 64.61 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 slow-moving/non-moving and obsolete stocks pursuant to technological and regulatory changes and make estimates of the appropriate level of provision required.</p> <p>Due to lockdown restrictions, inventory verification was performed subsequent to year end after the restrictions were relaxed. As it was impracticable for people to travel, including the audit team, alternative procedures were performed in respect of Physical verification of inventories.</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"> ● We have obtained the evaluation from management on the usability of existing inventories as a result of technological and regulatory changes in the automotive sector on transition to BS-VI norms and related allowances for slow moving/ non-moving and obsolete inventory. ● We understood and evaluated the basis of identification of the obsolete inventories and slow-moving/non-moving inventories; ● We tested the accuracy of the report on aged inventories, on a sample basis. ● We evaluated the historical accuracy of allowance for inventories by comparing the actual loss on account of write off of slow moving/ obsolete inventory to the historical allowance recognized. ● We have tested the utilisation pattern of the aged inventory on a sample basis. ● We assessed the realizable value, on a sample basis, by comparing the inventory value with the subsequent sales prices of the finished goods. ● Understood Company's internal control environment over receipts, consumption and dispatch of inventories and controls over the physical count of inventories. ● We have performed procedures related to physical count of inventories through assistance from a third-party independent auditor (Chartered Accountant) under our supervision in accordance with of SA 501 (Revised) Audit Evidence – Specific Considerations for Selected Items ● Rolled back the stock as on date of stock count to March 31, 2020 and performed analytical procedures on quantity of stock as on March 31, 2020.

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, 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 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, 2020 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, 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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, 2020 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 does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 20213803AAAABK2272

Place of Signature: Bengaluru

Date: May 26, 2020

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) Due to outbreak of COVID-19 and lock down restrictions imposed by the Government, the management has conducted physical verification of inventory subsequent to the year-end 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 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 37(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 37(A) to the financial statements with regards to provident fund dues.

(c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, service tax, custom duty, excise duty, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.

(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: 20213803AAAABK2272

Place of Signature: Bengaluru

Date: May 26, 2020

Annexure 2 to the Independent Auditor's Report of even date on the 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 over financial reporting of Automotive Axles Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the 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. 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 over financial reporting with reference to these 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 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 internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these financial statements and such internal

financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 20213803AAAABK2272

Place of Signature: Bengaluru

Date: May 26, 2020

Balance Sheet

as at March 31 2020

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

	Notes	March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,307.23	1,084.59
Capital work in progress	3	240.64	1,154.96
Intangible assets	4	6.08	3.86
Right-of-use assets	34	240.37	-
Financial assets			
Loans	5	67.50	20.24
Other financial assets	5	151.11	38.77
Other non-current assets	6	77.28	445.52
Deferred tax assets (net)	20	100.42	147.98
		3,190.63	2,895.92
Current assets			
Inventories	7	1,560.03	1,843.70
Financial assets			
Loans	5	43.67	63.71
Trade receivables	8	1,227.33	3,463.28
Cash and cash equivalents	9	737.34	397.41
Other bank balances	10	2.71	2.47
Other financial assets	5	97.36	244.12
Other current assets	6	425.83	422.11
		4,094.27	6,436.80
		7,284.90	9,332.72
Total assets			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	151.12	151.12
Other equity	12	5,168.25	5,233.28
Total equity		5,319.37	5,384.40
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	187.50	659.03
Lease liabilities	34	107.41	-
Other non-current liabilities	16	-	6.78
Provisions	17	87.02	70.01
		381.93	735.82
Current liabilities			
Financial liabilities			
Lease liabilities	34	16.58	-
Trade payables	18		
(A) Total outstanding dues of micro enterprises and small enterprises		34.76	119.18
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,110.85	2,460.35
Other financial liabilities	15	183.12	182.01
Other current liabilities	16	45.58	243.49
Provisions	17	166.59	169.78
Current tax liabilities (net)	19	26.12	37.69
		1,583.60	3,212.50
Total liabilities		1,965.53	3,948.32
Total equity and liabilities		7,284.90	9,332.72

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 26, 2020

For and on behalf of the Board of Directors of

Automotive Axles Limited

Kumaradevan Srinivasan

Senior Vice President &

Whole time Director

DIN: 08107660

Place : Mysuru

Date : May 26, 2020

Dr. B. N. Kalyani

Chairman

DIN: 00089380

Place : Pune

Date : May 26, 2020

Ranganathan S

Chief Financial Officer

Place : Mysuru

Date : May 26, 2020

Debadas Panda

Company Secretary

Place : Mysuru

Date : May 26, 2020

Statement of Profit and Loss

for the year ended March 31, 2020

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

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	21	9,519.58	19,390.42
Other income	22	77.23	29.60
Total income		9,596.81	19,420.02
Expenses			
Cost of materials consumed	23	6,266.66	13,796.11
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	188.91	(347.53)
Employee benefits expense	25	890.90	1,235.14
Depreciation and amortisation expense	26	372.22	461.86
Finance costs	27	18.07	5.49
Other expenses	28	1,240.27	2,415.84
Total expense		8,977.03	17,566.91
Profit before tax/exceptional items		619.78	1,853.11
Exceptional items income/(loss)		(20.24)	-
Profit before tax	29	599.54	1,853.11
Tax expenses			
Current tax	20	147.13	711.40
Tax expenses relating to prior years	20	(11.82)	-
Deferred tax charge / (credit)	20	52.89	(73.79)
Total expenses		188.20	637.61
Profit for the year		411.34	1,215.50
Other comprehensive income/ (loss) (OCI)			
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement (loss) on items that will not be reclassified to statement of profit or loss on defined benefit plans	37	(6.73)	(43.82)
Income tax effect on above	20	1.69	15.31
Other comprehensive income/ (loss) for the year, net of tax		(5.04)	(28.51)
Total comprehensive income for the year		406.30	1,186.99
Earnings per equity share [nominal value of share INR 10 (March 31, 2019: INR 10)]			
Basic and diluted (in Rupees)	31	27.22	80.43
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

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

per Rajeev Kumar

Partner

Membership No.: 213803

Place : Bengaluru

Date : May 26, 2020

Kumaradevan Srinivasan

Senior Vice President &

Whole time Director

DIN: 08107660

Place : Mysuru

Date : May 26, 2020

Dr. B. N. Kalyani

Chairman

DIN: 00089380

Place : Pune

Date : May 26, 2020

Ranganathan S

Chief Financial Officer

Place : Mysuru

Date : May 26, 2020

Debadas Panda

Company Secretary

Place : Mysuru

Date : May 26, 2020

Statement of Changes in Equity

for the year ended March 31, 2020

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

a) Equity share capital

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

	Numbers	INR
As at April 1, 2018	1,51,11,975	151.12
Issued during the year	-	-
As at March 31, 2019	1,51,11,975	151.12
Issued during the year	-	-
As at March 31, 2020	1,51,11,975	151.12

b) Other equity

	Attributable to equity holders of the Company			
	Reserves & surplus			
	Securities premium	General reserves	Retained earnings	Total
Balance as at April 1, 2018	115.59	458.82	3,717.82	4,292.23
Profit for the year	-	-	1,215.50	1,215.50
Other comprehensive income/ (loss)	-	-	(28.51)	(28.51)
Dividend paid (refer note 14)	-	-	(204.00)	(204.00)
Dividend distribution tax	-	-	(41.94)	(41.94)
Balance as at March 31, 2019	115.59	458.82	4,658.87	5,233.28
Balance as at April 1, 2019	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 14)	-	-	(385.36)	(385.36)
Dividend distribution tax	-	-	(79.21)	(79.21)
Effect of adoption of Ind AS 116 (net of taxes) (refer note 2.3)	-	-	(6.76)	(6.76)
Balance as at March 31, 2020	115.59	458.82	4,593.84	5,168.25

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 26, 2020

For and on behalf of the Board of Directors of

Automotive Axles Limited

Kumaradevan Srinivasan

Senior Vice President &

Whole time Director

DIN: 08107660

Place : Mysuru

Date : May 26, 2020

Dr. B. N. Kalyani

Chairman

DIN: 00089380

Place : Pune

Date : May 26, 2020

Ranganathan S

Chief Financial Officer

Place : Mysuru

Date : May 26, 2020

Debadas Panda

Company Secretary

Place : Mysuru

Date : May 26, 2020

Cash Flow Statement

for the year ended March 31, 2020

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

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
I Operating activities			
Profit before tax		599.54	1,853.11
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment and right-of-use assets		367.59	460.16
Amortisation of intangible assets		4.63	1.70
Profit on sale of property, plant and equipment		(7.73)	(1.52)
Provision for doubtful trade receivables/advances (net)		-	0.44
Exceptional items	29	20.24	-
Provision for warranty		38.84	149.97
Finance costs (including fair value changes in financial instruments)		17.89	4.03
Finance income (including fair value changes in financial instruments)		(56.61)	(26.01)
Operating profit before working capital adjustments		984.39	2,441.88
Working capital adjustments :			
(Increase)/ decrease in trade receivables		2,235.95	(117.48)
(Increase)/ decrease in loans		(0.58)	1.63
(Increase)/ decrease in other financial assets		148.02	(95.24)
(Increase)/ decrease in other assets		69.98	(12.88)
(Increase)/ decrease in inventories		283.67	(472.76)
Increase/ (decrease) in trade payables		(1,433.92)	17.53
Increase/ (decrease) in other liabilities		(197.91)	50.70
Increase/ (decrease) in other financial liabilities		67.03	(0.43)
Increase/ (decrease) in provisions		(31.75)	(60.23)
		2,124.88	1,752.72
Income tax paid (net of refund)		(146.88)	(696.63)
Net cash flows from operating activities		1,978.00	1,056.09
II Investing activities			
Purchase of property, plant and equipment and right-of-use assets		(629.40)	(1,524.62)
Proceeds from sale of property, plant and equipment		12.88	6.53
Loans given to suppliers		(49.68)	(94.20)
Loans repaid by suppliers		23.04	15.46
Interest received		54.03	25.74
Net cash flows used in investing activities		(589.13)	(1,571.09)
III Financing activities			
Proceeds from borrowings		-	730.00
Repayment of borrowings (refer note 1 below)		(500.83)	-
Interest paid		(68.54)	(13.84)
Payment of principal portion of lease liabilities (refer note 1 below)		(15.00)	-
Dividend paid to equity holders		(385.36)	(204.00)
Dividend distribution tax		(79.21)	(41.94)
Net cash flows from/ (used in) financing activities		(1,048.94)	470.22
IV Net increase in cash and cash equivalents (I + II + III)		339.93	(44.78)
Cash and cash equivalents at the beginning of the year	9	397.41	442.19
V Cash and cash equivalents at the end of the year	9	737.34	397.41
Components of cash and cash equivalents as at the end of the year	9		
Cash on hand		0.03	0.07
Balances with banks			
- in current accounts		77.31	397.34
- in deposit accounts with original maturity of less than three months		660.00	-
Total cash and cash equivalents		737.34	397.41
Summary of significant accounting policies	2		

Cash Flow Statement

for the year ended March 31, 2020

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

Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financing activities:-

	Liabilities arising from financing activities		
	Lease liabilities (note 34)	Long term borrowings (note 15)	Short term borrowings
As at April 01, 2019	130.30	730.00	-
Proceeds from financing activities	8.69	-	-
Repayment of financing activities	(15.00)	(500.83)	-
As at March 31, 2020	123.99	229.17	-
As at April 01, 2018	-	-	-
Proceeds from financing activities	-	730.00	-
Repayment of financing activities	-	-	-
As at March 31, 2019	-	730.00	-

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 26, 2020

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

Kumaradevan Srinivasan

Senior Vice President &

Whole time Director

DIN: 08107660

Place : Mysuru

Date : May 26, 2020

Dr. B. N. Kalyani

Chairman

DIN: 00089380

Place : Pune

Date : May 26, 2020

Ranganathan S

Chief Financial Officer

Place : Mysuru

Date : May 26, 2020

Debadas Panda

Company Secretary

Place : Mysuru

Date : May 26, 2020

Notes

To the financial statements for the year ended March 31, 2020

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

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 26, 2020

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 (INR) and all values are rounded to the nearest million (INR 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 ('INR'), 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.

Notes

To the financial statements for the year ended March 31, 2020

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

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant 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 32.

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.

Notes

To the financial statements for the year ended March 31, 2020

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

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 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

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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 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.

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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.

(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.

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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 (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 34).

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.

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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 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

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(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 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

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through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

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.

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

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(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

The Company applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in during the year ending March 31, 2020, 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.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases

and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption and has taken the cumulative adjustment to retained earnings, on the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Company applied Ind AS 116 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts.

The effect of adoption of Ind AS 116 is as follows;

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Impact on balance sheet (increase/ (decrease)):

	March 31, 2020	April 1, 2019
Assets		
Right of use assets	240.37	113.12
Property, plant and equipment	(136.25)	-
Prepayments	(0.75)	-
Deferred tax asset	4.76	3.64
	108.13	116.76
Equity		
Retained earnings	(9.08)	(6.76)
Liabilities		
Lease liabilities	123.99	130.30
Deferred rent	(6.78)	(6.78)
	117.21	123.52

Impact on statement of profit and loss (increase/ (decrease) in profit):

	March 31, 2020
Depreciation and amortisation	(18.48)
Finance costs	(9.68)
Rent expenses	24.68
Other income	0.04
Deferred tax expenses	1.12
	(2.32)

Impact on statement of cash flows (increase/ (decrease)):

	March 31, 2020
Operating lease payments	24.68
Net cash flows from operating activities	24.68
Payment of principal portion of lease liabilities	(15.00)
Payment of interest portion of lease liabilities	(9.68)
Net cash flows from financing activities	(24.68)

There is no material impact on the basic earnings per share.

As at April 1, 2019:

- 'Right-of-use assets' were recognised and presented separately in the balance sheet.
- Additional lease liabilities were recognised.
- 'Prepayments' and 'Trade and other payables' related to previous operating leases were derecognised.
- 'Deferred tax assets' increased because of the deferred tax impact of the changes in recognised lease related assets and liabilities.
- 'Retained earnings' decreased due to the net impact of these adjustments.

For the year ended 31 March 2020:

- Depreciation expense increased because of the

depreciation of additional assets recognised (i.e., increase in right-of-use assets). This resulted in increases in Depreciation and Amortization Expenses of INR 18.48 Million.

- Rent expense included in 'Other expenses', relating to previous operating leases, decreased by INR 24.68 Million.
- 'Finance costs' increased by INR 9.68 Million relating to the interest expense on additional lease liabilities recognised.
- 'Deferred tax expense' decreased by INR 1.12 Million relating to the tax effect of these changes in expenses.
- Cash outflows from operating activities decreased by INR 24.68 Million and cash outflows from financing activities increased the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities.

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3. Property, plant and equipment

	Freehold land	Building	Roads	Plant & Machinery	Furniture & fixtures	Office equipment & electricals	Computers & servers	Vehicles	Total
Cost									
At April 01, 2018	3.83	294.54	8.75	1,605.91	13.52	26.66	19.51	4.05	1,976.77
Additions	-	5.74	-	364.97	2.42	2.93	2.94	0.11	379.11
Disposals	-	-	-	5.95	-	-	-	0.39	6.34
At March 31, 2019	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
At March 31, 2020	3.83	557.05	51.02	3,124.36	16.02	55.72	56.36	6.09	3,870.45
Depreciation									
At April 01, 2018	-	36.50	3.90	729.91	5.46	12.60	14.97	2.78	806.12
Charge for the year	-	14.71	1.73	431.01	3.51	6.09	2.38	0.73	460.16
Disposals	-	-	-	1.04	-	-	-	0.29	1.33
At March 31, 2019	-	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
At March 31, 2020	-	66.61	7.52	1,408.86	11.25	25.39	39.99	3.60	1,563.22
Net Book Value									
At March 31, 2019	3.83	249.07	3.12	805.05	6.97	10.90	5.10	0.55	1,084.59
At March 31, 2020	3.83	490.44	43.50	1,715.50	4.77	30.33	16.37	2.49	2,307.23
Capital Work in Progress									
At April 01, 2018									167.07
Additions									1,253.03
Capitalisation									(265.14)
At March 31, 2019									1,154.96
At April 01, 2019									1,154.96
Additions									961.33
Capitalisation									(1,875.65)
At March 31, 2020									240.64

The amount of borrowing costs capitalised during the year ended March 31, 2020 is INR 47.32 million (March 31, 2019: INR 19.11 million).

Notes

To the financial statements for the year ended March 31, 2020

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

4. Intangible assets

	Software	Total
Cost		
At April 01, 2018	10.74	10.74
Additions	-	-
Disposals	-	-
At March 31, 2019	10.74	10.74
Additions	6.85	6.85
Disposals	-	-
At March 31, 2020	17.59	17.59
Amortization		
At April 01, 2018	5.18	5.18
Charge for the year	1.70	1.70
Disposals	-	-
At March 31, 2019	6.88	6.88
Charge for the year	4.63	4.63
Disposals	-	-
At March 31, 2019	11.51	11.51
Net book value		
At March 31, 2019	3.86	3.86
At March 31, 2020	6.08	6.08

5. Financial assets

At amortised cost

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Loans				
Unsecured, considered good				
Loans to employees	0.15	0.30	5.64	4.91
Loans to suppliers (refer note 38)	67.35	19.94	38.03	58.80
	67.50	20.24	43.67	63.71
Other financial assets				
Unsecured, considered good				
Net investment in leases (refer note 34(b))	111.74	-	-	-
Security deposits	39.37	38.77	-	-
Unbilled revenue*	-	-	31.59	220.76
Others*	-	-	65.77	23.36
	151.11	38.77	97.36	244.12

*Includes receivables from related parties (refer note 36)

Notes

To the financial statements for the year ended March 31, 2020

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

6. Other assets

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Unsecured, considered good				
Capital advances *	77.14	351.39	-	-
Advances other than capital advances				
Advance to suppliers	-	-	258.20	318.27
Advance to related parties (refer note 36)	-	-	-	0.25
Prepaid expenses **	-	93.99	59.13	15.96
Balance with statutory/ government authorities ***	0.14	0.14	108.50	87.63
	77.28	445.52	425.83	422.11

* Includes advances given to related parties (refer note 36).

** includes INR 37.95 million (March 31, 2019 : INR 93.99 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 INR 97 million (including a stamp duty of INR 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.

On July 25, 2019, the Company has entered into another agreement with the Government for acquisition of another land for 99 years for a consideration of INR 136.22 million (including a stamp duty of INR 11.36 million). As per the communication from the Government, the Company has remitted INR 88.81 million and the balance amount payable of INR 36.05 million has been adjusted against the amount recoverable on surrender of the existing leasehold land. With respect to the balance amount of INR 37.95 million recoverable, in respect of the earlier land, from the government, the management basis its ongoing discussion with the government is confident of receiving the refund. Further, during the quarter ended June 30, 2019, the Company has provided for the initial registration and stamp duty charges, paid towards acquisition of the land amounting to INR 20.24 million.

*** includes an amount of INR 20.87 million (March 31, 2019: INR 20.87 million) against which the Company has preferred an appeal with sales tax authorities and the management is confident that the amount will be recovered.

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

	March 31, 2020	March 31, 2019
Raw materials (Includes INR 4 million (March 31, 2019: INR 23.06 million) in transit)	580.87	683.05
Work-in-progress	487.37	712.44
Finished goods	386.26	350.10
Stores and spares	105.53	98.11
	1,560.03	1,843.70

As at March 31, 2020, the Company has made a provision of INR 64.61 million (March 31, 2019: INR 49.61 million) towards slow moving/ non-moving and obsolete inventory.

Notes

To the financial statements for the year ended March 31, 2020

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

8. Trade receivables

	March 31, 2020	March 31, 2019
At amortised cost		
Trade receivables	132.95	387.99
Receivables from related parties *	1,094.38	3,075.29
Total trade receivables	1,227.33	3,463.28
Break-up for security details:		
Current		
Secured, considered good	-	-
Unsecured, considered good	1,227.33	3,463.28
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	6.11	6.11
	1,233.44	3,469.39
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired	(6.11)	(6.11)
	1,227.33	3,463.28

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 36).

9. Cash and cash equivalents

	March 31, 2020	March 31, 2019
Cash on hand	0.03	0.07
Balances with banks:		
Current accounts	77.31	397.34
Deposits with original maturity of less than three months	660.00	-
	737.34	397.41

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

10. Other bank balances

	March 31, 2020	March 31, 2019
Unpaid dividend	2.64	2.40
In deposit account- Under lien for bank guarantee	0.07	0.07
	2.71	2.47

Notes

To the financial statements for the year ended March 31, 2020

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

11. Share capital

	Equity shares		Preference shares	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
At April 01, 2018	2,30,00,000	230.00	20,00,000	20.00
Increase/ (decrease) during the year	-	-	-	-
At March 31, 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

Terms/right attached to equity shares

The Company has issued only one class of equity share having par value of INR 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
Issued equity capital		
At April 01, 2018	1,51,11,975	151.12
Increase/ (decrease) during the year	-	-
At March 31, 2019	1,51,11,975	151.12
Increase/ (decrease) during the year	-	-
At March 31, 2020	1,51,11,975	151.12

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

Equity Shares with voting rights	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	1,51,11,975	151.12	1,51,11,975	151.12
Add: shares issued	-	-	-	-
At the end of the year	1,51,11,975	151.12	1,51,11,975	151.12

Notes

To the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees Millions, 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, 2020		March 31, 2019	
	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.	14,42,729	9.55%	13,36,950	8.85%

(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.

12. Other equity

Particulars	March 31, 2020	March 31, 2019
Securities premium account (refer note 13(a))		
Balance as per last financial statements	115.59	115.59
Add : Additions during the year	-	-
Closing balance (a)	115.59	115.59
Retained earnings		
Balance as per last financial statements	4,658.87	3,717.82
Add: Profit for the year	406.30	1,186.99
Less:		
Dividend (refer note 14)	385.36	204.00
Dividend distribution tax on dividend (refer note 14)	79.21	41.94
Effect of adoption of Ind AS 116 (net of taxes) (refer note 2.3)	6.76	-
Closing balance (b)	4,593.84	4,658.87
General reserves (refer note 13(b))		
Balance as per last financial statements	458.82	458.82
Add: Transfer from statement of profit and loss	-	-
Closing balance (c)	458.82	458.82
Total (a+b+c)	5,168.25	5,233.28

13. 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.

Notes

To the financial statements for the year ended March 31, 2020

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

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.

14. Dividend distribution made and proposed

	March 31, 2020	March 31, 2019
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended March 31, 2019: INR 19.50 per share	294.68	204.00
Dividend distribution tax on final dividend	60.57	41.94
Interim dividend for the year ended March 31, 2020: INR 6 per share	90.68	-
Dividend distribution tax on interim dividend	18.64	-
	464.57	245.94
Proposed dividends on equity shares*		
Final dividend for the year ended March 31, 2020: INR 0.80 per share	12.09	294.68
Dividend distribution tax on dividend**	-	60.57
	12.09	355.25

*Proposed dividends on equity shares are subject to approval at the annual general meeting and hence not recognised as a liability (including DDT thereon) as at March 31, 2020 and March 31, 2019.

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

15. Financial liabilities

	Non Current	
	March 31, 2020	March 31, 2019
Borrowings		
Term loan		
Indian rupee term loan from a bank (secured)	229.17	730.00
Less: amount disclosed under the head 'Other current financial liabilities'	(41.67)	(70.97)
	187.50	659.03

- a) During the financial year 2018-19, the Company has been sanctioned a term loan of INR 1,500 million from HDFC bank towards capital expansion against which the Company has taken total disbursements of INR 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 INR 500.83 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.
- b) The loan carries an interest @ 3 month MCLR (with a quarterly reset) plus 5 bps in the range of 7.90% - 8.50%, payable monthly basis.

Notes

To the financial statements for the year ended March 31, 2020

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

	Current	
	March 31, 2020	March 31, 2019
Other financial liabilities		
Current maturities of long term debt (refer note 15(a))	41.67	70.97
Interest accrued and not due	1.94	5.27
Payable towards capital expenditure	69.84	103.37
Unclaimed dividend	2.64	2.40
Others	67.03	-
	183.12	182.01

16. Other liabilities

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Deferred rent	-	6.78	-	-
Statutory liabilities*	-	-	12.25	163.61
Advance from customers	-	-	33.10	79.45
Security deposit received from customers	-	-	0.23	0.43
	-	6.78	45.58	243.49

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

17. Provisions

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Provision for employee benefits				
Provision for gratuity (refer note 37)	-	-	10.74	28.38
Provision for compensated absence	-	-	24.93	9.76
Others				
Provision for warranty (refer note below)	87.02	70.01	130.92	131.64
	87.02	70.01	166.59	169.78

Warranty

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

	March 31, 2020	March 31, 2019
Opening Balance	201.65	70.83
Additions during the year	38.84	149.97
Utilised/reversed during the year	(22.55)	(19.15)
Closing Balance	217.94	201.65

Notes

To the financial statements for the year ended March 31, 2020

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

18. Trade payables

	March 31, 2020	March 31, 2019
At amortised cost		
Trade payables (including acceptances)		
Total outstanding dues of micro enterprises and small enterprises*	34.76	119.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,110.85	2,460.35
	1,145.61	2,579.53

* 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, 2020 and March 31, 2019. The details in respect of such dues are as follows:

	March 31, 2020	March 31, 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting year	34.76	119.18
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.

19. Current tax liabilities (net)

	March 31, 2020	March 31, 2019
Provision for income tax (net of advance income tax)	26.12	37.69
	26.12	37.69

20. Deferred tax assets (net)

	March 31, 2020	March 31, 2019
Depreciation and amortisation expense: difference between tax depreciation and depreciation as per statement of profit and loss	66.68	88.23
Provision for employee benefits and others	33.74	59.75
Net Deferred tax assets	100.42	147.98

Notes

To the financial statements for the year ended March 31, 2020

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

Income taxes

Components of income tax expense

(a) The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

	March 31, 2020	March 31, 2019
(i) Statement of Profit and loss		
Current tax	147.13	711.40
Income tax relating to prior years	(11.82)	-
Deferred tax relating to origination and reversal of temporary differences	52.89	(73.79)
Tax expense reported in the statement of profit and loss	188.20	637.61
(ii) OCI section		
Deferred tax related to items recognized in OCI during the year		
Net actuarial (loss) /gain on remeasurement of defined benefit plans	1.69	15.31
Income tax (credit) / charge to OCI	1.69	15.31

(b) Reconciliation of tax expense and accounting profit for the year ended March 31, 2020 and March 31, 2019

	March 31, 2020	March 31, 2019
Accounting profit before income tax	619.78	1,853.11
Enacted tax rates in India	25.168%	34.944%
Computed expected tax expense	155.99	647.55
Tax effect on permanent non-deductible expenses	2.38	6.45
Impact of tax holiday under section 80-IA and 80-IC of Income tax Act, 1961	-	(20.47)
One-time additional deferred tax charge (refer note below)	42.06	
Income tax relating to prior years	(11.82)	
Others	(0.41)	4.08
At the effective income tax rate	188.20	637.61
Income tax expense reported in the statement of profit and loss	188.20	637.61

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 INR 42.06 million for the year ended March 31, 2020.

Notes

To the financial statements for the year ended March 31, 2020

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

21. Revenue from operations

	March 31, 2020	March 31, 2019
Sale of products	9,229.53	18,795.37
	9,229.53	18,795.37
Other operating revenue		
Sale of scrap and others	223.30	545.23
Tooling Income	58.04	36.87
Income from wind power generation	8.71	12.95
	290.05	595.05
Revenue from operations	9,519.58	19,390.42

22. Other income

	March 31, 2020	March 31, 2019
Interest income on deposits with banks	32.14	7.73
Interest - others	24.47	17.86
Fair value gain on financial instruments at fair value through profit or loss	-	0.42
Profit on sale of property, plant and equipment	7.73	1.52
Miscellaneous income	12.89	2.07
	77.23	29.60

23. Cost of materials consumed

	March 31, 2020	March 31, 2019
Inventory at the beginning of the year	683.05	584.47
Add: Purchases	6,164.48	13,894.69
Less: inventory at the end of the year	(580.87)	(683.05)
	6,266.66	13,796.11

24. Changes in inventories of finished goods, stock-in-trade and work-in-progress

	March 31, 2020	March 31, 2019
Closing stock		
Finished goods	386.26	350.10
Work-in-progress	487.37	712.44
Total	873.63	1,062.54
Opening stock		
Finished goods	350.10	84.19
Work-in-progress	712.44	630.82
Total	1,062.54	715.01
(Increase)/Decrease	188.91	(347.53)

Notes

To the financial statements for the year ended March 31, 2020

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

25. Employee benefits expenses

	March 31, 2020	March 31, 2019
Salaries, wages and bonus	725.56	1,041.80
Contribution to provident and other funds	58.01	75.66
Gratuity expense (refer note 37)	11.33	13.20
Compensated absences	21.18	23.51
Staff welfare expenses	74.82	80.97
	890.90	1,235.14

26. Depreciation and amortisation expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment	349.11	460.16
Amortisation of intangible assets	4.63	1.70
Depreciation of right-of-use assets (refer note 34)	18.48	-
	372.22	461.86

27. Finance costs

	March 31, 2020	March 31, 2019
Interest expense		
- on borrowings from banks*	6.26	-
- on lease liabilities (refer note 34)	9.68	-
- on others	1.95	4.03
Bank charges	0.18	1.46
	18.07	5.49

* net of borrowing cost capitalised to property, plant and equipment

28. Other expenses

	March 31, 2020	March 31, 2019
Stores and spares consumed	231.32	467.72
Power and fuel	157.92	316.50
Travelling expenses	12.05	21.82
Rent including lease rentals	41.41	31.97
Repairs and maintenance		
Buildings	13.32	6.23
Plant and machinery	105.00	273.06
Others	19.88	25.68
Rates and taxes	7.79	10.89
Insurance charges	11.34	9.23
Postage, telephone and telegram	2.45	3.14
Vehicle running expenses	0.59	0.87
Directors' sitting fees	1.45	1.25
Legal and professional charges	28.50	24.13
Payment to auditor (refer note (i) below)	3.98	4.78
Technical fees	39.86	94.86
Outside processing charges	431.07	856.60
Warranty (net) (refer note 17)	38.84	149.97
Freight charges	35.13	55.38
Allowances for doubtful trade/ other receivables, net of reversals	-	0.44

Notes

To the financial statements for the year ended March 31, 2020

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

	March 31, 2020	March 31, 2019
Corporate social responsibility expenditure (refer note 30)	25.86	16.89
Miscellaneous expenses	32.51	44.43
	1,240.27	2,415.84

Note

(i) Payments to auditors:

	March 31, 2020	March 31, 2019
As auditor (excluding GST)		
Statutory audit fee	3.50	3.70
Reimbursement of expenses	0.48	0.64
	3.98	4.34

29. Exceptional items

	March 31, 2020	March 31, 2019
Surrender charges for leasehold land	20.24	-
	20.24	-

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

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

		March 31, 2020	March 31, 2019
a) Gross amount required to be spent by the Company during the year.		25.86	16.85
b) Amount spent during the year ended March 31, 2020:	In cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any assets	9.55	-	9.55
(ii) On purposes other than (i) above	15.71	0.60	16.31
c) Amount spent during the year ended March 31, 2019:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any assets	-	-	-
(ii) On purposes other than (i) above	16.89	-	16.89

31. Earnings per share (EPS)

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

	March 31, 2020	March 31, 2019
Profit attributable to equity shareholders for basic and diluted earnings	411.34	1,215.50
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.

Notes

To the financial statements for the year ended March 31, 2020

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

32. 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 management - Note 41
- ii) Financial risk management objectives and policies - Note 40
- iii) Sensitivity analyses disclosures - Notes 37 and 40

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):

The outbreak of Coronavirus disease (COVID-19) has significantly impacted businesses around the globe and has been recognized as a global pandemic by the World Health Organisation (WHO). The various Governments across the world including India are taking drastic measures, including locking down of entire country to reduce the impact of this catastrophe. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying value of property, plant and equipment, inventories, receivables and other assets considering internal and external information up to the date of approval of these financial statements. The impact of global health pandemic may be different from that estimated as at the

date of approval of these financial statements and 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.

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.

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To the financial statements for the year ended March 31, 2020

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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. This review involves comparison of the carrying value of the aged inventory item with the respective net realisable value. 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 and provides for the required allowances for slow moving/ non-moving and obsolete inventory. 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.

33. 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 INR 7,847.35 million (March 31, 2019: INR 15,606.16 million) which is more than 10% of the total revenue of the Company for the year ended March 31, 2020.

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.

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34. Leases

a) Company as a lessee

- i) The Company has entered into property leases consisting of the Company's branch offices and 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
As at April 01, 2019	113.12	-	113.12
Additions/ (deletions)	(3.02)	148.75	145.73
Depreciation expense	(17.48)	(1.00)	(18.48)
As at March 31, 2020	92.62	147.75	240.37

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

	Leasehold Building	Leasehold Land	Total
As at April 01, 2019	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)
As at March 31, 2020	112.40	11.59	123.99
Current			16.58
Non-current			107.41
			123.99

The maturity analysis of lease liabilities are disclosed in 40 (iii).

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

The following are the amounts recognised in profit or loss:

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

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The Company had total cash outflows for leases of INR 160.90 million for the year ended March 31, 2020 which includes INR 136.22 million of upfront lease payment. The Company also had non-cash additions to right-of-use assets and lease liabilities of INR 122.63 million and INR 138.99 million for the year ended March 31, 2020. 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 Heavy Vehicle Systems India Limited ('MHVSIL') and Meritor Commercial Vehicle Systems India Limited ('MCVSIL') 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 MCVSIL 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 MCVSIL is the lessee. The Company recognised INR 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 INR 4.82 million.

Future minimum rentals receivables under finance lease is as follows:

	March 31, 2020	March 31, 2019
Not later than one year	8.65	-
Later than one year and not later than five years	39.14	-
More than five years	200.60	-
	248.39	-
Reconciliation of the undiscounted lease payments to the net investment in the lease:		
Total undiscounted lease receivables	248.39	-
Less: unearned finance income related to future years	(136.66)	-
Net investment in leases (refer note 5)	111.74	-

35. Commitments and contingencies

	March 31, 2020	March 31, 2019
a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	153.44	581.76
b) Contingent liabilities		
	-	-

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36. Related party transactions

i) Names of related parties and related party relationship	
(a) Related parties where controls exist irrespective of whether transactions 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	
Arvin Meritor, Sweden	
Meritor Heavy Vehicle Systems Cameri Spa	
Xuzhou Meritor Axle Co.Ltd.	
Fonderie Venissieux SAS	
Meritor HVS LLC, Morristown	
Meritor HVS LLC, Florence	
Meritor HVS Inc., Fletcher	
Meritor Heavy Vehicle Systems, Maxtown	
Meritor HVS AB., Sweden	
Master Sistemas Automotivos Ltda.	
Meritor Laurinberg Speciality	
Meritor Monterrey, Mexico	
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	
Meritor do Brasil Sistemas Automotivos Ltda.	
Meritor Heavy Vehicle Systems Singapore Pte Ltd	
Enterprises over which Key Managerial Personnel (KMP) have significant influence:	
Bharat Forge Limited	
Synise Technologies Ltd	
Key management personnel	
Dr. B N Kalyani	Chairman
Mr. Kumaradevan Srinivasan	Senior Vice 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
Mr. Ranganathan S	Chief Financial Officer
Mr. Debadas Panda	Company Secretary
Bhalachandra B Hattarki	Independent Director
B C Prabhakar	Independent Director
Rakesh Kalra	Independent Director
Chrishan Anton Sebastian Villavarayan	Director
Supriti Bhandary	Independent Director - resigned w.e.f February 12, 2019
Dr. Shalini Sarin	Independent Director

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others".

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(ii) Related Party disclosures

Particulars	March 31, 2020	March 31, 2019
Purchase of Goods		
Bharat Forge Limited	161.87	406.23
Meritor Heavy Vehicle Systems LLC, Morristown	13.56	25.35
Meritor Heavy Vehicle Systems Cameri Spa	10.19	18.88
Meritor HVS AB., Sweden	8.18	-
Meritor Heavy Vehicle Systems Singapore Pte Ltd	8.17	-
Meritor HVS Inc., Fletcher	3.35	-
Fonderie Venissieux SAS	-	27.30
Arvin Meritor, Sweden	-	19.74
Meritor Monterrey, Mexico	-	6.95
Meritor Heavy Vehicle Systems, Maxtown	-	5.10
Others	4.30	8.64
	209.62	518.19
Sale of Goods		
Meritor HVS (India) Limited	7,847.35	15,606.16
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	4.69	-
Bharat Forge Limited	-	0.36
Others	0.25	0.42
	7,852.29	15,606.94
Purchase of property, plant and equipment		
Bharat Forge Limited	4.23	-
Tooling income		
Meritor HVS (India) Limited	58.04	36.87
Lease rental income*		
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	6.43	-
Lease rental expense*		
Meritor HVS (India) Limited	2.21	-
Purchase of MLFPS and MEIS Licences (Export incentive) and Others		
Meritor HVS (India) Limited	61.46	23.57
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	-	9.64
	61.46	33.21
Services Received		
Bharat Forge Limited (Outside processing charges)	90.42	210.33
Meritor HVS (India) Limited (Technical fees)	39.86	94.86
Synise Technologies Ltd (Scrap sales commission and logistics support fees)	1.85	6.03
	132.13	311.22
Sale of property, plant and equipment		
Dr. N. Muthukumar	-	0.10
Other Recoveries		
Meritor HVS (India) Limited (Freight charge recoveries)	51.17	100.80
Meritor Commercial Vehicle Systems (India) Pvt. Ltd. (Electricity charge recoveries)	12.59	-
Bharat Forge Limited	0.02	2.34
Others	-	0.30
	63.78	103.44

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Particulars	March 31, 2020	March 31, 2019
Reimbursement of expenses		
Dr. N Muthukumar	0.69	1.83
Ranganathan S	0.35	0.27
Debadas Panda	0.14	0.07
Kumaradevan Srinivasan	0.05	-
Dr. Shalini Sarin	0.01	-
	1.24	2.17
Directors sitting fees		
Dr. B N Kalyani	0.20	0.05
Bhalachandra B Hattarki	0.40	0.40
B C Prabhakar	0.35	0.40
Rakesh Kalra	0.30	0.30
Dr. Shalini Sarin	0.20	0.05
Supriti Bhandary	-	0.05
	1.45	1.25
Dividend paid		
Meritor Heavy Vehicle System LLC	136.87	72.46
BF Investments Limited	136.88	72.47
	273.75	144.93
Compensation of key management personnel:		
Salaries and allowances	19.54	20.20
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.		
Balance outstanding as at year end		
Trade receivables		
Meritor HVS (India) Limited	1,094.13	3,075.29
Others	0.25	-
	1,094.38	3,075.29
Lease receivables*		
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	6.51	-
Other financial assets (including unbilled revenue)		
Meritor HVS (India) Limited	67.99	270.36
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	12.28	-
Dr. N Muthukumar	-	0.12
	80.27	270.48
Capital advances		
Bharat Forge Limited	15.11	8.50
Advance to suppliers		
Xuzhou Meritor Axle Co.Ltd.	-	0.25

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Particulars	March 31, 2020	March 31, 2019
Trade payables		
Bharat Forge Limited	54.67	103.07
Meritor HVS (India) Limited	-	7.02
Others	5.95	28.72
	60.62	138.81
Advance from customers		
Meritor HVS (India) Limited	23.28	51.98
Xuzhou Meritor Axle Co.Ltd.	2.70	2.70
	25.98	54.68

* 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. For the year ended March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

37. 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 INR 43.92 million (March 31, 2019: 54.04 million) for provident fund contributions and INR 6.36 million (March 31, 2019: INR 13.11 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 INR 4.94 million till March 31, 2020.

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, 2020 is INR 7.73 million (March 31, 2019: INR 8.50 million).

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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, 2020	March 31, 2019
Change in projected benefit obligations		
Obligations at beginning of the year	232.10	170.53
Service cost	10.67	13.38
Interest cost	13.65	12.83
Benefits settled	(10.25)	(9.14)
Actuarial (gain) /loss (through OCI)	7.46	44.50
Obligations at end of the year	253.63	232.10
Change in plan assets		
Plan assets at beginning of the year, at fair value	203.72	147.93
Interest income	12.99	13.01
Actuarial gain /(loss) (through OCI)	0.73	0.68
Contributions	35.00	50.00
Benefits settled	(9.55)	(7.90)
Plan assets at end of the year	242.89	203.72
Present value of defined benefit obligation at the end of the year	253.63	232.10
Less: Fair value of plan assets at the end of the year	242.89	203.72
Net liability/ (asset) recognised in the balance sheet	10.74	28.38
Expenses recognised in statement of profit and loss		
Service cost	10.67	13.38
Interest cost (net)	0.66	(0.18)
Net gratuity cost	11.33	13.20
Re-measurement gains / (losses) in OCI		
Actuarial (gain) / loss due to demographic assumptions	(3.42)	(7.42)
Actuarial (gain) / loss due to financial assumption changes	(10.05)	5.06
Actuarial (gain) / loss due to experience adjustments	20.93	46.86
Return on plan assets (greater)/less than discount rate	(0.73)	(0.68)
Total expenses routed through OCI	6.73	43.82

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

Particulars	March 31, 2020	March 31, 2019
Investments with insurer	100%	100%

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, 2020	March 31, 2019
	%	%
Discount rate	6.00%	7.70%
Future salary increases	Staff 15% & Labour 2%	5.50%
Mortality table	Indian assured lives Mortality (2006-2008) (modified) Ult.	Indian assured lives Mortality (2006-2008) (modified) Ult.
Employee turnover	Staff 15% & Labour 2%	For vested 5% For non vested 12%
Retirement age	58	58
Estimated rate of return on plan assets	6.00%	7.70%

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.

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

		Defined benefit obligation	
		March 31, 2020	March 31, 2019
Sensitivity Level		Change in DBO	Change in DBO
Discount rate	1% increase	(13.93)	(13.41)
	1% decrease	15.36	14.78
Further salary increase	1% increase	15.87	15.08
	1% decrease	(14.62)	(13.90)
Attrition rate	1% increase	1.54	0.76
	1% decrease	(1.66)	(0.81)
Mortality rate	10% increase	0.07	0.04

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

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would occur in isolation from one another.

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

	March 31, 2020	March 31, 2019
Five Years pay-outs		
Year 1	20.85	15.68
Year 2	20.40	15.55
Year 3	20.42	17.79
Year 4	17.74	17.70
Year 5	25.38	17.68
Next 5 years	104.87	100.58
Contributions likely to be made for the next one year	10.74	28.38

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.33 years (March 31, 2019: 10.70 years).

38. 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, 2020	March 31, 2019
Adma Auto Components Private Limited	14.00%	Secured	33.65	43.94
Ideal Automation	13.00%	Secured	7.50	10.83
Siddhi Robo Plasma Cuts Private Limited	13.50%	Secured	2.66	3.32
Ess Enn Engineering	13.00%	Unsecured	4.50	-
Millennium Moulds & Dies	13.00%	Secured	17.16	19.75
Addsub Innovative Solution	13.00%	Secured	0.40	0.90
Kems Forgings Limited	11.50%	Secured	37.33	-
AB Auto Components	11.00%	Unsecured	2.18	-
			105.38	78.74

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

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

39. Fair values hierarchy

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

Particulars	March 31, 2020	March 31, 2019
Financial assets measured at amortized cost:		
Loans to employees *	5.79	5.21
Loan to suppliers *	105.38	78.74
Security deposit **	39.37	38.77
Unbilled revenue *	31.59	220.76
Lease receivables**	111.74	-
Other financial assets*	65.77	23.36
Trade receivable *	1,227.33	3,463.28
	1,586.97	3,830.12
Cash and cash equivalents and other bank balances		
Cash and cash equivalents #	737.34	397.41
Other bank balances #	2.71	2.47
	740.05	399.88
Financial liabilities measured at amortized cost:		
Borrowings**	187.50	659.03
Lease liabilities**	123.99	-
Trade payables*	1,145.61	2,579.53
Other financial liabilities*	183.12	182.01
	1,640.22	3,420.57

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

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40. 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, 2020 and March 31, 2019. 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, 2020 and March 31, 2019.

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, 2020	50	(1.15)
	(50)	1.15
March 31, 2019	50	(3.65)
	(50)	3.65

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, 2020, the Company has following foreign currency exposures:

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	March 31, 2020			March 31, 2019	
	Currency	in foreign currency	INR	in foreign currency	INR
Trade payables	USD	0.28	21.16	0.42	29.10
	EURO	0.01	0.93	0.45	35.24

Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonable possible change in EUR and USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

5% increase in foreign exchange rates will have the following impact on profit before tax:

	March 31, 2020	March 31, 2019
USD	(1.06)	(1.45)
EURO	(0.05)	(1.76)

Note: If the rate is decreased by 500 bps, profit will increase by an equal amount for March 31, 2020 and March 31, 2019

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, 2020, receivable from Company's top 3 customers accounted for approximately 99% (March 31, 2019: 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, 2020 and March 31, 2019 is the carrying amounts of trade receivables as illustrated in note 8.

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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, 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
March 31, 2019				
Borrowings	70.97	486.67	172.36	730.00
Other financial liabilities	111.04	-	-	111.04
Trade payables	2,579.53	-	-	2,579.53
	2,761.54	486.67	172.36	3,420.57

41. 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, 2020	March 31, 2019
Borrowings	187.50	659.03
Current maturities of long term debt	41.67	70.97
Total borrowings - A	229.17	730.00
Equity	5,319.37	5,384.40
Total equity-B	5,319.37	5,384.40
Total capital employed - C= (A+B)	5,548.54	6,114.40
Gearing ratio D = (A/C)	4%	12%

Notes

To the financial statements for the year ended March 31, 2020

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

42. 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 2019 - 2020 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.

43. Events after reporting period

The Board of Directors recommended a final dividend of INR 0.80/- per equity share for the financial year ended March 31, 2020. 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 INR 19.50/- per equity share.

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 26, 2020

Debadas Panda

Company Secretary

Place : Mysuru

Date : May 26, 2020

For and on behalf of the Board of Directors of

Automotive Axles Limited

Kumaradevan Srinivasan

Senior Vice President &

Whole time Director

DIN: 08107660

Place : Mysuru

Date : May 26, 2020

Dr. B. N. Kalyani

Chairman

DIN: 00089380

Place : Pune

Date : May 26, 2020

Ranganathan S

Chief Financial Officer

Place : Mysuru

Date : May 26, 2020

NOTICE OF 39th ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting (AGM) of the Members of Automotive Axles Limited, will be held on Wednesday, 19th August, 2020 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 receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2020, including the audited Balance Sheet of the Company as at March 31, 2020 and Statement of Profit & Loss for the year ended on that date and the Reports of Board of Directors and Auditors thereon.

Item No.2 – Confirmation for payment of Interim Dividend

To confirm the interim dividend of Rs. 6/- per equity share of Rs.10/- each for the financial year 2019-20.

Item No. 3 – Declaration of Final Dividend

To declare final dividend on equity shares at Rs. 0.80 per equity share of Rs. 10/- each for the financial year 2019-20

Item No. 4 – 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 sec 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

Item No. 5 – Appointment of Mr. Srinivasan Kumaradevan as Whole Time Director of the Company:

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“Resolved that pursuant to provisions of Articles of Association, Sections 160, 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, and the applicable clauses of SEBI (LODR) Regulations, 2015 including any statutory modification(s) or re-enactment thereof for the time being in force, approval of members be and is hereby accorded to appoint Mr. Srinivasan Kumaradevan (DIN: 08107660) who was appointed Additional Director of the Company by the Board of Directors in its meeting held on 14th August 2019 and who holds office up to the date of this Annual General Meeting (AGM) in terms of Section 161 of the Act and Clause 117 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as Director of the Company as Whole Time Director designated as Sr. Vice President & Whole Time Director of the Company for a period of five (5) years effective 14th August 2019 on the terms and conditions including remuneration as set out in the explanatory statement forming part of this Notice.

By Order of the Board of Directors
For Automotive Axles Limited

Debadas Panda
Company Secretary

Registered Office: Hootagalli Industrial Area
Off Hunsur Road,
Mysuru 570 018, Karnataka
: L51909KA1981PLC004198
CIN : 0821-7197500
Phone No. : sec@autoaxle.com
Email : www.autoaxle.com
Web

Place: Mysuru
Date: 26th May, 2020

Notes:

- 1.** In view of the outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 (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 circular dated 12th May 2020 ('SEBI Circular'). 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 Circular and MCA Circulars, the AGM of the Company is being held through VC/OAVM on Wednesday, August 19th 2020 at 3.00 p.m. (IST). The deemed venue for the 39th AGM will be at the registered office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018, Karnataka,
- 2.** The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item No.5 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 26th May 2020 considered that the special business under Item No. 5, being considered unavoidable, be transacted at the 39th 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 THROUGH VC/OAVM, 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.
- 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 Depositories Limited ("NSDL") will be providing facility for voting through remote e-Voting, for participation in the 39th AGM through VC/OAVM Facility and e-Voting during the 39th AGM.
- 6.** Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the 39th 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 with a copy marked to 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 National Securities Depository Limited's ('NSDL') e-Voting website at 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.
- 9.** In line with the MCA General Circular dated May 5, 2020, the Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 39th 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 and www.nseindia.com respectively. The Notice is also available on the website of NSDL at 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 Friday, July 31, 2020:

- 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 14th August, 2020 to 19th August, 2020 (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 Thursday, 13th August, 2020 and
 - ii) As Members on the Register of Members of the Company as on Thursday, 13th August, 2020 after giving effect to all valid shares transfer in physical form which would be received by the Company end of the business hours on 13th August, 2020
- 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 Friday, 31st July, 2020.

- 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 by 31st July, 2020. 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. The aforesaid declarations and documents need to be submitted by the shareholders by 31st July, 2020.

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
2012-13	20% Dividend	10-Feb-2014	18-Mar-2021
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	15-Sep-2025
2018-19	195% Dividend	14-Aug-2019	16-Sep-2026
2019-20	60% Dividend	02-Mar-2020	6-April-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 of the Company holding shares either in physical form or in electronic form as on the cut-off date of 13th August, 2020 may cast their vote by remote e-Voting. The remote e-Voting period commences on Sunday, 16th August, 2020 at 9.00 a.m. (IST) and ends on Tuesday, 18th August, 2020 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 13th August, 2020.

20. 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.

21. 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.

- 22.** 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. 13th August, 2020, may obtain the User ID and password by sending a request at evoting@nsdl.co.in.
- 23.** 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.
- 24.** 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 by use of remote e-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
- 25.** 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>.
- 26.** Members may also note that the Notice of the 39th Annual General Meeting and the Annual Report for 2020 will also be available on the Company's website www.autoaxle.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mysuru for inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's investor email id: sec@autoaxle.com.

27. Instructions for attending the AGM through VC/OAVM and e-Voting (before and during the AGM) are given below:

A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM

- Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM. 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. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
- Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptops 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 glitches.
- Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
- Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact:

Name of the concerned person: Sarita Mote
Contact details: + 91 22 24994890
- 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 before 3.00 p.m. (IST) on Monday, August 17, 2020. Such questions by the Members shall be suitably replied to by the Company.
- 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 from Saturday, August 15, 2020 (9:00 a.m. IST) to Monday, August 17, 2020 (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.

B. THE INSTRUCTIONS FOR E-VOTING BEFORE / DURING THE AGM

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

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 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password 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 101456 then user ID is 101456001***

5. Your password details 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

Physical Holding	Please send a request to the Registrar and Share Transfer Agents of the company, Integrated Registry Management Services Private Ltd at irg@integratedindia.in providing Folio No, name of the shareholder, scanned copy of the certificate (Front and Back), PAN (Self Attested copy of PAN card), AADHAR (Self Attested Copy of AADHAR card) for registering email address.
Demat Holding	Please contact your Depository Participant (DP) and register your email address in your demat account, as per the process provided by the DP.

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.
 - b) Physical User Reset Password (If you are holding shares in physical mode) option available on 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 mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - 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.

Details on Step 2 is mentioned below

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. 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 with a copy marked to 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 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 or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

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. 5 of the accompanying Notice dated 26th May, 2020.

Item No.5

The Board of Directors of the Company ('the Board') at its meeting held on 14th August, 2019 has, subject to the approval of members, appointed Mr. Srinivasan Kumaradevan (DIN: 08107660) Whole Time Director designated as Sr. Vice President & Whole Time Director for a period of five (5) years effective on existing terms and conditions as below on recommendation of Nomination & Remuneration Committee.

It is proposed to seek members approval for appointment of and remuneration payable to him in terms of the applicable provisions of the act.

S.N.	Period of Appointment	From 14.08.2019 to 13.08.2024
1	Salary Basic	₹2,20,000/- per month
2	House Rent Allowance	₹88,000/- per month
3	Special Allowance	₹1,59,000/- per month
4	Superannuation Allowance	₹33,000/- per month
5	LTA	₹2,20,000/- per annum
6	Annual Performance Incentive (Max Limit)	₹10,00,000/- per annum
7	Conveyance	Company Car + Driver + Fuel (Max 200 Ltr. of petrol per month)

Additional information as required under Standard 1.2.5 of Secretarial Standards-2 and Listing Regulations

Particulars	Mr. Srinivasan Kumaradevan
Age	53 years
Qualification	B.E in Mechanical Engineering from Bangalore University & Masters in Manufacturing Systems Engineering from Warwick University, UK.
Experience	More than 30 Years
Terms of appointment/re-appointment	Appointed as Sr. Vice President & Wholetime Director of the Company as per item No.5 of the Notice of AGM
Remuneration sought to be paid	As per details mentioned in the explanatory statement
Remuneration last drawn	INR 80,30,231/- During 2019-20
Date of first appointment at the Board	14.08.2019
Shareholding in the Company	Nil
Relationship with other directors and Key Managerial Personnel	No relationship
Number of Board meetings attended during the year 2019-20	3 (Three)
Other Directorships (including Listed entities)	None other than Automotive Axles Limited
Membership/Chairmanship of Committees of other Board	Not Applicable as not member of any other Board. (Member of Shareholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee at Automotive Axles Limited)

8	Company's contribution to Provident Fund, Gratuity and Superannuation Fund, Annuity Fund as per the Rules of the Company
9	Other benefits including telephone expenses as per the company policy
10	Increment in remuneration from time to time as per the company policy.

The income tax shall be borne by Mr. Srinivasan Kumaradevan and shall be deducted at source by the Company.

Mr. Srinivasan Kumaradevan satisfies the conditions as set out in the Part I of the Schedule V of the Act and also conditions as set out under sub section(3) of section 196 of the Act being eligible for re-appointment. He is not disqualified from being re-appointed as Director in terms of section 164 of the Act.

Considering his vast experience, his presence on the Board will be of immense value to the Company and accordingly, the Board recommends the Resolution at Item No.5 for approval by the Members

Mr. Srinivasan Kumaradevan is not related to any other Directors of the Company.

A notice under Section 160 of the Companies Act, 2013 is received from a member of the company proposing candidature of Mr. Srinivasan Kumaradevan.

Except Mr. Srinivasan Kumaradevan, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise in Item No.5 of the Notice.

If undelivered please return to

Automotive Axles Limited

Hootagalli Industrial Area

Mysuru – 570 018

Karnataka

www.autoaxle.com