

GROWTH AND SUSTAINABILITY

Through Technology and Empowerment

42nd Annual Report 2022-23



Automotive Axles Limited



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Corporate Information

Board of Directors

Dr. Babasaheb N Kalyani
Chairman

Mr. Kenneth James Hogan
Director

Mr. Bhalachandra B Hattarki
Independent Director

Mr. B C Prabhakar
Independent Director

Dr. Shalini Sarin
Independent Director

Mr. Nagaraja Sadashiva Murthy Gargeshwari
President & Whole-time Director

Key Managerial Personnel

Mr. Nagaraja Sadashiva Murthy Gargeshwari
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
State Bank of India
Axis Bank Limited
The Federal 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

Mysuru

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

Rudrapur

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

Jamshedpur

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

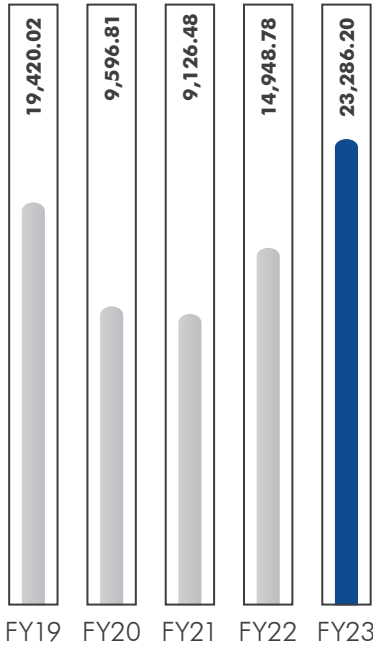
Hosur

Survey No 609/3H, Pathakotta
Road Addakurukki, Kamandoddi
Village, Shoolagiri, Krishnagiri,
Tamil Nadu, 635117

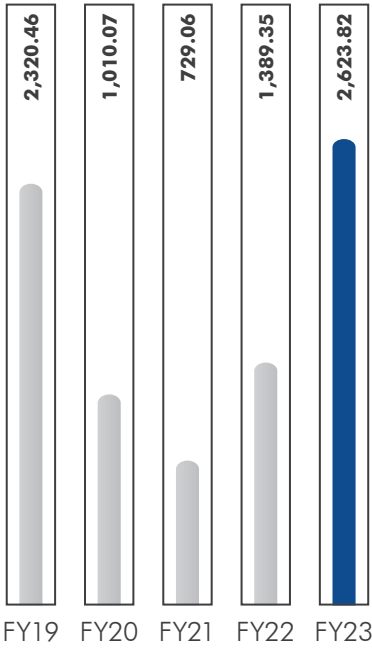


Key Performance Indicators

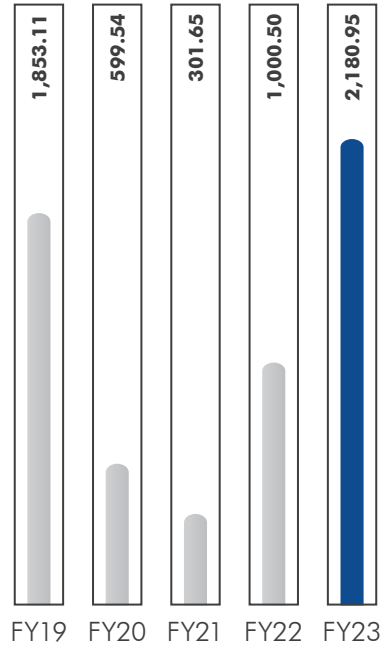
Total Revenue (₹ in mn)



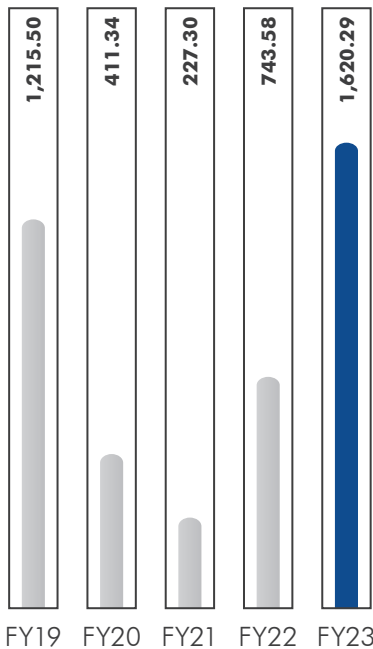
EBITDA (₹ in mn)



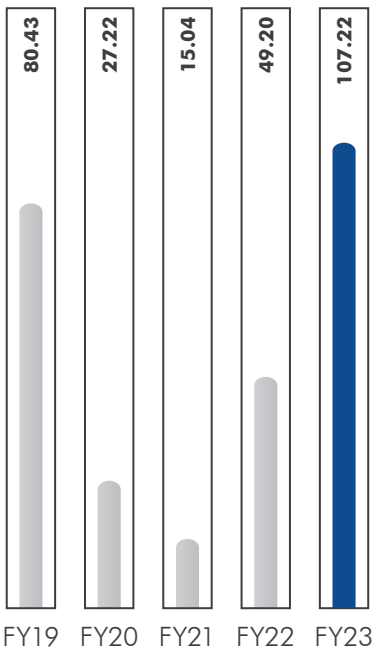
PBT (₹ in mn)



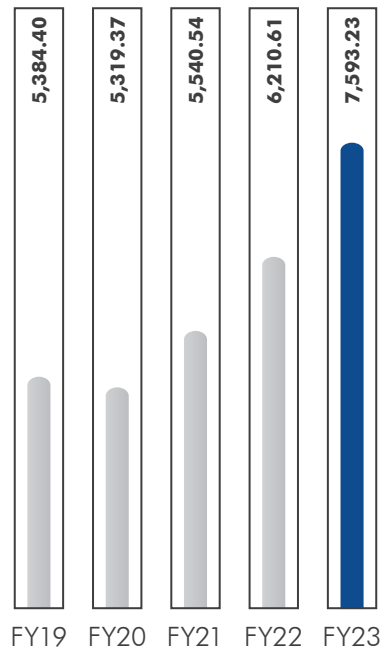
PAT (₹ in mn)



EPS (₹)



Networth (₹ in mn)



Chairman's Message



Dear Shareholders,

The one positive aspect of the pandemic has been that it has turned the spotlight towards sustainable growth for economies and businesses. It means balancing growth aspirations with a renewed focus on environmental, social and governance (ESG) parameters and bringing the sustainability agenda to the centre of every strategy and action.

Having said that, it is reassuring to note that the global economy is now on the road to a modest recovery. India has navigated global headwinds with resilience and has emerged as one of the fastest-growing major economies in the world. A conducive domestic policy environment and the government's focus on structural reforms have kept India's economic activity robust. With moderating inflation, consumer demand is also growing steadily.

Industry overview

India's automobile sector has bounced back and demonstrated strong growth in FY 2022-23. The country became the third-largest automobile market in FY 2022-23, surpassing Japan as vehicle sales rose on the back of easing semiconductor issues and a strong demand rebound during the festival season. The global semiconductor situation is improving, leading to positive sentiment in the sector. To address the growing demand, most OEMs are investing heavily in various segments of the industry in recent times. The domestic auto components industry is also growing at a steady pace.

Our performance

I am happy to report that our total revenue increased by 56% to ₹ 2,328.62 crore in FY 2022-23 from ₹ 1,494.88 crore in FY 2021-22. Our EBITDA grew by 89% to ₹ 262.38 crore from ₹ 138.94 crore and PAT increased by 118% to ₹ 162.03 crore from ₹ 74.36 crore. Our quest for innovation has enabled us to consistently enrich our offerings and emerge as a valuable partner for our customers. During the reporting year, we focused on the critical aggregation of technologies, capacities and people. We have elevated our operating efficiencies in line with global benchmarks, creating cutting-edge products and strengthening our relationships with our customers.

Operational achievements

We made several strategic investments to improve our production lines and increase efficiency. One of our key investments focused on computer numeric control (CNC) equipment, which enabled us to manufacture new models and variants, while also boosting productivity, maintaining flexibility, and responding quickly to varying demands.

To further enhance our manufacturing processes, we reorganised our plant by adopting single-piece flow and cell concepts, which helped us eliminate non-value-added activities and improve productivity through the multi-manning of machines. As a result, we were able to improve our cost competitiveness and remain a leading provider of high-quality gears for global markets.

To support our efforts, we incorporated Industry 4.0 technology and the Internet of Things (IoT) into our new axle assembly line. We implemented in-house programming, relevant hardware and software and devices to capture critical process and quality parameters. As a result, we were able to achieve higher operational efficiency and effectiveness.

In line with our commitment to adopting best practices, we began implementing Total Productive Maintenance (TPM) to enhance our manufacturing systems. We made significant progress in initiating activities in all eight pillars of TPM.



Our total revenue increased by 56% to ₹ 2,328.62 crore in FY 2022-23 from ₹ 1,494.88 crore in FY 2021-22. Our EBITDA grew by 89% to ₹ 262.38 crore from ₹ 138.94 crore and PAT increased by 118% to ₹ 162.03 crore from ₹ 74.36 crore.

Finally, we installed a fully automated assembly line to support the production of new models. These investments in equipment and processes have positioned us for continued success in meeting the changing requirements of our customers. Further towards our objective of a paperless office lot of automation projects have been implemented in all admin and other support functions.

Corporate action

On February 21, 2022, Cummins Inc. entered into an Agreement and Plan of Merger with Meritor, Inc., to acquire 100% of the capital stock of Meritor Inc. The merger was successfully completed on August 3, 2022. This strategic acquisition strengthens Cummins' already industry-leading range of powertrain components and significantly accelerates the development of electrified power solutions. Following these transactions, Cummins Inc. proceeded with an open offer to acquire 26% of the Voting Share Capital of our Company in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The open offer was completed on January 11, 2023, with the acquisition of a total of 145 Equity Shares.

Sustainability is all-encompassing

During the year under review, we stepped up our ESG initiatives under the overall umbrella of our sustainability mission. We continue to focus on water conservation, reusable packaging, carbon emission control, energy conservation and waste management. Carbon sequestration and similar other initiatives help to reduce our carbon footprint.

At the end of the day, sustainable growth is the outcome of great teamwork. Our consistent performance is driven by the efforts of skilled and dedicated teams. We nurture a performance-driven culture through continuous capability building and evaluation, empowering our people to achieve more and raising the bar higher. We are fostering leadership at all levels through trust, inclusiveness, empowerment and openness. We are proud of each team member for their steadfast commitment to ensuring consistent progress and growth.

Giving back to society is also integral to our sustainable growth strategy. Towards this end, we have initiated several programmes to promote education and enhance vocational skills. We also prioritise healthcare, including preventive care, to ensure that individuals and communities have access to essential medical services. As a part of our efforts to promote culture, we support the preservation and celebration of local customs and traditions.

From decarbonisation to water positivity, green supply chain, digitalisation, social connect to corporate governance our sustainability model encompasses a wide spectrum. The Board is committed to achieving the highest standards of corporate governance. Our robust corporate governance framework ensures effective engagement with our stakeholders and helps us evolve with changing times.

Looking ahead with optimism

I am particularly encouraged by the milestones of growth accomplished over the years. However, our best years are still ahead of us in view of the strategies we have undertaken and the gradual improvement in our sector as a whole. Our goal is to achieve excellence in sustainability by 2028. We have set a definite target and are aggressively pursuing it.

I see a stronger, more agile organisation that remains true to its purpose and is well-positioned to capture new opportunities in the industry. On behalf of the Board and the entire leadership team, I thank our esteemed customers, bankers, business associates, management team, employees and shareholders for their continued support and encouragement.

Regards,

Dr. B N Kalyani
Chairman

Board's Report

To the Members,

Your Directors have the pleasure in presenting the 42nd Annual Report on the business and operations of your Company together with the Audited Statements of Accounts for the financial period ended March 31, 2023:

Financial Highlights:

Particulars	(₹ in million)	
	2022-2023	2021-2022
Total Revenue	23,286.20	14,948.78
Profit before depreciation & tax	2,594.67	1,364.68
Less : Depreciation, amortization expenses	413.72	364.18
Profit before tax	2,180.95	1000.50
Tax expenses	560.66	256.92
Profit for the year after tax	1,620.29	743.58
Other comprehensive income/(Loss) for the year, net of tax	(10.99)	(5.50)
Total comprehensive income for the year	1,609.30	738.08
Balance of Profit from Previous Year	5,485.09	4,815.02
Less: Dividend	226.68	68.01
Profit available for appropriation	6,867.71	5,485.09

Dividend

The Board, at its meeting held on May 16, 2023, is pleased to recommend a dividend of ₹ 32/- per Equity Share of the face value of ₹10/- each for the financial year ended March 31, 2023 subject to the approval of shareholders at the ensuing Annual General Meeting to be held on Thursday, August 3, 2023.

The total amount of Dividend aggregates to ₹ 483.58 million.

The register of members and share transfer books will remain closed from July 28, 2023 to August 3, 2023 (both days inclusive) for the payment of final dividend to the shareholders of the Company, for the year ended on March 31, 2023.

The Dividend will be paid to members within 30 days from the date of declaration of dividend whose names appear in the Register of Members as on July 27, 2023 and as per the Dividend Distribution Policy of the Company.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website at <https://www.autoaxle.com/Downloads/Dividend%20Distribution%20Policy.pdf>.

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 ₹ 59,076/- which is unpaid/unclaimed dividends pertaining to the FY 2014-15 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: https://autoaxle.com/Annual_reports.aspx under the head IEPF Transfers

Performance of the Company

The total income for the financial year under review was ₹ 23,286.20 million as against ₹ 14,948.78 million for the previous financial year. The Profit before tax (PBT) was ₹ 2,180.95 million for the financial year under review, as against ₹ 1000.50 million for the previous financial year.



General Information

Cummins Inc. acquire 145 number of Equity Shares of the Company on January 11, 2023 against the open offer made, pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, for indirect acquisition of up to 3,929,114 fully paid-up equity shares with a face value of ₹ 10/- representing 26% of the Voting Share Capital of the Company. Cummins Inc. is categorized under Promoter Group of the Company.

Share Capital

The paid up Equity Share Capital as on March 31, 2023 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 Reserves.

Listing

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

Directors & Key Managerial Personnel

As on March 31, 2023 there were six (6) Directors on the Board of your Company, consisting of three (3) Independent Directors, one (1) Executive Director and two (2) Non-Executive Directors of whom one is the Chairman.

Mr. Nagaraja Sadashiva Murthy Gargeshwari, (DIN:00839616) has been appointed as President and Whole-time Director of the Company w.e.f. April 7, 2022 for a period of five years subject to the approval of Central Government, which is still pending.

Dr. Muthukumar N. (DIN : 06708535) has resigned from the position of Wholetime Director of the company with effect from April 05, 2022.

Below two resolutions were passed by the shareholders through postal ballot on April 26, 2022;

1. Appointment of Mr. Nagaraja Sadashiva Murthy Gargeshwari, (DIN:00839616) as Whole Time Director of the Company for a period of five (5) years effective April 7, 2022.
2. Ratification of appointment of Dr. Muthukumar N., (DIN : 06708535) as Whole Time Director of the Company from January 27, 2022 to April 5, 2022.

Mr. Rakesh Kalra (DIN : 00780354) has ceased from the position of Independent Director of the company with effect from February 13, 2023 due to completion of his term.

In terms of the provisions of the Companies Act, 2013, Mr. Kenneth James Hogan, Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Declaration by Independent Directors

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

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

Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

Company has received a confirmation from the Directors and senior management personnel of the company w.r.t. compliance of the code of conduct required under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Board Evaluation

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

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

During the year 2022-23, Independent Directors met on March 31, 2023, discussed and reviewed the below:

- Performance of Non Independent Directors;
- Performance of the Chairman;
- Performance of the Board Committees;

- Discussed on the quality, quantity and timeliness of flow of information between the Company management and the Board Members;
- Overall performance of the Company;

The Nomination and Remuneration Committee is responsible for the formulation of criteria for evaluation.

Familiarization program for the Board Members

Your Company has in place a structured induction and familiarization program 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 below weblink:

<https://www.autoaxle.com/Downloads/Familiarisation%20Programme%20for%20Independent%20Directors%20of%20Automotive%20Axles%20Limited.pdf>

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:

- in the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2023 and of the profit of the company for the year ended on that date;
- 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;
- we have prepared the annual accounts on a going concern basis;

- 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;
- 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 auditor

M/s. S R Batliboi & Associates LLP, Chartered Accountants [Firm Registration No.: 101049W/E300004] are holding the position of Statutory Auditors of the Company.

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

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

b. Internal Auditor

On recommendation of the Audit Committee the Board of Directors approved the re-appointment of M/s PriceWaterhouse Coopers Services LLP as Internal Auditors of the Company for the Financial Year 2022-23.

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 2022-23.

The Secretarial Audit Report for the financial year ended March 31, 2023 in Form MR-3 is appended to this report under **Annexure – A**

Internal Financial Controls

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

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

Corporate Governance

Corporate Governance is about maximizing the value and to ensure fairness to all its shareholders. Your Company is renowned for its exemplary governance standards and believes that sound corporate governance is critical to



enhance and retain investor trust. Your Company ensures that performance is driven by integrity.

The Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 have strengthened the governance regime in the country and your Company is in compliance with the governance requirements provided under the law both in letter and spirit. The Board also exercises its fiduciary responsibilities in the widest sense of the term.

Your Company has in place all the statutory committees required under the law. Details of the Board Committees along with their terms of reference, composition and meeting of the Board and its Committees held during the year are provided in the Corporate Governance Report which is presented in a separate section forming part of the Annual Report.

A Certificate from CS. Pracheta M., Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Regulation 34(3) Schedule V (E) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the Corporate Governance Report.

Meetings of the Board

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

Committees of the Board

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

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

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

As per Regulation 26(6) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the board of directors had constituted a committee of independent directors on November 7, 2022 with the chairmanship of Mr. B. C. Prabhakar to provide reasoned recommendations on the Open offer for

acquisition of up to 3,929,114 (three million nine hundred twenty nine thousand and one hundred fourteen) fully paid-up equity shares of face value of ₹ 10/- (Indian Rupees ten) each, representing 26.00% of the Voting Share Capital of the Company made by Cummins Inc. to the shareholders of the company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Particulars of Remuneration of Directors & certain specified employees

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

Annual Return 2022-23

The copy of Annual Return for the financial year ending March 31, 2023- is available at https://www.autoaxle.com/Annual_Return.aspx

Particulars of Loans, Guarantees or Investment under Section 186 of the Companies Act, 2013

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

Your Company has not given any guarantee or provided any security in connection with a loan to any other body corporate or persons.

Company has made investment of ₹ 22.50 million during the FY-2022-23 in Parola Renewables Private Limited to acquire 25,00,000 number of Equity Shares of ₹ 10/- each, constituting 26% of total equity shareholding as per Share Subscription and Shareholder's Agreement entered into with Parola Renewables Private Limited on February 7, 2022, to comply with regulatory requirements of the Electricity Act, 2003 read with Electricity Rules, 2005 to procure Solar Power. Particulars of Investment made by the company form part of the notes to the financial statement provided in this Annual Report.

Policy on Directors' Appointment & Remuneration

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. On March 31, 2023, the Board consist of six members, one of whom is executive or whole-time director, two are non executive directors and three are independent directors out of whom one is an Independent Woman Director.

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Act and Listing Regulations. The Policy is designed to guide the Board in relation to appointment and removal of directors, Key Managerial Personnel and Senior Management and recommend to the Board on remuneration payable to them. Policy enables the Company to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The policy was modified due to the changes in the definition of Senior Management as per the notification of SEBI (Listing Obligation and Disclosure Requirements) Amendment Regulation, 2023 dated 17th Jan, 2023. The current policy is available on Company's website at https://www.autoaxle.com/Investor_Policy.aspx

Particulars of contracts or arrangements with Related Parties (RPT)

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

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

For transactions with Meritor HVS (India) Limited, the Company has obtained shareholders' approval at their 37th Annual General Meeting held on August 13, 2018 for transaction value annually of ₹ 30,000 million for a period of five (5) financial years starting from April 1, 2019.

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

In accordance with the requirements of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at https://www.autoaxle.com/Investor_Policy.aspx

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

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

Risk Management System

The Company has a robust risk management framework comprising risk governance structure and defined risk management processes. This processes include the development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company. 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 read with CSR policy of the Company. During the year the Company has spent ₹ 13.11 million on various CSR activities including the excess spent of previous year of ₹ 0.51 million.

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

State of Company's Affairs

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

Management Discussion and Analysis Report

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



Business Responsibility & Sustainability Report

A detailed Business Responsibility & Sustainability 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 has 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 Requirements) 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.

Whistle Blower Policy of the Company can be accessed at below weblink:

<https://www.autoaxle.com/Downloads/Whistle%20Blower%20Policy.pdf>

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

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

Significant or Material Orders

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

Material Changes and Commitments, if any, affecting the Financial Position of the Company

There were no adverse material changes or commitments occurred after March 31, 2023 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.

Company has made investment of ₹ 25 million during the FY-2022-23 in Parola Renewables Private Limited to acquire 25,00,000 number of Equity Shares of ₹ 10/- each, constituting 26% of total equity shareholding as per Share Subscription and Shareholder's Agreement entered into with Parola Renewables Private Limited on February 7, 2022, to comply with regulatory requirements of the Electricity Act, 2003 read with Electricity Rules, 2005 to procure Solar Power.

Hence 26% voting interest is a mere requirement of the regulators and the Company doesn't have any significant influence on Parola Renewables Private Limited and therefore Parola Renewables Private Limited doesn't qualify as an associate of the Company as per IND AS 28.

Change in the nature of business

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

Secretarial Standards

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

Awards and Recognition

During FY 2022-23, your company received recognitions from the following bodies/customers as listed below:

1. Awarded the 'DICV Quality QUAD 2022 Excellent Performance Award' by Daimler India Commercial Vehicles (DICV) in recognition of our outstanding performance in quality metrics.
2. Recognised as the 'Best Supplier' for our commendable product development and delivery performance in supply chain management by Mahindra & Mahindra.
3. Received 'Gold' award in recognition of our outstanding performance in cost excellence from Ashok Leyland.
4. Awarded the title of '2nd Best Supplier of the Year' for our admirable performance in demand fulfilment of spare parts.
5. Awarded the 'Engineering Gold Award' by Meritor for our successful implementation of a digital poke-yoke on brake shoe conveyor assembly, which led to a reduction in rework and inspection costs.
6. Received 2 Gold and 1 Bronze awards from Meritor for our global quality achievements in Quality Improvement projects.
7. Won 20 Gold Awards and 1 Silver Award at the Mysuru Chapter Convention on Quality Concept-CCQC Kaizens competition conducted by Quality Forum of India - QCFL. (CCQC-2022).

8. Received 4 Excellence Awards and 1 Distinguish Award in the NCQC-2022 Allied Case Study Presentation competition during the National Convention on Allied Concepts.
9. Won the Prime Gold Award in the ICQCC-2022 Allied Case Study Presentation competition at the International Convention on Allied Concepts.

Maintenance of Cost records

The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

Other Disclosure

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

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

Acknowledgements

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

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

For and on behalf of the Board of Directors

Place : Pune

Date : May 16, 2023

B. N. Kalyani

Chairman



Annexure to Directors' Report

Annexure - A

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended March 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014]

To,
The Members,
Automotive Axles Limited
Hootagalli Industrial Area, Off. Hunsur Road,
Mysore, Karnataka 570018

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Automotive Axles Limited** (having **CIN L51909KA1981PLC004198**) (hereinafter called the Company) for the financial year ended on March 31, 2023 (the 'Audit period'). 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.

I am issuing this report based on:

- (i) my verification of the Automotive Axles Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company.
- (ii) The certificates confirming compliance of all applicable laws as submitted to the Board of Directors of the Company on a quarterly basis by the management.
- (iii) Representations made and information provided by the Company, its officers, agents, and authorised representatives during my conduct of the secretarial audit.

I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, 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:

A. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 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
- B.** 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.

C. 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 are carried out in compliance with the provisions of the Act. I would like to state the fact that one of the Directors was appointed subject to the Central Government approval, the application of which is pending before the Central Government. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. A system exists for seeking and obtaining further

information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

D. 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.

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

For **Pracheta and Associates**
Company Secretaries

Pracheta M.
Proprietrix
FCS No.: F9323
C P No.: 9838
Peer Review Certificate No.: 1173/2021
UDIN:F009323E000314331

Place: Mysuru
Date : May 16, 2023

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,
Automotive Axles Limited

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

1. The maintenance of Secretarial records is the responsibility of the management of the Company. Further, the Company is also responsible for devising proper systems and processes to ensure the compliance of the various statutory requirements and Governance systems.
2. It is the responsibility of the management of the Company to ensure that the systems and processes devised are operating effectively and efficiently.
3. My responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records, based on audit. The audit was conducted in accordance with the applicable Standards. These standards require me to comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.
4. I would also like to mention that due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
5. I have followed the audit practices and process as are appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification has been done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
6. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company and hence unable to comment on the compliance with the fiscal laws.
7. I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.
8. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
9. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Pracheta and Associates**
Company Secretaries

Pracheta M.

Proprietrix

FCS No.: F9323

C P No.: 9838

Peer Review Certificate No.: 1173/2021

UDIN: F009323E000314331

Place: Mysuru

Date: May 16, 2023

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 (Variable Frequency Drive) panel for Component manufacturing cooling tower. 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 (Light Emitting Diode) lamp for Peripheral area to reduce Power Consumption with standard illumination. 5. Online monitoring and management (vigilant) system 6. Installation of Insulated gate bipolar transistor (IGBT) based static Voltage Current Resistance (VAR) correction panel resulting in avoid 5 % power transmission loss and improved quality of power. 7. 2 lamp one switch control for shop floor Lighting – to reduce needless load 8. Installation & Commissioning of new Power Control cubicle panel for Line wise distribution – work under progress 9. Installation and commissioning of 150W induction lamp/LED lamps for new shed 10. LED light fixture for Office area 11. EHT (Extra High Tension) 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 Variable Refrigerant Flow Type Air conditioners for office block. 14. Multi speed option for shot blast machine through Programmable Logic Controller & Human – Machine interfacing.
(b) The steps taken by the company for utilizing alternate sources of energy	<ol style="list-style-type: none"> 1. 7.5 MWp Green Power Purchase under Group captive scheme 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- upgradation work initiated. 8. Electrical Heaters Installed for preheating Zone for CGC furnace to reduce LPG consumption & Cost reduction. 9. Compressor & Blower settings optimized using Six Sigma methodology. 10. Installation of VRF type Air conditioners for office block 11. Tocco machine Electrical panel upgradation work. 12. New project & layout modification works. 13. Elimination of Electrical heaters in washing machines by Cold wash chemical-based solvents.
(c) The Capital investment on energy conservation equipment's.	Your Company has made capital investments of ₹ 339.34 lacs during the financial year 2022-23 on energy conservation equipment.

**B. Technology absorption:**

1. The efforts made towards technology absorption:	<ul style="list-style-type: none"> • Design Development of high capability axle MS177 is completed for vehicles with axle load increase launches. • Production release of axle, starting March 2021 for 55T has been initiated. • Concept development & costing for MT15I DCDL (Driver Controlled differential lock) • Concept development & costing for MT15I cast housing • Concept development & costing for Bus brakes • Concept development & costing for 14I • Telematics & Connectivity R&D development work • Concepts evaluation for brake liner wear indication • MT846 release for surface tipper application • MT160 Prototype design development and validation • Development of both single axles for electric Propulsion adapted for various class of vehicles including passenger and construction tippers • Loader axle prototype design development and validation
2. The benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> • Reliability improvement with enhanced warranty life offering • Brake development with application specific liner grades to meet noise requirements
3. In case of imported technology (imported during the last 3 years reckoned from the beginning of financial year) :	NIL
<ul style="list-style-type: none"> a. Details of technology imported b. The year of import c. Whether the technology been fully absorbed d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof 	
4. Expenditure on R & D	NIL
<ul style="list-style-type: none"> 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:	₹ 330.72 million [includes remittance of final dividend for the FY 2022-23]
Used	Nil, as all the sales for export are routed through Meritor HVS (India) Ltd., Mysuru
Earned	

For and on behalf of the Board of Directors

Place : Pune
Date : May 16, 2023**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	Refer below table
(b) Chief Financial Officer	9.5%
(c) Company Secretary	9.75%
(iii) the percentage increase in the median remuneration of employees in the financial year;	3.15%
(iv) the number of permanent employees on the rolls of company as on March 31, 2023;	988
(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., 2022-23 was 9.5% whereas the increase in the managerial remuneration for 2022-23 was 8.08%.
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	0.28	Nil
2	Mr. B B Hattarki	Independent Director	0.63	Nil
3	Mr. B C Prabhakar	Independent Director	0.63	Nil
4	Dr. Shalini Sarin	Independent Director	0.29	25%
5	Mr. Nagaraja Sadashiva Murthy Gargeshwari (Appointed w.e.f. 07.04.2022)	President & Whole Time Director	24.87	Nil

*Note:

Percentage increase in the remuneration i.e (sitting fees) of Directors, apart from Mr. Nagaraja Sadashiva Murthy Gargeshwari 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	Nagaraja Gargeshwari	53	President & Wholetime Director	1,76,94,074	M.Sc, MBA (Business Administration)	32	April 7, 2022	Meritor Heavy Vehicle Systems LLC	No
2	Ranganathan S	56	Chief Financial Officer	98,78,918	B. Com, CA, Cost & Works Accountancy	29	May 6, 2015	Circor Flow Technologies India Pvt Ltd,	No
3	Muraleekrishnan V	54	General Manager – Manufacturing Systems	52,20,881	BE (Mech), MS (Engineering Business Management)	29	Oct 13, 2008	M & M	No
4	Satish K S	58	NPD, MFE, Gear Engg. & Metallurgy	45,10,623	Dip (Mech), PGDMS (Warwick)	34	Nov 22, 2000	Gleason Works India Pvt Ltd	No
5	Abdul Kareem	57	General Manager – Plant 1 & Mys Brakes	38,98,301	Dip (Mech), PGDMS (Warwick)	36	Jan 17, 1987	NA	No
6	C N S Srinivas	49	AGM – Quality Assurance	36,27,742	Dip (Mech), PGDMS (Warwick)	29	May 2, 2013	Casper Industries Pvt Ltd	No
7	Vinayaka V Bhat	54	DGM – ER & IR	35,26,197	B. Com, PG in IR & PM	27	Feb 1, 2021	Shahi Exports (p) Ltd (Textile division)	No
8	Nikhil Prabhu V	42	DGM - Finance	32,92,620	B. Com, CA & Executive MBA	18	Jul 27, 2016	KEC International	No
9	Maddala Rishikesh	52	DGM-Plant Head, JSR	30,43,077	BE (Mech)	28	Feb 3, 2021	Craftsman Automation Limited	No
10	Debadas Panda	49	AGM – Company Secretary	29,52,247	BSc, LLB & CS	19	Feb 1, 2017	Minda Industries Ltd	No
11	Dr. Muthukumar N	58	President & Wholetime Director	1,09,550	M.Sc, MBA, Phd (Business Administration)	35	Jan 27, 2022	Meritor HVS India Ltd	No
12	Shivakumar R	60	Vice President	20,14,165	BE (Mech), MS (Engineering Business Management)	38	Jan 4, 1985	NA	No
13	Subash Pisupathi	46	Sr. General Manager - Operations	12,12,265	BE (Mechanical), MBA (Executive)	27	May 14, 2021	Uniparts India Ltd	No
14	Dhiraj Banerjee	49	AGM - Gear Engineering	36,96,186	B Tech (Mech), PGDBA (Operations - Distance)	22	Dec 18, 2017	Gleason Works India Pvt Ltd	No
15	K Narayanan	43	General Manager - Manufacturing	25,27,515	BE (Mechanical)	21	Sep 09, 2022	PSA Avtech Group	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.
- Remuneration includes Salary, Allowances, perquisites (if any) and Company's contribution towards Provident Fund, Gratuity and Superannuation including Annual Performance Incentive, drawn by the employee during the year before any deductions made.
- None of the above employee hold any shares in the Company except Mr. Ranganathan S who holds 2 Nos. of shares, Mr. Debadas Panda and Nikhil Prabhu V holds 1 No. of share each as on March 31, 2023..
- Dr. Muthukumar N., President & Whole Time Director of the company ceased from the Company on April 5, 2022, Mr. Shivakumar R superannuated on June 29, 2022, Mr. Subash Pisupathi ceased from the Company on May 28, 2022, Mr. Dhiraj Banerjee ceased from the Company on March 9, 2023 and Mr. K. Narayanan ceased from the Company on March 9, 2023.

For and on behalf of the Board of Directors

Place : Pune
Date : May 16, 2023**B. N. Kalyani**
Chairman

Annexure - D

Form AOC – 2

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

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

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

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

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

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

For and on behalf of the Board of Directors

Place : Pune
Date : May 16, 2023

B. N. Kalyani
Chairman



Annexure - E

Annual Report on CSR Activities

1. Brief outline on CSR Policy of the Company.

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

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

2. Composition of CSR Committee:

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

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://www.autoaxle.com/Corporate_Social_Responsibility.aspx
4. Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 , if applicable. **Not Applicable**
5. (a) Average net profit of the company as per Section 135(5) : ₹ 65,20,97,207/-
 (b) Two percent of average net profit of the company : ₹ 1,30,41,944/-
 as per section 135(5)
 (c) Surplus arising out of the CSR projects or programmes : Nil
 or activities of the previous financial years.
 (d) Amount required to be set off for the financial year, : ₹ 5,08,633/-
 if any
 (e) Total CSR obligation for the financial year (b+c-d) : ₹ 1,25,33,311/-
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : ₹ 1,31,08,629/-
 (b) Amount spent in Administrative Overheads : NIL
 (c) Amount spent on Impact Assessment, if applicable : NIL
 (d) Total amount spent for the Financial Year (a+b+c) : ₹ 1,31,08,629/-

(e) CSR amount spent or unspent for the financial year:

Amount Unspent (₹ in million)

Total Amount Spent for the Financial Year. (In ₹)	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,31,08,629	Nil	N.A.	Nil	Nil	N.A.

(f) Excess amount for set off, if any :

Sl. No.	Particular	(Amount in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,30,41,944
(ii)	Total amount spent for the Financial Year	1,31,08,629
(iii)	Excess amount spent for the financial year [(ii)-(i)]	66,685
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	66,685

7.(a) Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer.		
1	2019-20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2	2020-21	1,69,87,387	Nil	Nil	N.A.	N.A.	1,69,87,387	NIL
3	2021-22	Nil	1,69,87,387	1,69,87,387	N.A.	N.A.	Nil	Nil

8. Whether any capital assets have been created or acquired through Corporate : **No.**

Social Responsibility amount spent in the Financial Year

If Yes, enter the number of Capital assets created/acquired : **NIL**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the asset(s) [Including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		
					CSR Registration number, if applicable	Name	Registered address
Not Applicable							



(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) :
Not Applicable

For and on behalf of the Board of Directors

Nagaraja Sadashiva Murthy Gargeshwari
President & Whole-time Director

B. C. Prabhakar
Chairman of the CSR Committee

Place: Pune
Date: May 16, 2023

Place: Pune
Date : May 16, 2023

Business Responsibility & Sustainability Reporting (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L51909KA1981PLC004198
2. Name of the Listed Entity	Automotive Axles Limited
3. Year of incorporation	1981
4. Registered office address	Hootagalli Industrial Area, Off. Hunsur Road, Mysore, Karnataka - 570018
5. Corporate address	Hootagalli Industrial Area, Off. Hunsur Road, Mysore, Karnataka - 570018
6. E-mail	sec@autoaxle.com
7. Telephone	+91 821 - 7197500
8. Website	www.autoaxle.com
9. Financial year for which reporting is being done	2022-23
10. Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India (NSE) Limited and Bombay Stock Exchange (BSE) Limited
11. Paid-up Capital	₹ 151.12 million
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Nagaraja Sadsashiva Murthy Gargeshwari President & Wholetime Director +91 821 - 7197500 Email : Nagaraja.Gargeshwari@autoaxle.com
13. Reporting boundary Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis - The Company does not have any subsidiary or a joint venture company, the disclosures made in this report pertain only to Automotive Axles Limited.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Sl. No.	Description of main activity	Description of business activity	% of turnover of the entity (FY22)
1	Manufacturing	Manufacturer of Axles and Brakes	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sl. No.	Product/Service	NIC Code	% of total turnover contributed
1	Rear And Front Axles	29301	62.51
2	Brakes	29301	24.46
3	Others including Suspension	29301	6.54

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	4	1	5
International	-	-	-

Plant Locations: 1. Mysore, Karnataka, 2. Jamshedpur, Jharkhand, 3. Rudrapur, Uttarakhand, 4. Hosur, Tamilnadu



17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	6
International (No. of Countries)	NA

b. What is the contribution of exports as a percentage of the total turnover of the entity?

- Revenue - Outside India - Nil
- Exports a percentage of the total turnover - Nil

c. A brief on types of customers

Automotive Axles Limited ("AAL") is a joint venture company incorporated in 1981, between Bharat Forge Limited, Pune, India and Meritor Heavy Vehicle Systems LLC, USA. With manufacturing facilities located at Mysuru (Karnataka), Rudrapur (Uttarakhand), Jamshedpur (Jharkhand) and Hosur (Tamil Nadu), the Company manufactures drive axles, non-drive axles, front steer axles, off-highway Axles, drum & disc brakes and suspension. It provides these products to the major domestic and global manufacturers of trucks & buses pertaining to segments such as light, medium & heavy commercial vehicles, military & off-highway vehicles and aftermarket.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	375	346	92%	29	8%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	375	346	92%	29	8%
WORKERS						
4.	Permanent (F)	613	613	100%	0	0
5.	Other than Permanent (G)	1971	1967	99.8%	4	0.18%
6.	Total workers (F + G)	2584	2580	99.8%	4	0.18%

b. Differently abled Employees and worker

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)					
2.	Other than Permanent (E)					
3.	Total differently abled employees (D + E)			Nil		
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	3	3	100%	0	0
5.	Other than Permanent (G)	0	0	0	0	0
6.	Total differently abled workers (F + G)	3	3	100%	0	0

19. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	17%
Key Management Personnel*	3	0	0

*KMP includes Whole Time Director (WTD)

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9.86%	1.83%	12%	10.75%	1.94%	13%	6%	1%	7%
Permanent Workers	0.77%	0%	1%	2%	0%	2%	2%	0%	2%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Parola Renewables Private Limited	Associate	26	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes

(ii) Turnover (in ₹) – 23,237.01 million

(iii) Net worth (in ₹) – 7,593.23 million

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance redressal mechanism in place (Yes/No)	FY 2022-23 Current Financial Year			FY 2021-2022 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	-	0	0	-
Investors (other than shareholders)	Yes	0	0	-	0	0	-
Shareholders	Yes	0	0	-	0	0	-
Employees and workers	Yes	0	0	-	0	0	-
Customers	Yes	0	0	-	0	0	-
Value Chain Partners	Yes	0	0	-	0	0	-

☞ Communities, Investors & Shareholders - https://www.autoaxle.com/Grievance_handling.aspx

For shareholders in addition to the above link they can send the grievances through email to sec@autoaxle.com and through SEBI SCORE portal.

☞ Employees – Whistle Blower Policy.

☞ Customers: We get customer feedback directly or refer to customer portal on monthly basis and compile the “Voice of Customer report” to identify the areas of concern reported.

☞ Value Chain Partners -Through Supplier & vendor meets, Workshops & trainings.



24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sr. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	New Technology Adoptions	Risk/ Opportunity	<ul style="list-style-type: none"> • Risk: Risk of existing manufacturing /production solutions that do not meet new technological advancements or, upgradation of future market needs. • Opportunity: It is also an opportunity for the company to innovate new technologies to keep up with market pace & customer requirements 	<ol style="list-style-type: none"> 1. Structured technology development projects 2. New focus areas are identified to develop future capability needs 3. Implementation of Industry 4.0, across all plants 	Negative/ Positive -Innovation in the industry may impact the business if not considered immediately, but also throws us an opportunity to innovate
2	Sustained performance & quality	Risk/ Opportunity	<ul style="list-style-type: none"> • Risk of losing potential customer, during the course of business • Opportunity to maintain sustained performance by maintaining the quality of the products 	<ol style="list-style-type: none"> 1. Maintaining Quality enhances customer satisfaction 2. Coefficient - alignment in strategies, partner of choice 3. Providing end to end solutions, dual shore business model 	Negative/ Positive -Impacts the brand reputation in the industry
3	Training and education	Opportunity	<ul style="list-style-type: none"> • Skilled employees and workers form an asset to the Company. • The highly trained employees and worker perform their tasks more efficiently 	<ol style="list-style-type: none"> 1. Providing a needs-based and innovative range of training courses, notably in forward thinking fields of expertise like digitalization 2. Attracting and developing the right talent, ensuring professional development. 	Positive - Consistent efforts would lead to positive impact due to improvement in productivity, reduction in defects, etc.
4	Health, safety and environment	Risk	<ul style="list-style-type: none"> • Non-compliance with safety measures by employees • Non-awareness of hazardous nature of chemicals may lead to potential hazards 	<ol style="list-style-type: none"> 1. Strict adherence to BBS (behaviour-based safety system) 2. Focus on reducing the generation of effluent and arresting at the source 3. Detailed SOP, employee training & adherence followed strictly 4. Providing intensified safety training that are specifically designed for roles which require upgraded skills. 	Negative- Incident's impact employee morale and business reputation leading to negative financial implication
5	Disaster recovery	Risk	<ul style="list-style-type: none"> • Business interruption due to natural calamities like earthquakes, cyclones, floods, etc. • supply chain interruption, • Risk of inadequate data centre & far sight Disaster Recovery • Business interruptions due to Pandemic 	<ol style="list-style-type: none"> 1. Adequate protection against calamities including appropriate insurance 2. Introduced additional mitigation to overcome interruptions due to pandemic situations. 3. Warehouse approximate to customer plant 4. Vendor managed inventory 5. Company has strong data backup recovery in place. 6. Data Centre under Disaster Recovery Plan under process. 	Negative - Disruption to business operations lead to negative financial implication

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
c. Web Link of the Policies, if available https://www.autoaxle.com/Governance.aspx									
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	N	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes AAL expects its suppliers & service providers to comply with all rules & regulations in force, and follow basic principles related to equal opportunity, Product safety, employee safety etc.								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.	The policies are in line with international standards and meet regulatory requirements of 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. Certifications <ul style="list-style-type: none"> • Certified for Environmental Management System, ISO:14001:2015 • Occupational Health and Safety Management System Migrated from OHSAS-18001 and certified with ISO 45001:2018. • Certified by Union of Japanese Scientists & Engineers (JUSE) through Quality Circle Forum of India (QCFI) for continuous implementation of best 5S practices in December 2021 • Quality Management System certified with IATF 16949:2016 • Heat Treatment Process certified with CQI 9 • Welding processes certified with CQI 15 								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<ul style="list-style-type: none"> • Committed to provide the best and safest workplace with scientific workspace organization and ergonomically designed and ensuring high standards of employees' safety, health and work environment. • Focusing on increased diversity to achieve balanced Gender Ratio. • Sustainability initiative to reduce carbon footprint by enhanced renewable energy base, implementation of Solar, Hydel energy efficient appliances. • 80% of power consumption through renewable energy by 2028. • Committed towards 100% Recycle, Recovery and Reuse towards reduction of solid and liquid waste. • Under the Natural Resource Conservation, company striving to achieve water positive with rainwater harvesting and water saving with key initiatives. Also, energy consumption optimization through technological transformation. • Journey towards developing concept of paperless factory through digitalization of conventional operation and processes by 2026. • Implementation of scientific manufacturing tools, Total Productive Maintenance (TPM) by 2024-25, Total Quality Maintenance (TQM) to achieve maximum property, facility, equipment and total infrastructure life prospective. • Focused approach towards achieving sustainability related accreditations with external certifying body over next five years. 								



Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	<p>Water Management: Focusing on our vision towards sustainability, we introduced several environmental initiatives including water conservation, reusable packaging, carbon emission control, energy conservation and waste management.</p> <p>Within our Water Conservation initiative, we installed a rainwater harvesting facility with a capacity of 600 KL and a storm water harvesting facility with a capacity of 600 KL.</p> <p>Energy Management: For energy conservation, we replaced induction motors with energy-efficient motors and Variable Frequency Drive (VFD) for significant energy use, saving 20% energy. We have initiated to contain carbon emissions by adopting solar energy.</p>								

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

Our Company is striving to create positive difference on the socio-economic development of key stakeholders by being a responsible business. Communities are a top priority and the company's CSR activities in the areas of Skill Development & Education, Health and Hygiene, Environment, are aimed at addressing concerns and challenges that affect the surrounding communities including underprivileged groups within the community.

The Company takes efforts towards enhancement of communities around its operations. Therefore, specific efforts are taken to partner with small and local producers. Our Company also invests in supplier development through measures such as supplier quality improvement contests, conferences and educating them on best practices that can lead to an improvement in operational and logistical efficiency. Furthermore, new suppliers are assessed on social and environmental criteria during the year under review.

Specific steps on environment include:

- Actively using renewable energy since 2018 and progressing towards our aspiration of achieving 100%.
- Substantial reduction in usage of wooden and plastic packaging materials which is replace with environment friendly materials.
- Working towards paperless office and reduction of usage of papers.

We continue to adopt various initiatives in line with emerging ESG regulatory norms.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies	Mr. Nagaraja Sadashiva Murthy Gargeshwari President & Wholetime Director +91 821 - 7197500 Email : Nagaraja.Gargeshwari@autoaxle.com
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9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The Executive Director as stated above oversees the decision making on sustainability related issues.
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10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The Board of Directors of the Company review the sustainability initiatives of the Company on an annual basis.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company has been compliant with the statutory requirements and there have been no instances of non-compliances of NGRBCs.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Yes. The Policies on Quality, Safety, Health, and Environment, 5S Standards and Total Productive Maintenance (TPM) are subject to internal and external audits as part of the ISO Systems certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism. DQS India (Deutsch Quality Systems Private Limited) is the agency that carries out these assessments. Policies are also reviewed periodically by the respective departments and updated accordingly. Further, compliances with the policies are also reviewed internally by various departmental heads and business heads.
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12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 7
The entity does not consider the Principles material to its business (Yes/No)	Not Applicable
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	While the Corporation may share its expertise to help in the formulation of public policy, it does not directly engage in lobbying or advocacy activities and hence, does not have a specific policy for this purpose
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	
It is planned to be done in the next financial year (Yes/No)	
Any other reason (please specify)	

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**Essential Indicators****1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Employee training and development mostly encompasses various employee learning practices.

The importance of training and development at AAL revolves around programs that enable our employees to learn precise skills or knowledge to improve their performances. Training and development programs involve a more expansive employee growth plan, for their future performances.

In line with this, we have conducted close to about **90 trainings in FY 22 with training hours of 24399**. It includes different trainings in terms of technical capability development trainings to develop employees to the emerging technologies & to acquire the required skill sets, awareness trainings & soft skill trainings which helps our employees to be more efficient & competitive.

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	The Company conducts familiarization program for Independent Directors to familiarize them with the Company, their roles & responsibilities, their rights, nature of industry in which the company operates, business model of the Company etc. through various initiatives. During the Board meetings of the Company various presentations are made by business heads of the Company from time to time on different functions and areas to enable the Directors to better understand the Business and operations of the Company. Presentations are made at the Board and Board Committee Meetings, on Business and performance updates of the Company, business strategy and risks involved, market share and other financial parameters, working capital management, litigations, compliances and fund flows.		
Key Managerial Personnel	1	Policy on Standard of Business Conduct & Whistle Blower	100% Total Hours of training - 2 Hours/Year



Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Employees other than BoD and KMPs	58	<p>Technical Trainings: Lean Manufacturing, Hydraulics & Pneumatics, Welding Technology, Industry 4.0, TPM, GST Provisions, Inventory Management, Effective NPD Process, Six Sigma Training, GD&T, GST Certification, CNC & Robot Training, Marketing & Business Development & Sales Overview etc.</p> <p>Awareness Trainings: Corporate Wellness Training, Health Talk on Recent Medical Problems, Code of Conduct Training, QMS - IATF 16949 Awareness, Fire Fighting Skills, First Aid Training, POSH and Domestic Enquiry, Nutrition & Fitness Knowledge Management etc.</p> <p>Soft Skill Trainings: Management Development Program, Leadership Training, Supervisory Development Training, Business Writing Skills and Email Etiquette, Customer Relationship Management, etc.</p>	75% Total Hours of training – 10,863
Workers	32	<p>Technical Training: TPM, Jishu Hozen, Kaizen, Quality Improvement, Welding Technology, Hydraulics & Pneumatics, VMC & HMC basics, etc.</p> <p>Awareness Training: Health talk on Stroke.</p>	88% Total Hours of training – 13,536

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary				
NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine		Nil		
Settlement				
Compounding fee				
Non-Monetary				
NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment		Nil		
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Nil

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, The Company has zero-tolerance approach to bribery and corruption, it has anti-corruption / anti-bribery policy, applicable to all individuals working at all levels and grades of Automotive Axles Limited.

Our Company is committed to setting up utmost standards for transparency and accountability in its affairs through behaving responsibly, equitably, and with integrity in all its business dealings and relationships wherever it operates. We operate with the highest moral and ethical standards and are committed to working with zero tolerance for bribery and corruption.

The head of the Human Resources Department of the region has primary day-to-day responsibility for implementing this policy. Management at all levels are responsible for ensuring that those reporting to them are made aware of and understand the procedure and, if necessary and appropriate, are given adequate and regular training on it.

Web Link: <https://www.autoaxle.com/Governance.aspx>

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.**

Stakeholder group from whom complaint is received	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors	Nil	Nil
KMPs		
Employees		
Workers		

6. **Details of complaints with regard to conflict of interest:**

Stakeholder group from whom complaint is received	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil		Nil	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

None

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	Business Ethics and Sustainability	55%

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same.**

The Company has processes in place to avoid/manage conflict of interests involving members of the Board and it is as per the Terms of Appointment of Directors to Board. The Company's Code of Conduct states that the Board members and Senior Management of the Company are needed to abstain themselves from discussion, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest; restrict themselves from serving as a Director of any Company that is in direct competition with the Company or must take prior approval from the Company's Board of Directors before accepting such position.

The Company has also formulated the policy on related party transactions for providing guidelines in relation to identification of related parties.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Nil



2. Does the entity have procedures in place for sustainable sourcing? (Yes/No) If yes, what percentage of inputs were sourced sustainably?

The Company's vision has always been to source the materials through sustainable and quality procurement practices. In line with its commitment, the Company has developed Code of Conduct for Suppliers and Service Providers which is an extension of its values and is applicable to all its suppliers. The Company expects its suppliers and Service providers to comply with all rules and regulations in force and operate in accordance with the principles as outlined in the policy. The Company is continually engaged with its vendor base to build robust procedures and systems thereby ensuring sustainable sourcing from time to time.

AAL has developed intelligent and environmentally sustainable Logistics system.

- The wooden pallets used for packing of Finished Goods is replaced with metal-based reusable & returnable pallets.
- Rail transport-long chassis trucks & CNG powered vehicles 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.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Not Applicable, Since the product is directly supplied to the Original Equipment Manufacturers (OEM's), the Company has limited scope for reclaiming it at the end of its life cycle.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No, Extended Producer Responsibility is not applicable to the Company.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

No, the company has not conducted LCA for its products/services.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed of.

Not Applicable

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Since the product is directly supplied to the Original Equipment Manufacturers (OEM's), the Company has limited scope for reclaiming it at the end of its life cycle.

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees.

We prioritise the health, safety and well-being of our employees through various healthcare and safety measures. As part of our COVID response, we facilitated vaccination and booster doses for our employees and their family members.

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

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/ A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/ A)	No. (F)	% (F/ A)
Permanent employees											
Male	346	346	100%	346	100%	NA	NA	0	0	0	0
Female	29	29	100%	29	100%	29	100%	NA	NA	0	0
Total	375	375	100%	375	100%	29	8%	0	0	0	0
Other than Permanent employees											
Male											
Female											Not applicable
Total											

b. Details of measures for the well-being of workers:

- 1) Ensuring employees adherence to Environmental, Occupational Health & Safety (EOHS) Policies & procedures .
- 2) Fully equipped Occupational Health Centre facility with Qualified medical officer & trained nurses is available within the premises and with multi-specialty equipment.
- 3) Pre-Medical examination & Annual medical examination as per standard guidelines is done for all the employees to ensure their well-being.
- 4) Workers are provided with Health & Accidental insurance.

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/ A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/ A)	No. (F)	% (F/ A)
Permanent workers											
Male	613	613	100%	613	100%	0	0	0	0	0	0
Female	0	0	0	0	0%	0	0	0	0	0	0
Total	613	613	100%	613	100%	0	0	0	0	0	0
Other than Permanent employees											
Male											
Female											Not applicable
Total											

**2. Details of retirement benefits.**

Benefits	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	NA	100%	100%	NA
ESI	100%	100%	Yes	100%	100%	Yes
Labor Welfare Fund	Nil	100%	Yes	Nil	100%	Yes
Others - Welfare Benefits	100%	100%	NA	100%	100%	NA

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes – All premises/ offices are accessible to differently abled employees and workers. The Company is further deploying amenities for the differently abled employees at Plant and other work locations to improve accessibility.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

We are committed to equal opportunity and are intolerant of discrimination and harassment. In all aspects of employment, such as recruitment, compensation and benefits, training, promotion, transfer and termination, we will treat individuals justly and in a non-discriminatory manner, solely according to their abilities to meet the requirements and standards of their role. As an equal opportunities organisation, AAL believes in creating a level playing field for all employees irrespective of their caste, creed, gender or background.

Our policy of equal opportunity provides a conducive work environment which encourages every individual irrespective of any differences to discharge their duties basis their abilities and qualifications;

No person with disability will be denied any employment opportunity on grounds of disability and as such, all the vacancies will be filled based on individual's competence, ability, trainability and suitability in relation to the overall job requirements.

Web Link: <https://www.autoaxle.com/Governance/Human%20Rights%20Policy.pdf>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

No maternity leave availed during the Financial Year

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	0	0	0	0
Female	0	0	0	0
Total	0	0	0	0

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	(If Yes, then give details of the mechanism in brief)
Permanent Workers	One-on-one interactions, Plant Discussions Investigating Committee Under Whistle Blower Policy /Recognized unions/POSH committees
Other than Permanent Workers	Management Review Committees
Permanent Employees	One-on-one interactions, Open house sessions Investigating Committee Under Whistle Blower Policy/ POSH committees
Other than Permanent Employees	Management Review Committee

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	0	0	0	0	0	0
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
Total Permanent Workers	613	602	98%	618	609	99%
Male	613	602	98%	618	609	99%
Female	0	0	0	0	0	0

8. Details of training given to employees and workers:

We have been nurturing talent through exhaustive training and development program for various levels, including Supervisory Development, Managerial Development and Leadership Development.

Identifying key talent and nurturing people through training and development is conducted with the objective of managerial and leadership development, skill development and retention

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	346	346	100%	346	100%	343	343	100%	343	100%
Female	29	29	100%	29	100%	33	33	100%	33	100%
Total	375	375	100%	375	100%	376	376	100%	376	100%
Workers										
Male	613	613	100%	613	100%	618	618	100%	618	100%
Female	0	0	0%	0	0%	0	0	0%	0	0%
Total	613	613	100%	613	100%	618	618	100%	618	100%

- As a part of Induction for New recruiters, Health & Safety related trainings are conducted as a mandatory program. Further, training such as Fire Fighting, First Aid training, ISO 14K & 45K standard trainings/refresher sessions are conducted annually. Also, specific process related safety aspects will also be covered along with EHS aspects viz., Welding Training, Painting Trainings etc.
- As a part of skill upgradation, all the employees are provided with the technical trainings with respect to their respective job profiles to enhance their knowledge/skills in their core areas such as IOT, Industry 4.0, GD&T, PFMEA, 7QC Tools, Hydraulics & Pneumatics, PLC, Metallurgy for Non-Metallurgists, GST Certification trainings, Labour Codes etc.

9. Details of performance and career development reviews of employees and worker:

Performance management is a continuous process essential to motivate and develop our workforce and to improve organizational results through the alignment of individual performance with organizational strategy and culture.

We are gratified to have a highly skillful, experienced and passionate team, for whom we ensure a friendly, conducive and inclusive work environment, along with continuous training and opportunities for growth and career progress. Our Company continuously engages with them through various initiatives including functional training, recognition programmes etc.



Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	346	299	86%	343	327	95%
Female	29	24	83%	33	31	93%
Total	375	323	86%	376	358	95%
Workers						
Male	613	61	10%	618	113	18%
Female	0	0	0	0	0	0
Total	613	61	10%	618	113	18%

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?

Yes. Automotive Axle Limited has implemented occupational health & safety management system.

We are certified with ISO-45001:2018 Occupational Health & Safety Management System.

To ensure a healthy and safe work environment for our employees, we strive to create 'Safety First Priority' across the organization at all levels through EOHS induction trainings, refresher safety sessions and customized safety workshops, we educate our employees on the prevention of any accidents.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

- HIRA (Hazard Identification & Risk Assessment) is carried out regularly under ISO-45001:2018 Occupational Health & Safety Management System.
- Theme based audits are conducted regularly to identify Unsafe Conditions (USC), implementing Corrective and Preventive Actions (CAPA).
- Under TPM Jishu Hozen (JH) Implementation to identify USC & implement corrective & preventive actions.
- Safety audits are conducted by external agency on material handling equipment's, electrical chain hoists, Electric overhead travelling (EOT) cranes, pressure vessels, chemicals storage bullets, electrical major installations etc.,
- Periodical inspection of Pressure vessels, Electric overhead travelling (EOT) Crane, lifting Tools and Tackles by competent authority.
- Process wise Job Safety Analysis is carried out to understand & identify hazards at all stages to make provision of control & preventive measures.
- In case of oil and coolant accidental spillage or leakage, a cotton based reusable sorbent was introduced to eliminate any potential fire hazard.
- Conductance of EOHS aspect/element/area/operation/process specific checklist based periodical audits.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Yes. We engage our employees in different safety training programs to create awareness of total safety standards and further encourage them to develop ideas to continuously improve safety standards and identify/eliminate work hazards through Kaizen Program. We organize various competitions to promote Safety first and 5S culture. The Central Safety Committee has been constituted with workers representatives & monthly meetings are conducted to develop policies, promote and guide on workplace safety.

- d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

Yes. Automotive Axles Limited have a tie-up with external M/s Apollo & Kamakshi hospitals.

Qualified doctors, paramedical staff and emergency medical equipment's are available in our Occupational Health Centre (OHC) to deal with industry specific health and safety issues among our employees. The doctors undertake monthly health programs for all our employees, to educate them on employment-related health hazards and work-life balance. Based on the severity of the issues they are referred to these external non-occupational medical & healthcare services.

Every year, we organize regular annual and bi-annual medical check-ups (vision and color vision tests, audiometry, skin tests and ENT examination) for different personnel.

At regular intervals the external expert medical practitioners are invited to give a awareness lecture on good health practices to all the levels of employees.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.57	0.73
Total recordable work-related injuries	Employees	0	0
	Workers	4	4
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Employees (Staff)

Workers (Workman plus Flexi Labour)

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Safety Management:

To ensure a healthy and safe work environment for our employees, we strive to create 'Safety First Priority' across the organization at all levels. We have been systematically training all our employees and contractors through our safety induction trainings, refresher safety sessions and workshops. To further safety, health and environmental standards, the Company has enhanced its environmental management system by adopting EMS ISO 14001 and OH & S ISO 45001.

We incorporated various visual displays on all the machinery on operational hazards and defined and displayed various safety protocols within the factory's premises to promote 'Safety'. Every year, we observe National Safety Day and Chemical Disaster Prevention Day to create awareness among employees on the importance of safety and safe chemical management.

Under the accident prevention program, the safety levels at source are improved through various hazard mitigation initiatives by conducting 4M analysis (Man, Machine, Method & Material). To reduce operator fatigue, we practice Rapid Upper Limb Assessment (RULA) and Rapid Entire Body Assessment (REBA) for studying employee posture at the workplace.

- 1) Regular awareness and training given to all the employees to follow safety precautions and use of PPEs at work.
- 2) Fire Hydrant Points & sprinklers provided at highly fire prone, sensitive & potential Hazard area/process. Fire Emergency Rescue Plan (FERP) Installed & Displayed across all the office block areas.
- 3) Early warning, gas & smoke detection, CO2 flooding system provision in High Tension/Low Tension Substation.
- 4) Lock Out and Tag Out (LOTO) provision for all kinds of major utility supply locking during major maintenance work.
- 5) Based on Zonal classification & safety sensitive area, checklist-based audit is conducted on regular basis.

Health Management:

We conduct several healthcare practices for employees at all levels to ensure good health. We organise several annual and bi-annual medical check-ups (vision & colour vision tests, audiometry, skin tests and ENT examination),

Onsite fully equipped Occupational Health Centre with qualified medical practitioners is made available for employees 24/7.



Periodical white washing, disinfectant, fumigation has been carried out and total plant hygiene audits are being conducted regularly.

13. Number of complaints on the following made by employees and workers

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Internal Safety Audit – 100%
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

- 1) Secondary safety wire ropes provision for all electric chain hoists, movement runner, Longitudinal Beams both end, cross beams movement runner both sides. - Safety untoward incident prevention by eliminating Accidental fall of Hoists, Cross beams, Longitudinal beams & connected any other parts.
- 2) Front Cage guard, two hand operation, electric light curtain guard provision for machineries to prevent human body parts exposure to point of operation towards safety untoward incident prevention.
- 3) Anti-Skid Rubber Mat Provision for slippery Machines Working Platform to eliminate slip, Trip & Fall Hazard & horizontally deployed across the plant.
- 4) Elimination of Saw Dust which was used for oil & coolant spill recovery & leakage(Potential Fire hazard) by introducing Oil & Chemical reusable sorbent for spillage/leakage recovery.
- 5) All the welding machines are provided with Fume killer, dust extraction system for grinding & blasting machines and Oil mist collector for Gear cutting machines to ensure safe & healthy work environment.
- 6) Provision of Chemical Cabinet for storing petroleum products at operational area within the shop floor.
- 7) Scientifically designed ladders to access High raise Storage racks to prevent fall and slip hazard.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, Company has covered its employees, workmen and trainees under Group Personal Accident Policy for accidental death and Group Term Life policy for workmen to cover any kind of death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company takes great care to ensure that the statutory dues applicable are deducted and deposited by the value chain partners.

The details are outlined in the Automotive Axles Limited Supplier Code of Conduct. All supply chain partners must adhere to it in order to support business responsibility principles and ideals of transparency and accountability.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Employees				
Workers			Nil	

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	100% Health & Safety conditions are assessed in periodic audits conducted by the company for strategic suppliers.
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

In compliance with Automotive Axles Supplier Code of Conduct, suppliers are periodically audited. The suppliers & service providers as expected to comply with relevant legal regulations for health and safety in the workplace.

No corrective action plan has been necessitated on the above-mentioned parameters.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The company has mapped its internal and external stakeholders, its principal stakeholders 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.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Conferences, workshops, online portals, employee surveys, One-on-one interactions	Periodically/ Annually	Inform about important advances in the Company. Help the employees expand their knowledge in the industry. Getting employee feedback and resolving their issues.
Investors	No	Annual report, press releases Investor Call & presentations Company website Quarterly & Annual results Company website	Annually/ Periodically/ Quarterly	Investors prefer to invest in the organizations that are transparent in their activities and performance. We inform the current performance of the Company and its future plans regularly to Investors



Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Personal visits & plant visits, communication through email Conducting training and field trials at customer site Online & face to face meeting and discussion	Periodically	To cater to needs of customers. Updating customers on new product launches.
Suppliers & Service Providers	No	Supplier & vendor meets Workshops & trainings, Audits Supplier risk assessments, Supplier Portal	Annually/ Periodically	Supply of material & services.
Regulatory Bodies	No	Official communication channels Regulatory audits/ inspections Environmental compliance Good governance	Periodically	They help and guide in terms of connecting with Govt. Schemes & effective governance.
Communities	Yes	Corporate Social Responsibility engagements, Meeting with community representative, Company website	Frequent and as need based	Please refer to the following link for information about the Company's community work: https://autoaxle.com/Corporate_Social_Responsibility.aspx

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Management is responsible for keeping the board informed about various developments and seeking inputs from the Directors. Continuous stakeholder engagement, combined with an in-depth assessment by the management, aids the organisation in aligning its business with ESG, allowing it to better serve its stakeholders.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the company has always maintained a regular and proactive engagement with the Company's key stakeholders, allowing it to effectively work on its ESG strategies and be transparent about the outcomes. In response to current regulations and interactions with stakeholders, the Company performs periodic evaluations to update and reissue policies as needed.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Several initiatives have been taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders through our CSR initiatives like by partnering with various organisation like (a) Vanavasi Kalyana Karnataka for uplifting the tribal community of population who live in forest and hilly regions, (b) Pratham Education Foundation: To educate and upskill in the areas of Healthcare, Beauty, Automotive, construction, plumbing, electrical, hospitality and welding (c) PAN IIT Alumni Reach For India (PARFI) Foundation for training of underprivileged candidate in manufacturing skill and (d) Vishwakshema Trust for providing educational support to the underprivileged students (e) We also provide mid-day meals to the inmates of the nearby house for destitute and ensure their basic needs are met with.

Principle 5: Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

The Company has a Human Rights Policy. The Company is committed to respecting human rights and will avoid violations of human rights via the installation of due diligence procedures and appropriate grievance redressal systems for all stakeholders.

The Company strives to ensure a culture of mutual respect and respects individual rights and differences of others and thereby creating an environment free from any discrimination and biasness. The Company prohibits the use of all forms of forced labour, including bonded labour, modern forms of slavery and any form of human trafficking.

Link: <https://www.autoaxle.com/Governance/Human%20Rights%20Policy.pdf>

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	375	375	100%	376	376	100%
Other than permanent	0	0	0%	0	0	0%
Total employees	375	375	100%	376	376	100%
Workers						
Permanent	613	613	100%	618	618	100%
Other than permanent	1971	1971	100%	1283	1283	100%
Total workers	2584	2584	100%	1901	1901	100%

2. **Details of minimum wages paid to employees and workers, in the following format**

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	375	0	0%	375	100%	376	0	0%	376	100%
Male	346	0	0%	346	100%	343	0	0%	343	100%
Female	29	0	0%	29	100%	33	0	0%	33	100%
Other than Permanent	0	0%	0	0%	0	0%	0	0%	0	0%
Male	0	0%	0	0%	0	0%	0	0%	0	0%
Female	0	0%	0	0%	0	0%	0	0%	0	0%
Workers										
Permanent	613	0	0%	613	100%	618	0	0%	618	100%
Male	613	0	0%	613	100%	618	0	0%	618	100%
Female	0	0	0%	0	0%	0	0	0%	0	0%
Other than Permanent	1971	0	0%	1971	100%	1279	0	0%	1279	100%
Male	1967	0	0%	1967	100%	1279	0	0%	1279	100%
Female	4	0	0%	4	100%	4	0	0%	4	100%

**3. Details of remuneration/salary/wages, in the following format:****Employees other than BoD and KMP:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	5	-	1	-
Key Managerial Personnel	3	98,78,918	0	-
Employees other than BoD and KMP	367	7,05,994	29	6,03,612
Workers	613	6,15,803	0	0

Note:

- 1) Directors exclude Whole Time Director (WTD) and they receive only sitting fee. KMP include Whole Time Director (WTD)
- 2) Sitting fee is the only pay to Board of Director, hence median is not calculated.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

The Company has formulated a Human Rights Policy which states that the employees can address their complaints or grievances to the Human Resource department or to the Senior Management as per the process mentioned in the Policy of Standards of Business Conduct. No reprisal or retaliatory action will be taken against any employee/ affiliate for raising concerns under this policy. The Investigation Committee formed under Whistle Blower Policy, investigates the reported violations.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The mechanism works by following the instructions outlined below:

1. The employees/ affiliates address their complaints or grievances or report instances to the Human Resource department/ Senior Management as per the process mentioned in the Policy of Standards of Business Conduct.
2. Investigation Committee formed under Whistle Blower Policy, shall investigate the reported violations. The Committee shall evaluate the violations reported and ensure that the same is addressed and resolved. The Committee may also, in consultation with the Senior Management, provide a suitable remedy.
3. The Company periodically undertakes human rights due diligence process for management and oversight/ monitoring of the policy and identify any shortcomings.

6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending Resolution at the end of year	Remarks	Filed during the year	Pending Resolution at the end of year	Remarks
Sexual Harassment	0	0	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour/ Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

While dealing with the complaints as a part of grievance redressal mechanism the Company takes every care to conduct the enquiry in a peaceful manner for avoiding any stressful conditions and in a highly confidential manner. The Company has Grievance Redressal Policy (Whistle Blower Policy, Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace, Human Rights Policy) which states that all members of the Grievance Committee and those entrusted to record keeping, as well as any staff member questioned about an issue, are bound by a duty of confidentiality at all times and must keep all paperwork and information exchanged in the process confidential as per the policy. Harsh or insulting behaviour of anyone participating in or conducting grievance proceedings is not at all tolerated. Any such behaviour will be viewed as misconduct under the Organization's disciplinary policies and strict actions will be taken against such unethical behaviour.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, human rights requirements form part of company's Code of Conduct for Suppliers and Service Providers. Suppliers are urged to respect internationally recognized human rights standards and to work towards them in all business activities within their own sphere of influence. Any forced or compulsory labour is prohibited.

9. Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Internal Assessment 100%
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

None

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

None

2. Details of the scope and coverage of any Human rights due diligence conducted

Exclusive Human rights due diligence is yet to be conducted. We are planning to take it up in the coming years.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

4. Details on assessment of value chain partners*

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	70% of Strategic Suppliers
Discrimination at workplace	
Child labour	
Forced/involuntary labour	
Wages	
Others – please specify	

*Health & Safety conditions are assessed in periodic audit conducted at supplier's place



5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

In compliance with Company's Code of Conduct for Suppliers and Service Providers, suppliers are audited and monitored on a variety of sustainability topics. Health and safety topics are given high priority in this operation. The Company has offered its assistance/advise in developing such policies for suppliers who do not have them.

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	101932924 MJ	83462216 MJ
Total fuel consumption (B)	95001617 MJ	67125325 MJ
Energy consumption through other sources (C)	1123934 MJ	664337 MJ
Total energy consumption (A+B+C)	198058475 MJ	151251878 MJ
Energy intensity per Crore of turnover (Total energy consumption (Mega Joules) / turnover in crore rupees)	85234	101469

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
i) Surface water (Concrete floor & Roof rainwater)	18,122	6,543
ii) Ground water (Borewell)	30,202	74,698
iii) Third party water (AAL Mysore - KIADB)	4,121	2,585
iv) Seawater / desalinated water	0	0
v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	52,445	83,826
Total volume of water consumption (in kilolitres)	92,759	1,24,998
Water intensity per crore of turnover * (KL / turnover in crore rupees)	22.57	56.23

* Calculated only for freshwater consumed/turnover in crores

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

Yes,

- Ganesh Consultancy & Analytical Services (Ministry of Ecology & Forest Recognised, FSSAI Notified)
- Every three months, KSPCB regional office collects the STP & ETP treated samples for laboratory analysis & confirm.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	ppm	2,269	3,067
SOx	ppm	538	659
Particulate matter (PM10)	mg/Nm3	2,682	3,123
Persistent organic pollutants (POP)	-	0	0
Volatile organic compounds (VOC)	mg/Nm3	70	55
Hazardous air pollutants (HAP)	-	0	0
Others – please specify (Phosphating - Acid mist)	mg/Nm3	7	19

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No, Only monitoring & analysis is done for the air emissions. i.e. flue gas.

AAL Mysore - Ganesh Consultancy & Analytical Services (MoEF Recognised, FSSAI Notified).

AAL Jamshedpur - Jharkhand State Pollution Control Board, Adityapur & Environmental Laboratory & Engineering Services Pvt Ltd.

AAL Pantnagar - No air pollution sources.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	*CO2 emissions- 5,133 MT	CO2 emissions- 3,585 MT
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	**CO2 emissions- 17,982 MT	CO2 emissions- 9,491 MT
Total Scope 1 and Scope 2 emissions per Crore of turnover		10	9

* Scope 1 CO2 emissions from LPG, Diesel consumption

** Scope 2 CO2 emissions from Power

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, [Sustainability Key Initiatives](#) to contribute towards reducing carbon footprint and ensuring incorporation of sustainability across all operations, the Company focuses on various initiatives - using Solar Power, modern regenerative combustion technology for all furnaces, recycled water usage for gardening, reduced hazardous waste generation with recycle & recovery & adoption of ecofriendly waste disposal, implementation of scientific tree plantation to reduce atmospheric pollution etc. in its manufacturing operations.

1. Conventional method for CO2 Emission reduction through Renewable energy usage-Sources of Energy (Solar, Hydel, Wind)
2. 30 Kwh solar panel installed in brakes plant roof top.
3. 100% Elimination of LPG operated forklift by battery operated forklift to reduce GHG emissions.
4. Partial introduction of CNG trucks for transport of our finished goods, for reduction in carbon footprint.



5. Installation of Roof Top wind driven Turbo Ventilators across the plant to ensure adequate general ventilation under the renewal energy use initiative.
6. Reduction of LPG consumption in Heat Treatment process from 0.32kg/ Kg Material to 0.22Kg /kg of Material Input to furnaces.
7. Year on year trees plantation internally & externally towards greenery enhancement.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tons)		
Plastic waste (A)*	334	271
E-waste (B)	5	2
Bio-medical waste (C)	0.02	0.03
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Haz. Waste from process + Haz. Waste from pollution control equipment's, + Filter bed sand+ Filter bags etc. (G)	Grinding muck, ETP sludge, Paint waste, Phosphating sludge: 205 Used Oil: 0.02 Oily Cotton – 6	Grinding muck, ETP sludge, Paint waste, Phosphating sludge: 216 Used Oil: 0.03 Oily Cotton – 10
Other Non-hazardous waste generated (H) . MS Scrap + Aluminum scrap (Break-up by composition i.e. by materials relevant to the sector)	Liner grinding dust – 225 Cardboard waste - 288 Paper waste - 99 Wood pallets/wood waste- 897 Scrap Metal – 15,052	Liner grinding dust - 142 Cardboard waste-233 Paper waste -73 Wood pallets/wood waste- 670 Scrap Metal – 9,053
Total (A+B + C + D + E + F + G + H)	17,112	10,672
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Category of waste		
(i) Recycled**	18,699	11,692
(ii) Re-used**	1,969	1,386
(iii) Other recovery operations**	2,363	1,663
Total	23,031	14,741
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category of waste[^]		
(i) Incineration	211	276
(ii) Landfilling	0	0
(iii) Other disposal operations	225	120
Total	436	396

* Cumulative data provided Generation per month

**Recycled- Coolant & Neat Cutting oil (Inhouse reuse), Cardboard, paper, Wood pallets & Scrap Metal (Disposed to external authorized recyclers)

Reused – Coolant & Neat Cutting Oil (Inhouse reused)

Other recovery – Coolant & Neat Cutting Oil (Inhouse recovery)

[^]100% of hazardous waste sent to Pollution Control Board authorized recyclers/agencies.

• Hazardous Wastes (ETP sludge, Phosphate sludge, paint sludge & grinding muck) - Incinerated

• Other Waste (Special waste/Liner dust)- Co-processing

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

- Educating & creating Awareness on understanding the standard procedures on transport, storage & disposal of waste.
- Scientific Segregation & collection of waste at generation source with color coded bins.
- Separate storage compartments provision made for different types of hazardous waste generated.
- Hazardous waste is stored in leak proof area as per the standard guidelines and disposed to Pollution Control Board authorized recyclers/agencies.
- All types of other waste is segregated and stored in concreted scrap yard which is disposed to Pollution Control Board authorized recyclers as per the standard guidelines.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

The Company complies with all applicable environmental laws

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Nil				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	44838000 MJ	30042007 MJ
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	44838000 MJ	30042007 MJ



Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (D)	57094924 MJ	53420209 MJ
Total fuel consumption (E)	95001617 MJ	67125325 MJ
Energy consumption through other sources (F)	1123934 MJ	664337 MJ
Total energy consumed from non-renewable sources (D+E+F)	153220475 MJ	121209871 MJ

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilo liters)		
(i) To Surface water	0	0
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater	0	0
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater	0	0
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties	0	0
- No treatment		
- With treatment – please specify level of treatment		
(v) Others	40,314	41,172
- No treatment		
With treatment – Secondary treatment	After treated water confirming to quality norms, the treated water is used for inhouse gardening (Primary & Secondary ETP & STP)	After treated water confirming to quality norms, the treated water is used for inhouse gardening (Primary & Secondary ETP & STP)
Total water discharged (in kilo liters)	40,314	41,172

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilo liters):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Not Applicable, The Company's plants do not fall under "Critical" or "Over-exploited" areas as per the Central Groundwater Board classification.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	*4,480	*2,313
Total Scope 3 emissions per Crore of turnover		2	1.5

* Scope 3 CO₂ emissions from Supply Chain & Employee vehicles

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Nil

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Scientifically designed Coolant Recovery plant	Used coolant is recycled in coolant recovery system (CRS) & reused for maximum life, Systematic separation of hazardous waste (tramp oil) for disposal.	Minimizing the disposal of waste coolant
2.	Finished Goods packaging – wood packaging eliminated with reusable metal based stillages & pallets	Returnable, Reusable & rigid asset Safe & scientific handling of materials & around 80% of wood consumption reduction for export dispatch	<ul style="list-style-type: none"> Natural Resource consumption reduction & solid waste generation reduction. 70% elimination of Wooden Pallets Packaging and also improving the transportation quality
3.	STP treated water	Extended aeration type STP facility with clariflucolator for efficient treatment of wastewater	100% Reuse of STP Treated water for gardening
4.	Rain water harvesting, collection, filtering & reuse & Ground water recharging	Roof rain water is being harvested & collected in central pond, the harvested water is being used for domestic & Industrial requirement & also for ground water recharging.	Fresh raw water consumption reduction & Natural resource conservation

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes

As a part of Business Continuity:

- We have warehouse at key customers location to maintain continuous supply and onsite VMI warehouse established for key suppliers/critical components.
- Multiple supplier bases have been established for all critical components.

As a part of Disaster Management:

- Well defined & documented Onsite Emergency Response Plan & Preparedness considering the related major disasters.
- 24/7 CCTV Surveillance systems; Manual Fire Call points provision & an emergency control room to respond immediately to any unforeseen adversities.



- Periodical Onsite Emergency Mock drill & weekly Fire drill conducted with different emergency scenarios to check & ensure our readiness to combat any emergency situation.
- Early warning, gas & smoke detection, CO2 flooding system provision made in fire sensitive/fire prone areas.
- Part of Onsite emergency plan & preparedness, Mini fire tender with technology of Compressed Air-Foam System-CAFs is available.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The Supplier is expected to implement its binding Supplier code of conduct and make reasonable efforts to promote the Code's principles and establish environmental management systems (ISO 14001) and continuously improve environmental performance.

During the current fiscal year, the Company screened its critical suppliers (80 numbers) using social and environmental criteria and found no negative social or environmental impacts on its value chain.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

80%

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

The Company is a member of 5 trade and industry chambers/ associations.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Automotive Component Manufacturers Association of India (ACMA)	National
2	Confederation of Indian Industry (CII)	National
3	TPM Club of India - CII	National
4	National Safety Council-NSC	National
5	Quality Forum Of India-QCFI	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Nil

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web-link if available
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The Company directly or through trade bodies and other associations puts forth several suggestions with respect to the industry in general and its activities in particular.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web Link
Not Applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Nil						

3. Describe the mechanisms to receive and redress grievances of the community.

The Company continuously interacts with the concerned communities in the areas of its operation through various means and have the mechanism to redress the grievances in timely manner.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	32%	30%
Sourced directly from within the district and neighboring districts	14%	13%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

The Company has not taken any Social Impact Assessment as it is not applicable to it.

Details of negative social impact identified	Corrective action taken
Nil	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

None

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No, the Company does not have any preferential procurement policy focusing on suppliers from marginalised/vulnerable groups. It follows a standardized Code of Conduct for Suppliers and Service Providers.

- (b) From which marginalized /vulnerable groups do you procure?

Not Applicable

- (c) What percentage of total procurement (by value) does it constitute?

Not Applicable



4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
			Nil	

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
		Not Applicable

6. Details of beneficiaries of CSR Projects:

During the year under review, we have been successful in reaching the individuals of different communities who are underprivileged or disadvantaged backgrounds who may not have access to quality education or training.

We partnered with various organisation and ensured execution of the projects by contributing adequately to the projects brought up by

- Vanavasi Kalyana Karnataka: For the upliftment of population who live in forest and hilly regions
- Sri Ramakrishna Ashrama (Swami Vivekananda Cultural Youth Centre) : To provide training to teachers/trainers for imparting coaching to the youth towards developing their personality and to help them to have a fully functioning personality.
- Pratham Education Foundation: To educate and upskill in the areas of Healthcare, Beauty, Automotive, construction, plumbing, electrical, hospitality and welding.
- Our associations were also with other skill development institutions i.e., Kalisu Foudation, PAN IIT Alumni Reach For India (PARFI) Foundation, JSS Mahavidyapeetha, Vishwakshema Trust which believes that education is the only way for a better India.

We are working towards reduction of greenhouse gas emissions to create a more sustainable future for generations to come. For achieving the same, we are planting trees as much as possible in and around Mysuru city and protecting the saplings by using tree guards.

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Health Care/disaster management projects		100 % of the Projects serve the beneficiaries who are from the under privileged, marginalised, vulnerable and backward community of the society.
2	Education & Skill Development programme	Not ascertained	
3	Sustainability initiatives/Carbon sequestration		
4	Promoting Culture		

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We are getting customer feedback directly or referring to customer portal on monthly basis and compile the "Voice of Customer report" to identify the areas of concern reported.

Accordingly, corrective measures have been planned and implemented. Customer satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy						
Advertising						
Cyber-security						
Delivery of essential services			Nil			
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

The Company has a Cyber Security/Data Protection Policy to safeguard all critical information and information processing assets to ensure legal compliance and fulfilling statutory due diligence requirements.

Critical information is protected from unauthorized access, use, disclosure, modification, and disposal, whether intentional or unintentional.

Awareness programs on Legal requirements and Information Security are available to all Employees and wherever applicable to third party viz. Subcontractors, Consultants, Vendors etc ; regular training imparted to them as required. Any security incidents and infringement of the Policy, actual or suspected, are reported, investigated by the designated Information Security Officer and proper documentation is maintained as evidence for legal purposes.

The policy will be reviewed at periodic intervals to check for its effectiveness, changes in technology, legal and contractual requirements and business efficiency.

Web Link: <https://www.autoaxle.com/Governance.aspx>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

https://www.autoaxle.com/Drive_axle.aspx

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Yes, Service level agreements (SLA) Service and operating manuals are sent to the customers (OEM's)



3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not applicable

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Yes, The Company's products are Original equipment manufacturer (OEM) specific, the Company displays product requirements on packaging consistent with applicable laws and as per OEM requirements. Typical information displayed on product includes details of manufacturer, heat code, process no., dispatch no., part no. etc.

Guidelines to customers about eco-friendly re-cycle methods for axle waste handling. Instructions includes the oil contents from end-of-life axles, Metals, Rubber, Plastics and other non-biodegradable parts and to be recycled without environmental pollution.

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, Customer response and customer satisfaction feedback are one of the most important factors. The Company engages with its customers at various platforms to understand their expectations and take their feedback for improvement.

6. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

Nil, The Company did not encounter any instances of data breaches during the year.

b. Percentage of data breaches involving personally identifiable information of customers

Nil

Management Discussion and Analysis

Global economy

The global economy is currently experiencing slowed growth as it recovers from the significant setbacks caused by the Covid-19 pandemic and the war between Russia and Ukraine. China's economy is rebounding strongly after reopening while supply chain disruptions are gradually easing. The energy and food markets that were previously disrupted by the war are also stabilising. In addition, central banks across the world are implementing measures to tighten monetary policy in order to address inflation and bring it closer to target levels.

According to the International Monetary Fund (IMF), global growth was estimated to slow from 3.4% in CY2022 to 2.8% in CY2023. Inflation rates are expected to ease, albeit at a slower pace than initially anticipated, declining from 8.7% in CY2022 to 7.0% in CY2023 and further to 4.9% in CY2024.

Global Economic Growth (% change)	Year-on-Year		
	Estimate	Projections	
	CY2022	CY2023	CY2024
World	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
Emerging Market and Developing Economies	4.0	3.9	4.2

Source: International Monetary Fund (IMF)

The global economic outlook for advanced economies is expected to experience a significant slowdown in growth, declining from 2.7% in CY2022 to 1.3% in CY2023. The sluggish economic forecast can be attributed to tight policy stances to combat inflation, the aftermath of the recent financial conditions, the ongoing conflict in Ukraine and the increasing fragmentation in geoeconomics. Emerging markets and developing economies exhibit stronger economic prospects compared to advanced economies albeit with varying growth potential across different regions. The average growth rate is expected to be 3.9% in CY2023 with a projected increase to 4.2% in CY2024.

The recent instability in the banking industry highlights the fragility of the world's economic outlook with increased uncertainty and dominant downside risks. Inflation has

proven to be stickier than expected with core inflation still peaking in many countries. Strong labour markets in most advanced economies suggest stronger-than-expected aggregate demand which may require monetary policy to tighten further or to stay tighter for longer than anticipated.

The potential impact of a sharp tightening of global financial conditions, commonly known as a 'risk-off' event, cannot be understated. Such an event could have a significant impact on credit conditions and public finances particularly in emerging markets and developing economies. It could lead to substantial capital outflows, a sudden increase in risk premiums, a rush to safety resulting in a dollar appreciation and major declines in global activity. This would likely result in lower confidence, reduced household spending and decreased investment.

Outlook

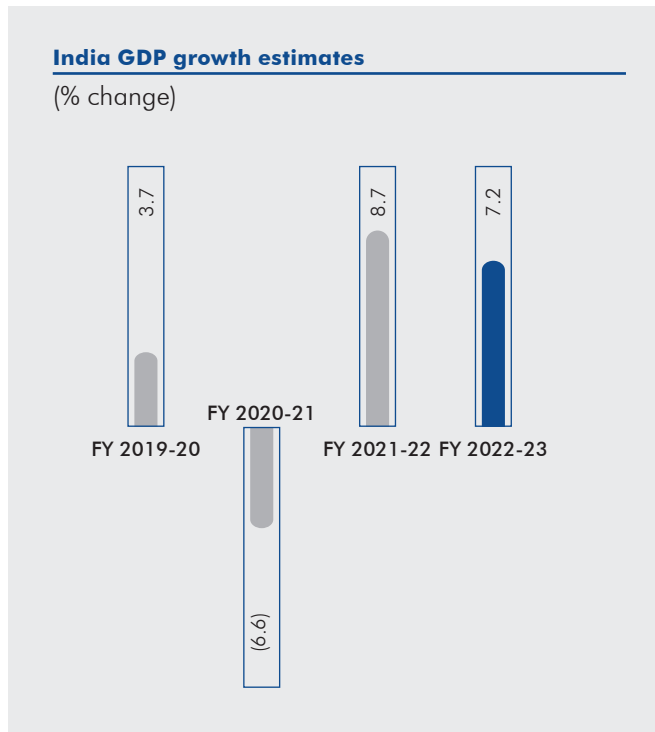
In the future, there is expected to be a widespread decrease in medium-term growth estimates. Over the past decade, projections for five years ahead have gradually decreased from 4.6% in CY2011 to 3.0% in CY2023. While some of this deceleration can be attributed to the natural convergence of previously rapidly growing economies like China and Korea, recent sluggishness may also be caused by more concerning factors such as the lingering effects of the pandemic, a sluggish pace of structural reforms, rising trade tensions, declining direct investment and slower adoption of innovation and technology in fragmented regions. A world that is split and polarised is unlikely to achieve advancement for everyone or successfully confront global issues such as climate change or pandemic preparedness.

Indian economy

India's economy has shown remarkable resilience and made significant progress despite challenges such as inflation, supply chain disruptions and geopolitical tensions. In FY 2021-22, India achieved a full economic recovery that was faster than many other countries.

One of the key factors driving India's economic growth has been sustained momentum in export growth up to the first half of FY 2022-23, leading to an increase in India's share in the world market of merchandise exports. As export growth

slowed down, a rebound in domestic consumption gained traction and further boosted the growth of India's economy, resulting in a rise in domestic capacity utilisation. India's economic growth stood at 7.2% for FY 2022-23, primarily driven by an economic rebound in private consumption that is replacing export stimuli as the leading driver of growth.



(Source: MoSPI)

In India, inflation underwent three phases in FY2022-23. The first phase was a rising trend up to April 2022, reaching a peak of 7.8%. The rising trend in the first phase was mainly due to the Russia-Ukraine conflict and crop failures caused by excessive heat in some parts of the country. Additionally, the agricultural sector was affected by uneven rainfall and high temperatures in the summer, leading to a reduction in supply and an increase in prices for some key products. The second phase saw a period of stability with inflation hovering around 7.0% until August 2022. Finally, the third phase was a decline in inflation to around 5.7% by December 2022.

The capital expenditure (capex) of the central government which witnessed a steady increase in FY 2022-23 was another growth driver of the Indian economy in the current year. Private capex is also expected to increase as corporations strengthen their balance sheets and generate more credit financing. Furthermore, the improved financial health of well-capitalised public sector banks has enabled them to increase credit supply which has resulted in remarkable credit growth for the Micro, Small and Medium Enterprises (MSME) sector. This growth is further supported by the extended

Emergency Credit Linked Guarantee Scheme (ECLGS) of the Union government.

The Indian economy's growth for the year under review has been driven primarily by private consumption and capital formation which has also contributed to generating employment. This can be seen in the declining urban unemployment rate and faster net registration in Employee Provident Fund. However, to accelerate job creation private capex needs to step up as a leader. The recovery of Micro, Small and Medium Enterprises (MSMEs) is progressing well as evidenced by the amounts of Goods and Services Tax (GST) they pay while the Emergency Credit Linked Guarantee Scheme (ECLGS) is helping to ease their debt servicing concerns. Additionally, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been providing jobs directly in rural areas and indirectly creating opportunities for rural households to diversify their sources of income. Schemes like PM-Kisan and PM Garib Kalyan Yojana have ensured food security in the country and have been recognised by the United Nations Development Programme (UNDP) for their impact.

Outlook

The Indian economy is poised to double its current annual GDP of around US\$ 3.5 tn to US\$ 7 tn by 2030 but achieving consistent high growth over a medium-term time frame will require more than India's twin strengths of demographics and consumption. This report delves into a variety of other factors that will continue to propel India's growth trajectory throughout the current decade.

Along with the positive impact of a young population a plethora of policy measures is being implemented to boost growth. Digitisation has enhanced productivity, financialisation has significantly reduced the parallel economy and the shift toward clean energy will boost efficiency.

Moreover, the youthful workforce is expected to boost innovation and entrepreneurship and policy measures to promote manufacturing and infrastructure development will stimulate growth. The adoption of digital technologies has streamlined operations, improved supply chains and opened up new markets, particularly for SMEs. Greater financial inclusion and transparency have been achieved through financialisation, leading to improved access to credit and participation in the formal economy. The transition towards renewable energy sources is being supported by policy measures such as incentives and renewable energy targets which will further fuel growth and development.

Indian automobile and industry

The Indian automobile sector is one of the largest industries in the country and it plays a significant role in the Indian economy. During the year under review, India became the third-largest automobile market, surpassing Japan as vehicle sales rose on the back of easing semiconductor issues and a strong demand rebound during the festival season.

The industry experienced a healthy upswing in FY 2022-23, supported by a recovery in economic activity and increased mobility. Demand sentiment for most automotive segments i.e. passenger cars, commercial vehicles and tractors, has remained healthy, resulting in improved sales for industry players.

The commercial vehicle (CV) segment has been growing strongly eventually crossing the FY19 peak. This has been aided by increased infra spends by the government, healthy replacement demand, last-mile connectivity demand propelling e-commerce and increased industrial activity. Profitability and margins of major commercial vehicle OEMs have also been aided by the uptick in volumes, improved product mix and benefits of commodity price correction.

Automobile production trends

(In Numbers)						
Category	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Passenger Vehicles	4,020,267	4,028,471	3,424,564	30,62,280	36,50,698	45,78,639
Commercial Vehicles	895,448	1,112,405	756,725	6,24,939	8,05,527	10,35,626
Three Wheelers	1022,181	1,268,833	1,132,982	6,14,613	7,58,669	8,55,696
Two Wheelers	23,154,838	24,499,777	21,032,927	18,349,941	1,78,21,111	1,94,59,009
Total	2,90,92,734	3,09,09,486	2,63,47,198	2,26,51,773	2,30,36,005	2,59,28,970

Source: SIAM

Automobile domestic sales trends

(In Numbers)						
Category	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Passenger Vehicles	32,88,581	33,77,389	27,73,519	27,11,457	30,69,523	38,90,114
Commercial Vehicles	8,56,916	10,07,311	7,17,593	5,68,559	7,16,566	9,62,468
Three Wheelers	6,35,698	7,01,005	6,37,065	2,19,446	2,61,385	4,88,768
Two Wheelers	2,02,00,117	2,11,79,847	1,74,16,432	1,51,20,783	1,35,70,008	1,58,62,087
Total	2,49,81,312	2,62,65,552	2,15,44,609	1,86,20,245	1,76,17,482	2,12,03,437

Source: SIAM

The Indian government has been taking various initiatives to promote the growth of the automobile sector in the country. These initiatives include the National Electric Mobility Mission Plan which aims to promote the adoption of electric vehicles in the country, and the Automotive Mission Plan 2016-26 which focuses on developing the sector's competitiveness and promoting innovation.

Amid the ongoing electrification transition, OEMs are expected to incur significant investments in the development of ground-up electric vehicle platforms and enhance manufacturing capacities.

Indian automotive component industry

India's auto components industry's market share has significantly expanded led by an increase in demand for automobiles by the growing middle class and exports globally. The auto components industry accounted for 2.3% of India's GDP and provided direct employment to 1.5 million people. By 2026, the automobile component sector will contribute 5-7% of India's GDP. As per Automobile Component Manufacturers Association (ACMA), automobile component export from India is expected to reach US\$ 30 billion by 2026. The Indian auto component industry aims to achieve US\$ 200 billion in revenue by 2026.

Significant demand for automobiles has led to the emergence of more original equipment and auto components manufacturers. As a result, India has developed expertise in automobiles and auto components which has helped to boost international demand for Indian automobiles and auto components. Hence, the Indian automobile industry has a considerable impact on the auto component industry.

The rapidly globalising world is creating newer opportunities for the transportation industry, especially while shifting towards electric, electronic and hybrid cars which are deemed more efficient, safe and reliable modes of transportation. Over the next decade this will lead to newer verticals and opportunities for auto component manufacturers. To help them adjust to the shifting dynamics of the sector the Indian government has already offered various production incentives. India is also investing heavily in electric car infrastructure.

AAL: Progressing with technology and teamwork

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



Over the years, our expertise has enabled us to gain a strong foothold in both domestic and international markets. We serve manufacturers of trucks and buses in various segments, including light, medium and heavy commercial vehicles, military vehicles and off-highway vehicles. Our diverse product portfolio includes front steer axles, defence axles, off-highway axles, drive and non-drive axles, drum brake and gear sets.

We have established a manufacturing presence across India with four plants located in Mysuru (Karnataka), Rudrapur (Uttarakhand), Jamshedpur (Jharkhand) and Hosur (Tamil Nadu). At these plants, we ensure that our products conform to world-class manufacturing standards by incorporating the concept of built-in quality. Additionally, Meritor Commercial Vehicle Systems India Private Limited, our technology partner, supports us in product engineering, validation and testing, and aftermarket re-engineering.

We are listed on both National Stock Exchange of India Limited and BSE Limited.

<p>42+ years Experience</p> <p>~2,000+ Team size</p> <p>4 Production units</p>	<p>Product categories</p> <ul style="list-style-type: none"> • Drive Axles • Front Steer Axles • Off-highway Axles • Non-Drive Axles • Drum & Disc Brake • Suspension <p>Major end customers</p> <ul style="list-style-type: none"> • Ashok Leyland • Daimler India • Mahindra & Mahindra • Tata Motors • Volvo Eicher • UD Trucks 	<p>Financial performance FY 2022-23</p> <p>₹2,328.62 crore Total income</p> <p>₹162.03 crore Profit after tax</p> <p>₹107.22 Earnings per share</p>
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Our 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.

Our strengths

Our focus has always been on delivering world-class quality products. Our business enablers include the following:

Deep acumen: Our market insights and understanding of customer requirements are a result of our 42 years of experience, especially in the Indian and Asian Markets. With a focus on innovation and cost-effective products, we ensure our customers can rely on our offerings.

Competitive edge: Our skilled workforce and technical expertise enable 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-driven: We are consistently strengthening 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.

World-class facilities: Our state-of-the-art manufacturing facilities with a new axle assembly line is enabled with Industry 4.0, helping us to deliver products with world-class quality and reliability.

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

Esteemed clientele: 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. We are working closely with our customers using the latest technology solution and e-Axle to support electric vehicle manufacturing.

Our Certifications

- Certified with Environmental Management System- ISO 14001:2015 & Occupational Health and Safety Management System- ISO 45001:2018, Yearly Surveillance audit was completed in Feb 2023.
- 5S Standard certified from JUSE, Japan, Half yearly Surveillance audit by Quality Circle Forum of India (QCFI) associated with Union of Japanese Scientist & Engineers-JUSE, Japan for continuous implementation of best 5S practices in Feb-2023.
- Certified for IATF 16949:2016-Quality Management System.
- Total Heat Treatment Process is certified with CQI 9.
- Overall Welding processes certified with CQI 15.

SWOT Analysis

Strength

- Technology in product design with state-of-the-art manufacturing facilities
- Leadership in Axles & Brakes design
- Among one of the leading manufacturers of Rear Drive Axle Assemblies in India Experiencing steadily growing exports
- Enhanced product quality due to the adoption of global best practices on the shop floor.
- Diverse customer base and strong relationships with customers

Opportunities

- Increasing sophistication of vehicles (including production of alternative fuel-enabled vehicles)
- Fast-growing domestic/overseas demand/market.
- Increase in installed capacity of many OEMs is likely to increase auto-component sales

Weakness

- Slowdown in the automotive industry may adversely impact
- High capital cost and high-interest costs

Threats

- Increase in the import cost for the auto-component industry due to rupee depreciation.
- Competition from parent IEMs setting up manufacturing units in India
- Technology disruption

Awards and recognitions

During FY 2022-23, we received recognitions from the following institutions and customers for our consistent efforts to improve operational excellence and deliver high-quality products:

- Awarded the 'DICV Quality QUAD 2022 Excellent Performance Award' by Daimler India Commercial Vehicles (DICV) in recognition of our outstanding performance in quality metrics.
- Recognised as the 'Best Supplier' for our commendable product development and delivery performance in supply chain management by Mahindra & Mahindra.
- Received 'Gold' award in recognition of our outstanding performance in cost excellence from Ashok Leyland.
- Awarded the title of '2nd Best Supplier of the Year' for our admirable performance in demand fulfilment of spare parts.
- Awarded the 'Engineering Gold Award' by Meritor for our successful implementation of a digital poke-yoke on brake shoe conveyor assembly which led to a reduction in rework and inspection costs.
- Received 2 Gold and 1 Bronze awards from Meritor for our global quality achievements in Quality Improvement projects.



- Won 20 Gold Awards and 1 Silver Award at the Mysuru Chapter Convention on Quality Concept-CCQC Kaizens competition conducted by Quality Forum of India-QCFI (CCQC-2022).
- Received 4 Excellence Awards and 1 Distinguish Award in the NCQC-2022 Allied Case Study Presentation competition during the National Convention on Allied Concepts.
- Won the Prime Gold Award in the ICQCC-2022 Allied Case Study Presentation competition at the International Convention on Allied Concepts.

Operational highlights

At AAL, we are committed to utilising cutting-edge equipment and technology to deliver world-class products that meet global requirements. During the year under review, we have invested in specific computer numeric control (CNC) equipment for our production lines to meet new models and variants with a focus on improving productivity, maintaining flexibility and quickly responding to varying volume and variant demands.

Furthermore, we have transformed our plant by reorganising machine layouts and adopting single-piece flow and cell concepts which have enabled us to be more flexible and efficient. Our focus on eliminating non-value-added activities and enhancing productivity through multi-manning of machines has also significantly improved cost competitiveness.

Our new axle assembly line has embraced Industry 4.0 technology and the Internet of Things (IoT). We have developed in-house programming, installed relevant hardware and software and included devices to capture all critical process and quality parameters. This investment has resulted in higher operational efficiency and effectiveness.

Gear Line key improvements

Our CNC gear line is equipped with cutting-edge gear manufacturing equipment that adheres to global standards. We have implemented a fully-closed loop system with prediction to counter heat treatment distortion, allowing us to produce gears that meet the highest standards. With digitised masters and the ability to map heat-treated gear parts, we are able to produce precision parts that meet exact specifications.

We have also collaborated with blade suppliers to develop special ultrafine carbide blade materials with special coatings, improving speeds and feeds and significantly enhancing productivity. Additionally, we have installed a new

bore turning machine for gear bore and back face grooving to support our growing export demand. These investments in equipment and processes have enabled us to maintain our position as a leading provider of high-quality gears for global markets.

Automated Assembly line implementation

A fully automated assembly line was installed and commissioned to support the production of new models.

TPM implementation

During FY 2022-23, we began implementing Total Productive Maintenance (TPM) to enhance our manufacturing systems and adopt best practices. We have made significant progress in initiating activities in all eight pillars of TPM.

Corporate action

On February 21, 2022, Cummins Inc. entered into an Agreement and Plan of Merger with Meritor Inc., to acquire 100% of the capital stock of Meritor Inc. and the Merger got completed on August 3, 2022 pursuant to the Merger Agreement. The acquisition strengthens Cummins' industry-leading range of powertrain components and accelerates the development of electrified power solutions.

Based on the aforesaid transactions Cummins Inc. made an open offer to acquire 26% of the Voting Share Capital of the Company as per the requirement of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 which was got completed on January 11, 2023 with the acquisition of 145 number of Equity Shares of the total offer made.

Market and Business outlook FY 2023-24

The domestic automotive industry is expected to grow at high single-digit levels in FY 2023-24. According to the report, the demand for the passenger vehicles segment is expected to grow at 6-9%, commercial vehicles by 7-10%, two-wheelers by 6-9% and tractors by 4-6% in FY 2023-24. (Source: ICRA) We are confident that we can grow in line with the market by leveraging our strong foundation in New Product Development (NPD) for various platforms and variants as well as our ongoing efforts to optimise capacity utilisation and reduce inventory costs through strategic initiatives. Additionally, our implementation of Total Productive Maintenance will help us to eliminate waste and optimise resource utilisation across all critical processes. Our overarching goal is to increase market share while introducing innovative products and maintaining a focus on cost competitiveness, productivity and quality.

Financial performance

Key highlights	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Total Income (₹ Million)	23,286.20	14,948.78	9,126.48	9,596.81	19,420.02
Profit before Depreciation & Tax (₹ Million)	2,594.67	1,364.68	661.68	971.76	2,314.97
Profit After Tax(₹ Million)	1,620.29	743.58	227.30	411.34	1,215.50
Earnings Per Share (₹)	107.22	49.20	15.04	27.22	80.43

Key financial ratios	2022-23	2021-22	If there is change of 25% or more as compared to the immediately previous financial year, detail explanation is provided
Debtors Turnover	4.5	3.7	
Inventory Turnover	7.7	5.4	The volume significantly increased during FY 2022-23; however, the inventory value has increased only marginally. This, clubbed with overall higher sales of the year, pushed the inventory turnover ratio up compared to March 2022.
Interest Coverage Ratio	90	56.3	The interest cost remained at the same level as the previous financial year whereas the profit for FY 2022-23 has doubled when compared to the previous financial year resulting in a better Interest Coverage ratio
Current Ratio	2.3	1.9	
Debt Equity Ratio (%)	0.8	1.7	₹ 40 million of debt has been systematically repaid during the financial year. This, coupled with a better profitability, has resulted in a lower debt to equity ratio.
Operating Profit Margin (%)	20	26.6	
Net Profit Margin (%)	7.0	5.0	Net profit improved due to better sales during the year. Previous year sales were impacted by COVID-19 and market slowdown.
Return on Capital Employed (%)	28.7	16.1	ROCE improved due to better sales during the year. Previous year sales were impacted by COVID-19 and market slowdown
Return on Net Worth (%)	21.3	12.0	RONW % has improved due to better sales during the year. Previous year sales were impacted by COVID-19 and Market slowdown
Return on Net Asset (%)	28.9	16.2	RONA % has improved due to better sales during the year. Previous year sales were impacted by COVID-19 and Market slowdown

Quality management

We are committed to delivering the highest level of production quality by adopting contemporary manufacturing techniques. Our adoption of the Quality Management System (QMS) and Lean Manufacturing System (LMS) has helped us reinforce our commitment to the Built-In Quality (BIQ) concept and eliminate coolant, oil and chip (COC) waste. We have implemented the Automotive Axles Production System (APS) to streamline our operations while also adopting principles such as Gemba, Six Sigma and 5S to enhance our manufacturing processes.

To ensure quality standards are maintained, we have robust quality systems in place, such as the IATF 16949:2016, CQI9 for heat treatment processes, CQI15 for welding processes, and OHSAS for environmental, occupational health and safety management.

To become a benchmark organisation in the industry, we launched a company-wide TPM excellence/Total Quality Management (TQM) implementation initiative, focusing on operational excellence as a key differentiator in the marketplace.



Human resource management

Our employees are our human capital. Our progress depends on our ability to harness talent and unleash the potential of our people in order to be able to continue to meet the needs of our customers and to ensure business sustainability. We are focused on creating an environment in which our employees continue to be engaged and contribute to value creation and strategy.

We have prioritised the following:

- Building a diverse talent bench to deliver our business strategy
- Developing leadership capabilities and succession management for business viability and longevity
- Inculcating agile and ethical culture that encourages innovation and an entrepreneurial mindset
- Elevating performance across the business through rewards and new ways of working
- Leveraging and integrating technology as a competitive advantage into all aspects of our people agenda

Culture at AAL

We have built a diverse culture that we defend at every step. Our core culture objectives are:

- Treating employees with respect/dignity
- Continuous Improvement
- Promoting a culture of performance through teamwork and innovation

Acquiring talent and people practices

We are committed to promoting diversity and inclusion as core principles to foster a safe and supportive work environment for all of our employees. Our specialised learning centre offers comprehensive training programs for skill development, induction, on-the-job training (OJT) and specialised training for operators. Through our training programs, our employees acquire a diverse range of skills, including welding, CNC machine operation, material handling and tool identification. Our learning centre is fully equipped with state-of-the-art training facilities and employs contemporary training methods to ensure that our employees receive the best possible training.

Employee Engagement

We strongly believe in promoting a collaborative and inclusive work environment which is why we encourage the 'One AAL' concept across all our locations. Employee satisfaction is of utmost importance to us which is why we conduct regular surveys to gain insight into their needs and suggestions for improving engagement in the organisation. In addition to this, we organise various initiatives such as family day, festival celebrations, summer camps, annual sports day and cultural activities to promote employee well-being and encourage their families to participate as well. We also encourage our employees to participate in external events such as inter-company Kaizens, Best 5S, safety & quality competitions and cricket tournaments. Additionally, we organise various

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

Employee Appreciation Day

We have started a monthly Employee Appreciation Day to recognise employees who have demonstrated continuous improvement in productivity, quality, delivery, cost, safety and morale. This provides an opportunity for all employees to showcase their achievements to the leadership team. Additionally, we have created awards such as Spot Awards, Kaizen Awards, Quality Awards and Safety Awards to recognise their efforts. Moreover, we organise the Best Employee of the Year Award, wherein a panel selects the winners from the nominated employees.

Learning and Development

We have been investing in talent development through comprehensive training programs at different levels, including Supervisory Development, Managerial Development, and Leadership Development. We identify key talents and provide learning and development opportunities to support managerial and leadership growth, skill development and retention. In July 2022, we launched the Management Development program to cultivate young leaders. This program focuses on enhancing professional and managerial skills, providing key leadership skills and empowering talents to become impactful and great people leaders.

Policy for women employees

We are committed to creating an inclusive and diverse workplace where all employees are treated equally and with respect, regardless of their gender, caste, creed or background. We have robust policies in place to address issues pertaining to women and we aim to provide a safe and secure work environment for all our employees. Regular communication between women employees and management helps us to address concerns and improve the workplace experience. International Women's Day was celebrated on March 8, 2023 with the theme 'Embrace Equity'. The occasion provided an opportunity for women employees to interact with the top management and voice their opinions on gender equality, career growth and the support required to further their professional development.

Occupational Health Centre (OHC)

Our organisation places high importance on the health and safety of our employees. Our Occupational Health Centre (OHC) is equipped with qualified doctors, paramedical staff and emergency medical equipment to address any industry-specific health and safety issues that may arise among our employees. Additionally, our doctors conduct monthly health programmes to educate employees on work-related health hazards and promote work-life balance.

In the year under review, our fully equipped state-of-the-art Occupational Health Centre (OHC) facilities handle any emergency, including pandemic-related health issues.

Safety, health and environment (SHE)

At AAL, we are committed to protecting our workers from accidents, diseases and injuries while also safeguarding the environment from the negative impacts of industrial activities. Our SHE measures involve identifying and evaluating risks associated with work activities, developing strategies to manage those risks, implementing safety protocols, providing personal protective equipment, ensuring a healthy work environment and developing emergency response plans.

We strongly believe that SHE is crucial for the success and sustainability of businesses as it helps to reduce costs associated with accidents and environmental damage, improve the health and well-being of employees and promote sustainable development. Moreover, SHE is essential for complying with legal and regulatory requirements and meeting the expectations of stakeholders, including customers, investors and the general public.

Safety

Year after year, we consistently implement a range of safety measures that have been reported so far in addition to introducing new initiatives during the year under review. Some of these initiatives include:

- Conducted a survey across the plant and installed anti-skid rubber mats on slippery machine platforms

to achieve zero slip, trip and fall hazards and reduce potential serious injuries.

- Conducted blind corner mapping to identify forklift turning and movement risk assessments and installed convex mirrors at risky locations.
- Carried out corrections with respect to all mechanical material handling and electrical chain hoists, post-inspection by the external authorised agency.
- Conducted shop floor day and night illumination surveys at regular intervals to achieve recommended LUX levels. Additional rooftop polycarbonate sheets were installed to improve natural light entry into the shop floor during the daytime and roof artificial light lamps were provided as per IS standards & OSHA guidelines for industrial lighting.
- Provided all employees with powered standard safety glasses.
- Conducted safety relief valve testing and certification for mounded LPG storage bullets by Petroleum and Explosive Storage Organisation (PESO), pursuant to statutory requirements.
- Every year, we observe Safety Day and Chemical Disaster Prevention Day to create awareness among employees about the importance of safety and safe chemical management.

Fire Mitigation Programme

Apart from the actions reported so far we could do the following during the year:

- Installed windsocks at strategic locations on rooftops to indicate wind direction as a part of emergency preparedness plan.
- Implemented Fire Emergency Rescue Plan (FERP) and displayed it across the office area to create awareness and enhance preparedness and response in case of an emergency.
- Conducted a scientific survey to improve the fire alarm system and installed Manual Call Points (MCPs) across the plant to achieve early emergency response during fire incidents.

Health

- Every year, we conduct annual and bi-annual medical check-ups for all employees, including new recruits to ensure good health. These check-ups include vision and colour vision tests, audiometry, skin tests and ENT examination.
- As part of our commitment to employee health, we introduced Typhoid and Hepatitis B vaccinations for all our canteen workers. Additionally, they are given deworming tablets every six months.



- We believe in promoting overall wellness among our employees and organised an awareness session specifically for women employees to educate them about the importance of proper nutrition and fitness to succeed in both their professional and personal lives.

Environment

We do sustain our environmental protection practices reported year on year and continue to improve our practices such as:

- Implemented the use of CNG trucks for transportation of our finished goods, in an effort to reduce our carbon footprint.
- Celebrated World Environment Day 2022 by distributing natural vermicompost manure to all our employees and planting 1500 tree saplings in-house and externally as a part of our 'Mother Earth Care' initiative.
- Developed a public organic park at Ilavala Hobli, 1 km away from our premises to promote the 'Go Green' initiative. The garden is being developed around the Chamundi hills and we are committed to maintaining it with 100% STP-treated water from the AAL STP facility.
- Installed a Piezometer, a digital groundwater level recorder to continuously monitor the groundwater bed level and support our water conservation program and groundwater recharging efforts.

As a recognition of our environmental efforts, we continue to sustain ISO 14001:2014, Environment Management System certification.

Corporate Social Responsibility (CSR)

We, at AAL, are committed to creating a positive impact through our business practices. We firmly believe that our responsibility extends beyond our bottom line. Our aim is to make a meaningful difference in the ecosystem around us by ensuring that everyone has access to the resources and opportunities they need to thrive.

We take great pride in reflecting on our progress and celebrating our achievements while also recommitting ourselves to our goal of creating a better world for future generations. As a business, we recognise that our success is intertwined with the well-being of the communities where we operate. Hence, we are proud to give back to these communities in meaningful ways, such as:

Promoting education, including employment enhancing vocational skills

During the year under review, we have been successful in reaching individuals of different communities who are underprivileged or disadvantaged backgrounds who may not have access to quality education or training. With an aim to support well-designed programs that help individuals acquire new skills or upgrade their existing skills which eventually improves their employability and income-

generating potential, we partnered with various organisation and ensured the execution of the projects by contributing adequately to the projects brought up by:

- **Vanavasi Kalyana Karnataka:** Our company has taken up a service mission to uplift the tribal communities residing in forest and hilly regions of Karnataka, constituting 9% of India's population. These communities lack access to basic amenities and educational institutions and their potential remains underutilised. We aim to provide them with access to education and training as well as opportunities in sports to develop their talents.
- **Sri Ramakrishna Ashrama (Swami Vivekananda Cultural Youth Centre):** We have contributed to the construction of Swami Vivekananda Cultural Youth Centre - Viveka Smaraka with the objective of improving the skills and knowledge of the youth in Mysuru and surrounding areas. This centre provides training to teachers and trainers for coaching youth in developing their personalities and enhancing their skills for a fully functioning personality.
- **Pratham Education Foundation:** We have partnered with India's largest NGO in education and skilling, the Pratham Education Foundation, to contribute towards the training of students in the healthcare course. Pratham Foundation provides education and training in various sectors such as healthcare, beauty, automotive, construction, plumbing, electrical, hospitality and welding.
- We have also associated with other skill development institutions that believe in education as the key to a better India. Our partnerships include Kalisu Foundation for setting up a library facility, PAN IIT Alumni Reach For India (PARFI) Foundation for training underprivileged candidates in manufacturing skills, JSS Mahavidyapeetha for promoting education, including special education and employment enhancing vocational skills and Vishwakshema Trust for providing educational support to underprivileged students.

Promoting health care including preventive healthcare

For the past couple of years, we have successfully organised COVID-19 vaccination camps to increase vaccination coverage in areas where access to vaccines may be limited. This year, we continued to implement booster doses and properly plan and execute vaccination camps, contributing to controlling the spread of the virus and reducing its impact on society.

As part of our 'Community Outreach Programme', we collaborated with a not-for-profit organisation to organise a medical camp that provided cardiac evaluations with ECG and echocardiography as well as medical evaluations for ENT, ophthalmology, orthopedics, dental and general health check-ups. The camp also educated participants about "Ayushman Bharat," a key government initiative and over

250 people registered for health card under this program. This effort benefited approximately 825 individuals from lower-middle-class backgrounds.

In addition, we have been setting up public convenience facilities in and around Mysuru to ensure the city maintains its reputation as the cleanest city in the country while also promoting the health and hygiene of the general public. We are committed to maintain these facilities year-on-year.

Environment sustainability through Carbon sequestration

Carbon sequestration is a critical tool in achieving environmental sustainability, as it helps slow the pace of global warming and prevent its contribution to climate change. By capturing and storing carbon, we can work towards reducing greenhouse gas emissions and creating a

more sustainable future for generations to come. To achieve this, we have implemented a tree-planting program in and around Mysuru city and we are taking steps to protect the saplings by using tree guards. We believe that small actions like these can have a significant impact on the environment and help us move towards a more sustainable future.

Promoting Culture

We acknowledge and support the fact that a city's culture is a vital element of its identity. By fostering an environment that encourages creativity, diversity and community engagement, the city can become a more dynamic and attractive place to reside. Mysuru Dasara, a world-renowned cultural festival that brings people from all walks of life together to celebrate with grandeur is an excellent example of this. We collaborate with the relevant authorities to make the festival more vibrant and engaging for everyone.

Risks and Concerns

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

Risk	What it means	Mitigation
Industry risk	A general slowdown in the automobile markets where our customers are based has the potential to influence our sales	<ul style="list-style-type: none"> 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
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
Technology risk	The failure to innovate and develop new technologies or products or to adapt to changing customer behaviour could lead to our business being adversely impacted	<ul style="list-style-type: none"> Monitor emerging trends in automotive worldwide Continuous improvement Investment in new product technology
People risk	The inability to attract, recruit, retain and motivate a highly skilled workforce could result in the loss of key talent	<ul style="list-style-type: none"> 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

Internal Control Systems

Your Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations. These controls have been designed to provide reasonable assurance regarding the maintenance of proper accounting controls for ensuring orderly and efficient conduct of its business, monitoring of operations, reliability of financial reporting, accuracy and completeness of the accounting records, the timely preparation of reliable financial information, protecting assets from unauthorised

use or losses, prevention and detection of frauds and errors, and compliances with regulations. Your Company has continued its efforts to align all its processes and controls with global best practices.

To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements, the Management maintains a system of accounting and controls, including an internal audit process. Internal controls are evaluated by the Internal Audit team and supported by Management



reviews. All audit observations and follow-up actions thereon are tracked for resolution by the Internal Audit function and reported to the Audit Committee. Continuous training for the enforcement of AAL Code of Business Conduct is conducted across the organisation. The Code covers transparency in financial reports, ethical conduct, regulatory compliance, conflicts of interest review and reporting of concerns. Anti-fraud programs including whistle blower/vigil mechanisms are operative across the Company.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in government regulations, tax laws and other statutes and incidental factors.

Report On Corporate Governance

Our Corporate Governance Philosophy

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

Automotive Axles Limited ensures to disclose timely and accurate information regarding its financial position, performance and other vital information including the leadership and governance of the Company. Your Company believes that an active, well informed and independent board is necessary to ensure the highest standards of corporate governance.

Automotive Axles Limited believes the 'Board of Directors' (the 'Board') is the core of the corporate governance practice, which oversees the management's functions and protects the long-term interest of its stakeholders. As on March 31, 2023 the Board consists of six members of which three 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 March 31, 2023, Board comprised of six (6) Directors.

The Board consists of one (1) Executive Director and five (5) Non-executive Directors, three (3) 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 names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year 2022-23, the attendance at last Annual General Meeting held on Friday, August 5, 2022 and the number of Directorships and Committee Chairmanships/Memberships held by them in other Indian Companies as on March 31, 2023 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	12	3	Nil
Mr. Kenneth James Hogan	Promoter, Non-Executive	3	No	2	Nil	Nil
Mr. B.B. Hattarki	Independent	4	Yes	11	5	5
Mr. B.C. Prabhakar	Independent	4	Yes	5	1	1
Dr. Shalini Sarin	Independent	4	Yes	6	5	Nil
Mr. Nagaraja Sadashiva Murthy Gargeshwari (Appointed w.e.f. 07.04.2022)	Executive	4	Yes	1	1	Nil

Notes:

- There are no inter-se relationship between our Board members.
- *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.

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

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

2. Mr. Kenneth James Hogan (DIN: 09161738)

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

3. Bhalachandra Basappa Hattarki (DIN: 00145710)

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

4. Bhoopalam Chandrashekaraiah Prabhakar (DIN: 00040052)

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

5. Dr. Shalini Sarin (DIN: 06604529)

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

6. Nagaraja Sadashiva Murthy Gargeshwari (DIN: 00839616)

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

Board Meetings

In FY 2022-23 (Apr'22-Mar'23), the Board met four (4) times on May 17, 2022, August 5, 2022, November 7, 2022 and January 31, 2023. 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 2022-23.

Attendance at Board meeting of the Directors during the FY 2021-22

Name of the Director	No. of meetings conducted and attended during the year				Total Attendance	Total No. of Meetings	% of attendance
	May 17, 2022	Aug 05, 2022	Nov 07, 2022	Jan 31, 2023			
Dr. B.N. Kalyani	✓	✓	✓	✓	4	4	100
Mr. Kenneth James Hogan	✓	-	✓	✓	3	4	75
Mr. B.B. Hattarki	✓	✓	✓	✓	4	4	100
Mr. B.C. Prabhakar	✓	✓	✓	✓	4	4	100
Mr. Rakesh Kalra (Ceased w.e.f. 13.02.2023)	✓	✓	✓	✓	4	4	100
Dr. Shalini Sarin	✓	✓	✓	✓	4	4	100
Mr. Nagaraja Sadashiva Murthy Gargeshwari (Appointed w.e.f. 07.04.2022)	✓	✓	✓	✓	4	4	100

Number of shares held by non- executive directors:

Dr. B. N. Kalyani indirectly hold 126 number of equity shares of the company as on March 31, 2023 as a trustee of Babasaheb Family Trust along with Mrs. Sunita B. Kalyani and Mr. Amit B. Kalyani.

Mr. B. C. Prabhakar holds 575 number of equity shares of the company as on March 31, 2023.

The weblink where the details of familiarisation programme imparted to independent directors is available at <https://www.autoaxle.com/Downloads/Familiarisation%20Programme%20for%20Independent%20Directors%20of%20Automotive%20Axles%20Limited.pdf>

Skills/ Expertise/Competencies of the Board

List of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively	Availability of the identified skills/expertise/competencies	Names of directors who have such skills / expertise / competence
1. Leadership Skill	Available	All the Board Members
2. Operations Management of Automotive Sector	Available	Dr. B. N. Kalyani Mr. Kenneth James Hogan Mr. Nagaraja Sadashiva Murthy Gargeshwari
3. Project Management	Available	Mr. Nagaraja Sadashiva Murthy Gargeshwari
4. Strategic Planning	Available	Dr. B. N. Kalyani
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. Kenneth James Hogan Mr. B. B. Hattarki Mr. Nagaraja Sadashiva Murthy Gargeshwari



9. Economy & Finance	Available	Dr. B. N. Kalyani Mr. Kenneth James Hogan Mr. B. B. Hattarki Mr. Nagaraja Sadashiva Murthy Gargeshwari
10. Marketing and sourcing	Available	Dr. B. N. Kalyani Mr. Kenneth James Hogan Mr. Nagaraja Sadashiva Murthy Gargeshwari
11. Governance and Risk Management	Available	Dr. B. N. Kalyani Mr. Kenneth James Hogan Mr. Nagaraja Sadashiva Murthy Gargeshwari

Independent Directors

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

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

During the year 2022-23, Independent Directors met on March 31, 2023, discussed and reviewed the below:

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

Availability of information to the Board Members

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

- Annual Operating Plan and budgets, capital budgets and updates

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

- Constitution/reconstitution of Board Committees
- CSR activities carried out by the Company and expenditure made thereon
- Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
- Transactions, if any, that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Non-compliance, if any, of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Role of Board of Directors

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

Board Membership Criteria

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

The Board members are expected to rigorously prepare to attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with the responsibilities with the Company.

Selection of New Director

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

Training of Board Members

All new Directors inducted to the Board are introduced to Company's culture, its operations, customers, practices,

organizational structure, role and responsibilities, services, board procedures, matters reserved for the board, risk and the compliance details and such other details to familiarize the new Director about the Company.

A separate Independent Directors meeting was conducted during the year.

Code of Conduct

In compliance with the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed and adopted Code of Conduct (the Code). This is applicable to all Directors, Independent Directors and Senior Management of the Company. The Code gives guidance and support needed for ethical conduct of business and compliance of law. All members of the Board and Senior Management personnel have affirmed the compliance with the Code as on March 31, 2023.

The Code is available on Company's website under below weblink: <https://www.autoaxle.com/Downloads/Code%20of%20Conduct%20as%20of%20May'19.pdf>

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 https://www.autoaxle.com/Investor_Policy.aspx

Board Committees

As on March 31, 2023, the Company has five committees namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board Committees are set up under the formal approval of the Board to carry out respective roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board meeting for perusal and noting. The Company Secretary acts as the secretary of all Committees.

**Board and Committee composition as on March 31, 2023**

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. Kenneth James Hogan	✓					
3	Mr. B.B. Hattarki	✓	Chairman	Member	Member		Member
4	Mr. B.C. Prabhakar	✓	Member	Chairman	Chairman	Chairman	Chairman
5	Dr. Shalini Sarin	✓	Member		Member	Member	Member
6	Mr. Nagaraja Sadashiva Murthy Gargeshwari	✓				Member	

Audit Committee

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

Mr. B B Hattarki, Chairman

Mr. B C Prabhakar, Member

Dr. Shalini Sarin, Member

During the year, there was change in the members of the Audit Committee. Position of Mr. Rakesh Kalra was replaced with Dr. Shalini Sarin as a Member w.e.f. March 14, 2023 as

Mr. Rakesh Kalra ceased from Directorship w.e.f. February 13, 2023 due to completion of his tenure. All members of the Committee are financially literates and possess required expertise.

The committee met four (4) times during the year on May 11, 2022, August 4, 2022, November 4, 2022 and January 30, 2023.

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 2022-23

Name of the Director	Audit Committee Meeting held during the year 2022-23				Total Attendance	Total No. of Meetings	% of attendance	Status
	May 11, 2022	Aug 04, 2022	Nov 04, 2022	Jan 30, 2023				
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100	Chairman
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Member
Mr. Rakesh Kalra (Ceased w.e.f. 13.02.2023)	✓	✓	✓	✓	4	4	100	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.

- All members of the committee are financially literate and having requisite financial management expertise.
- The Chairman of the Audit Committee is an Independent Director.

Powers of the Audit Committee

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

Role of the Audit Committee:

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

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

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee consists of three Independent Directors:

Mr. B C Prabhakar, Chairman

Mr. B B Hattarki, Member

Dr. Shalini Sarin, Member

During the year, there was change in the members of the Nomination and Remuneration Committee. Position of Mr. Rakesh Kalra was replaced with Mr. B B Hattarki as a Member w.e.f. March 14, 2023 as Mr. Rakesh Kalra ceased from Directorship w.e.f. February 13, 2023 due to completion of his tenure.

The committee met two (2) times during the year on May 11, 2022 and January 30, 2023.

Attendance record of NRC members for 2022-23

Name of the Director	NRC Meeting held during the year 2022-23		Total Attendance	Total No. of Meetings	% of attendance	Status
	May 11, 2022	Jan 30, 2023				
Mr. B C Prabhakar	✓	✓	4	4	100	Chairman
Mr. Rakesh Kalra (Ceased w.e.f. 13.02.2023)	✓	✓	4	4	100	Member
Dr. Shalini Sarin	✓	✓	4	4	100	Member

Terms of Reference

- To identify qualified persons to become directors and senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising policy on Board diversity



- To act in terms of any consequent statutory modification(s) / amendment(s) / revision(s) to any of the applicable provisions to the said Committee.
- To decide on terms of appointment/re-appointment of Independent Director based on the performance evaluation report received.
- To recommend to the board, all remuneration, in whatever form, payable to senior management.

- 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.

Performance evaluation criteria for independent directors

- Attendance and participation in the meetings and timely inputs on the minutes of the meetings
- Adherence to ethical standards and code of conduct of company and disclosure of non-independence, as and when exists and disclosure of interest
- Raising of valid concerns to the Board and constructive contribution to resolution of issue at meetings
- Interpersonal relations with other Directors & Management
- Objective evaluation of Board's performance, rendering independent and unbiased opinion

Stakeholders Relationship Committee (SRC)

The SRC 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. All the members of the Committee are independent directors. The following is the composition of the Committee::

Mr. B.C. Prabhakar, Chairman

Mr. B. B. Hattarki, Member

Dr. Shalini Sarin, Member

During the year, there was change in the members of the SRC. Position of Mr. Rakesh Kalra was replaced with Dr. Shalini Sarin as a Member w.e.f. January 31, 2023.

The Committee met four times during the year on May 11, 2022, August 4, 2022, November 4, 2022 and January 30, 2023.

Attendance record of SRC members for 2022-23

Name of the Director	SRC Meeting held during 2022-23				Total Attendance	Total No. of Meetings	Attendance %	Status
	May 11, 2022	Aug 04, 2022	Nov 04, 2022	Jan 30, 2023				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Mr. Rakesh Kalra (Ceased w.e.f. 13.02.2023)	✓	✓	✓	✓	4	4	100	Member
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100	Member

Compliance Officer

Mr. Debadas Panda, Company Secretary & Compliance Officer, is the Compliance Officer of the Company for complying with requirements of the Companies Act, 2013, 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 2022-23	Nil
Number of complaints not solved to the satisfaction of the shareholders	Nil
Number of pending complaints	Nil

Risk Management Committee (RMS)

The Committee comprises of three members as on March 31, 2023:

Mr. B C Prabhakar, Chairman

Mr. Ranganathan S, Member

Mr. B. B. Hattarki, Member

The Committee met four times during the year on May 11, 2022, August 4, 2022, November 4, 2022 and January 30, 2023.

Name of the Director	RMS meeting held during the year 2022-23				Total Attendance	Total No. of Meetings	Attendance %	Status
	May 11, 2022	Aug 04, 2022	Nov 04, 2022	Jan 30, 2023				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Mr. Ranganathan S	✓	✓	✓	✓	4	4	100	Member
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100	Member

Terms of Reference inter alia include the following:

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

Corporate Social Responsibility Committee (CSR)

The Committee comprises of three members as on March 31, 2023:

Mr. B C Prabhakar, Chairman

Dr. Shalini Sarin, Member

Mr. Nagaraja Sadashiva Murthy Gargeshwari, Member

The CSR committee met two times during the year on May 11, 2022 and January 30, 2023.

Attendance record of CSR members for 2022-23

Name of the Director	CSR Meeting held during the year 2022-23		Total Attendance	Total No. of Meetings	Attendance %	Status
	May 11, 2022	Jan 30, 2023				
Mr. B C Prabhakar	✓	✓	2	2	100	Chairman
Dr. Shalini Sarin	✓	✓	2	2	100	Member
Mr. Nagaraja Sadashiva Murthy Gargeshwari	✓	✓	2	2	100	Member

Terms of reference inter alia includes the following

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy in terms of Schedule VII of the Companies Act, 2013.
- To review the Corporate Social Responsibility Policy of the Company from time to time.
- Formulating and recommending to the Board an annual action plan for the projects to be undertaken consisting of:
 - a) the list of CSR projects or programs to be undertaken as per Schedule VII of the Companies Act, 2013.
 - b) the manner of execution of such projects or programs.
 - c) the modalities of utilization of funds.
 - d) implementation schedules for the projects or programs.
 - e) monitoring and reporting mechanism for the projects or programs.
 - f) details of need and impact assessment, if any.



- To act in terms of any consequent statutory modification(s) /amendment(s)/ revision(s) to any of the applicable provisions to the said Committee.
- Proper management of surplus arising out of the CSR Projects and ensuring that they do not form part of the business profit of the company.

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

Remuneration of Directors

(a) Non-Executive Directors pecuniary transaction or relationship with the Company

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

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

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

(c) Criteria of making payments to Executive Directors

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

(d) Details of Remuneration paid to Directors for the financial year 2022-23

Name of Director	Salary & Perquisites (In ₹)	Sitting Fees & Commission (In ₹)	Shares Issued under ESOPs	Details of Service Contracts, Notice Period & Severance fees
Mr. Nagaraja Sadashiva Murthy Gargeshwari (Appointed w.e.f. 07.04.2022)	1,76,94,074	Nil	Nil	Appointed as a Whole-time Director of the Company designated as President & Whole-time Director, for a period of five years from April 7, 2022 to April 6, 2027. All other terms as per employment agreement. Three months' notice period and no severance fees. All the above elements are fixed component.
Dr. Muthukumar N (Resigned w.e.f. 05.04.2022)	1,09,550	Nil	Nil	Appointed as a Whole-time Director of the Company designated as President & Whole-time Director, for a period from January 27, 2022 to April 5, 2022. All other terms as per employment agreement. Three months' notice period and no severance fees. All the above elements are fixed component.
Dr. B.N. Kalyani	Nil	2,00,000	Nil	
Mr. Kenneth James Hogan **	Nil	N. A	Nil	
Mr. B B Hattarki	Nil	4,50,000	Nil	
Mr. B C Prabhakar	Nil	4,50,000	Nil	
Dr. Shalini Sarin	Nil	2,50,000	Nil	

Directors	Relationship with other Directors	Equity Shares held
Dr. B.N. Kalyani	None	126*
Mr. Kenneth James Hogan**	None	Nil
Mr. B B Hattarki	None	Nil
Mr. B C Prabhakar	None	575
Dr. Shalini Sarin	None	Nil
Mr. Nagaraja Sadashiva Murthy Gargeshwari	None	Nil
Dr. Muthukumar N	None	Nil

Note:

- * Indirect holding as a trustee of Babasaheb Kalyani Family Trust along with Mrs. Sunita B. Kalyani and Mr. Amit B. Kalyani.
- **Mr. Kenneth James Hogan does not claim any sitting fee, being in conformity with Meritor's Policy for such nominees for attending the meetings.
- All the above elements are fixed component but for the Performance linked incentive.
- Salary & Perquisites includes Salary, Allowances, perquisites (if any) and Company's contribution towards Provident Fund, Gratuity and Superannuation including Annual Performance Incentive, drawn by the employee during the year before any deductions made.

Secretarial Audit for Reconciliation of Share Capital

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

General Body Meetings

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

Financial Year	Date	Time	Venue	Special Resolutions Passed
2019-20	August 19, 2020	3.00 p.m.	Through Video Conferencing/Other Audio-Visual Means at the Regd. Office of the Company	None
2020-21	August 10, 2021	3.00 p.m.	Through Video Conferencing/Other Audio-Visual Means at the Regd. Office of the Company	None
2021-22	August 5, 2022	3.00 p.m.	Through Video Conferencing/Other Audio-Visual Means at the Regd. Office of the Company	None

No Extraordinary General Meeting of the Members was held during the financial year 2022-23.

Resolution passed through Postal Ballot

Two resolutions were passed through Postal Ballot during the financial year 2022-23 on April 26, 2022:

- Appointment of Mr. Nagaraja Sadashiva Murthy Gargeshwari, (DIN:00839616) as Whole Time Director of the Company for a period of five (5) years effective April 7, 2022.
- Ratification of appointment of Dr. Muthukumar N., (DIN: 06708535) as Whole Time Director of the Company from January 27, 2022 to April 5, 2022.

The postal ballot was conducted through e-voting mechanism offered by the NSDL and Ms. Pracheta M., Practicing Company Secretary was appointed as the Scrutinizer for the process.



Means of Communication

Your Company puts forth all vital information about the Company's performance including quarterly results, communication to investors, Press Releases and Presentations made to the institutional investors / analysts after the declaration of the quarterly, half-yearly and annual results on Company's website: www.autoaxle.com regularly for the benefit of the public at large simultaneously on submitting it to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) .

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

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

General Shareholder Information

Annual General Meeting	Date & Time : August 3, 2023 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 – 570 018
CIN	L51909KA1981PLC004198
Financial Year	April 1, 2022 to March 31, 2023
Book Closure Dates	July 28, 2023 to August 3, 2023 (both days inclusive)
Dividend Payment Date	Expected on or before September 1, 2023
Plant Locations	<p>Mysuru Plant: Hootagalli Industrial Area Off Hunsur Road, Mysuru, Karnataka - 570018.</p> <p>Rudrapur Plant: Plot No. 3, ITBT Park, SIIDCUL- IEE Pant Nagar, (NH-4), Dist. Udham Singh Nagar, Uttarakhand - 263150</p> <p>Jamshedpur Plant : Old Khakripara, Vill & Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand, 831015</p> <p>Hosur Plant: Survey No 609/3H, Pathakotta Road Addakurukki, Kamandoddi Village, Shoolagiri, Krishnagiri, Tamil Nadu, 635117</p>
Securities Listing	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 National Stock Exchange of India Limited, Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai-400 051. The Company confirms that the annual listing fee for the year 2022-23 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, 2022	1757	1542	26179	1760	1539	257365
May, 2022	1722	1381	31974	1708	1430	489898
June, 2022	1830	1485	38564	1830	1565	720628
July, 2022	2140	1573	130132	2140	1739	2016265
August, 2022	2080	1554	61233	2080	1905	605982
September, 2022	2301	1825	76938	2280	1852	624509
October, 2022	2199	1891	24682	2199	1937	441300
November, 2022	2130	1909	21843	2142	1901	284358
December, 2022	2070	1871	16755	2071	1,934	258169
January, 2023	2659	1959	34994	2658	1960	757569
February, 2023	2685	2223	43146	2686	2314	555642
March, 2023	2560	2240	40890	2565	2233	585582

The performance of the company's scrip on BSE and NSE as compared to the BSE AUTO and NIFTY AUTO during the year 2022-23 are as under: -

Months	(Amount in Rupees)							
	AAL Share Price on BSE		BSE AUTO		AAL Share Price NSE		NSE NIFTY AUTO	
	High	Low	High	Low	High	Low	High	Low
April, 2022	1757	1542	25648	23882	1760	1539	11291	10472
May, 2022	1722	1381	26628	23023	1708	1430	11682	10093
June, 2022	1830	1485	27259	24384	1830	1565	11911	10685
July, 2022	2140	1573	29111	26374	2140	1739	12690	11530
August, 2022	2080	1554	30570	28937	2080	1905	13336	12608
September, 2022	2301	1825	30757	28384	2280	1852	13422	12366
October, 2022	2199	1891	30869	28376	2199	1937	13454	12386
November, 2022	2130	1909	31002	29080	2142	1901	13545	12668
December, 2022	2070	1871	30499	27900	2071	1,934	13296	12141
January, 2023	2659	1959	30517	28625	2658	1960	13356	12468
February, 2023	2685	2223	30922	28835	2686	2314	13540	12566
March, 2023	2560	2240	30021	27469	2565	2233	13059	11902

Share Transfer System & Share Transfer Agents

In compliance with the SEBI circular dated December 27, 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, the Company has appointed Integrated Registry Management Services Private Limited, No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 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 March 31, 2023:**

Pattern of Shareholding by ownership			Pattern of shareholding by share class			
Ownership	No. of Shares held	Share holding %	Category	No. of Share holders	No. of Shares held	Share holding %
Promoters	10,735,226	71.04	=/< 500	26251	991970	6.56
Non-Promoter (Public)			501-1000	269	198723	1.32
Bodies Corporate	126,705	0.84	1001-2000	156	224386	1.48
FI/ Foreign Portfolio Investor's & Bank	110,844	0.73	2001-3000	51	125537	0.83
NRI's	89,306	0.59	3001-4000	16	57716	0.38
Mutual Funds	1,954,908	12.94	4001-5000	16	72526	0.48
Others	2,094,986	13.87	5001-10000	23	156922	1.04
Total	15,111,975	100.00	> 10000	39	13284195	87.91
			Total	26821	15111975	100.00
Dematerialization	The Company's Equity Shares are under compulsory demat trading. As on March 31, 2023, dematerialized shares accounted for 99.70% of total equity.					
Audit Qualification	There is no audit qualification in the financial Statements of the Company for the year ended March 31, 2023					

List of credit ratings obtainedCredit Rating Agency: **ICRA Limited**

Instrument	Rating Action
Long Term Rating	[ICRA]AA-
Short Term Rating	[ICRA]A1 +

Investor Grievance Correspondence:**Company**

Secretarial Dept., Automotive Axles Limited
Hootagalli Industrial Area
Off Hunsur Road, Mysuru - 570 018
Phone : 0821-7197500
Email : sec@autoaxle.com

Share Transfer Agents

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
Email : irg@integratedindia.in

Disclosures**Related Party Transactions**

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

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of

the Members is drawn to the disclosure set out in notes to Financial Statement.

A Policy on Related Party Transactions is being uploaded in the website of the company which can be access at: <https://www.autoaxle.com/Downloads/Policy/Policy%20on%20Related%20Party%20Transactions%202022.pdf>

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.

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

Certificate from CS Pracheta M., Practicing Company Secretary having membership no. FCS 9323 and Certificate of Practice No. 9838 has been obtained, certifying that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. Certificate from Practicing Company Secretary is annexed with this report.

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

Total fees for all services paid by the company to the statutory auditor M/s. S R Batliboi & Associates LLP is ₹ 4.43 million (including reimbursement of expenses) for the Financial Year 2022-23.

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

Disclosures with respect to Demat suspense account/ unclaimed suspense account

There were no shares which are liable to be transferred to Demat Suspense account or Unclaimed Suspense Account during the year under review.

Compliance with Mandatory & Non-Mandatory Requirements/Discretionary Requirements

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

Modified Opinion(s) in Audit Report

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

Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

SEBI Complaints System (SCORES)

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

Reminders to Investors

Every year reminder letters for unpaid dividend are sent to the shareholders who have not claimed their dividend. Accordingly, the Company has sent the reminder letters to the shareholders dated May 20, 2022 during the year.

Presentations to Institutional Investor and Analyst

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

Declaration on Compliance with the Code of Conduct

I, Nagaraja Sadashiva Murthy Gargeshwari, President & Whole-time Director of Automotive Axles Limited hereby declare that all the Board Members and Senior Managerial Personnel have affirmed for the year ended March 31, 2023 compliance with the Code of Conduct of the Company laid down for them.

Nagaraja Sadashiva Murthy Gargeshwari

President & Whole time Director

Place: Pune

Date: May 16, 2023



To the Board of Directors of Automotive Axles Limited

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

We, Nagaraja Sadashiva Murthy Gargeshwari, President & Whole time Director and Ranganathan S., Chief Financial Officer of Automotive Axles Limited as required under the Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the best of our knowledge and belief, certify with respect to the financial results for the financial year ending March 31, 2023 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.

Nagaraja Sadashiva Murthy Gargeshwari
President & Whole time Director

Ranganathan S
Chief Financial Officer

Place: Pune

Date: May 16, 2023

**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 2023, 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 Obligation and Disclosure Requirements) Regulations, 2015.

For **Pracheta and Associates**
Company Secretaries

Pracheta M.
Proprietrix
FCS No.: F9323
C P No.: 9838
Peer Review Certificate No.: 1173/2021
UDIN: F009323E000314320

Place: Mysuru

Date: May 16, 2023



Certificate of Non-Disqualification of Directors

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

To
The Members,
Automotive Axles Limited

CIN: L51909KA1981PLC004198

1. We have examined the status of directors for the year ended on March 31, 2023, pursuant to the provisions of Clause 10(i) of Para C of Schedule V of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations")**.
2. It is neither an audit nor an expression of opinion regarding the legality of debaring or disqualification by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs (MCA) or any such statutory authority.
3. Our examination was limited to a review of the relevant records of the Company and website of MCA, stock exchange(s), SEBI and other relevant statutory authority(ies) and it is solemnly the responsibility of Directors to submit relevant declarations and disclosures with complete and accurate information in compliance with the relevant provisions.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the declarations and disclosures made by the Directors, we certify that none of the directors on the board of AUTOMOTIVE AXLES LIMITED have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority during the year ended at March 31, 2023.

For **Pracheta and Associates**
Company Secretaries

Pracheta M.
Proprietrix
FCS No.: F9323
C P No.: 9838
Peer Review Certificate No.: 1173/2021
UDIN: F009323E000314298

Place: Mysuru
Date: May 16, 2023

Independent Auditor's Report

To the Members of Automotive Axles Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Automotive Axles Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, 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 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 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, 2023, 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 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 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 financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the 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 financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>(a) Valuation of Inventories (as described in Notes 2(i) and 8 of the financial statements)</p> <p>We have identified valuation of inventories as a key audit matter due to the critical judgement exercised by the Company's Management in identifying the obsolete and slow-moving/non-moving items of inventories and assessing the amount of allowance for inventories.</p> <p>The balance of inventories as at March 31, 2023 is INR 2,307.11 million, net of provision amounting to INR 111.44 million was made. Inventories comprise raw material, work in progress, finished products and stores and spares.</p> <p>The determination of provision in respect of inventories requires Management to exercise judgment in identifying the obsolete and slow-moving/non-moving inventories and make estimates of the appropriate level of provision required.</p>	<p>Our audit procedures in relation to identification of slow moving/non-moving and obsolete inventory included the following:</p> <ul style="list-style-type: none"> • Understood Company's internal control environment over receipts, consumption and dispatch of inventories and controls over valuation of inventories and determination of provision required for slow and non-moving inventories; • We understood and evaluated the basis of identification of the obsolete 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 obsolete and slow-moving/non-moving inventories to the historical allowance recognized; • We have tested the utilisation pattern of the aged inventory on a sample basis; and • We assessed the realizable value, on a sample basis, by comparing the inventory value with the subsequent sales prices of the finished goods.



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 financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the 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 financial statements for the financial year ended March 31, 2023 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, 2020 ("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 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these 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, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 35 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
 - iv. a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 44 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 44 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend



- or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 14.2 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval

- of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Sunil Gaggar**
Partner
Membership Number: 104315
UDIN: 23104315BGXPYM9196

Place of Signature: Bengaluru
Date: May 16, 2023

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

In terms of the information and explanation sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) Property, Plant and Equipment have been physically verified by the Management during the year and no material discrepancies were identified on such verification.
- (c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3 to the financial statements included in Property, Plant and Equipment are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (c) In respect of loans granted to companies, firms, Limited Liability Partnerships or any other parties, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following case:

Name of the Entity	Amount (In Millions)	Due date	Extent of delay (in days)
AB Auto Brakes Private Limited	1.97	01-11-22	151

- (d) The following amounts are overdue for more than ninety days from a company to whom loan has been granted, and reasonable steps have been taken by the Company for recovery of the overdue amount of principal.

Number of Case	Principal Amount Overdue (In Millions)	Interest Overdue (In Millions)	Total Overdue (In Millions)
1	1.97	Nil	1.97



- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which has fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (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 regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Total disputed dues (INR in millions)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax (disallowance of deduction u/s 80JJAA)	0.21	AY 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Dividend distribution tax	5.88	AY 2019-20	Assessing Officer
Income Tax Act, 1961	Dividend distribution tax	82.85	AY 2020-21	Assessing Officer

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) The Company did not raise any funds during the year, hence, the requirement to report on clause (ix) (d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the

- requirement to report on clause 3(ix)(e) & (f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under Sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) (a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with Sections 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) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) (c) of the Order is not applicable to the Company.
- (d) The Group does not have more than one CIC as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 43 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013, in compliance with second proviso to Sub-section 5 of Section 135 of the Act. This matter has been disclosed in note 31 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of

Sub-section (6) of Section 135 of Companies Act. This matter has been disclosed in note 31 to the financial statements.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sunil Gaggar**

Partner

Membership Number: 104315

UDIN: 23104315BGXPYM9196

Place of Signature: Bengaluru

Date: May 16, 2023

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 with reference to financial statements of Automotive Axles Limited ("the Company") as of March 31, 2023 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these

financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 authorizations of Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 With Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with

reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sunil Gaggar**

Partner

Membership Number: 104315

UDIN: 23104315BGXPYM9196

Place of Signature: Bengaluru

Date: May 16, 2023

Balance Sheet

as at March 31, 2023

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

	Notes	March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,155.19	2,369.61
Capital-work-in-progress	3	64.70	32.73
Intangible assets	4	11.49	14.92
Right-of-use assets	34	287.68	202.76
Financial assets			
Loans	5	2.50	16.97
Other financial assets	6	158.07	149.63
Other non-current assets	7	23.67	38.02
Deferred tax assets (net)	21	48.96	78.62
		2,752.26	2,903.26
Current assets			
Inventories	8	2,307.11	1,992.34
Financial assets			
Investments	9	-	166.59
Trade receivables	10	4,985.97	3,894.20
Cash and cash equivalents	11	111.79	741.98
Other bank balances	12	352.98	63.10
Loans	5	9.47	61.85
Other financial assets	6	668.73	7.76
Other current assets	7	377.39	587.20
Current tax assets (net)	20	-	32.81
		8,813.44	7,547.83
		11,565.70	10,451.09
Total assets			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	151.12	151.12
Other equity	14	7,442.11	6,059.49
		7,593.23	6,210.61
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	62.50	104.16
Lease liabilities	34	155.33	67.94
Provisions	16	39.12	96.58
		256.95	268.68
Current liabilities			
Financial liabilities			
Borrowings	15	41.67	41.67
Lease liabilities	34	21.08	20.75
Trade payables	17	-	-
(A) Total outstanding dues of micro enterprises and small enterprises		207.07	123.38
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,953.87	3,204.34
Other financial liabilities	18	184.58	137.70
Provisions	16	81.66	148.65
Other current liabilities	19	214.38	250.38
Liabilities for current tax (net)	20	11.21	44.93
		3,715.52	3,971.80
		3,972.47	4,240.48
		11,565.70	10,451.09
Total equity and liabilities			
Summary of significant accounting policies	2		

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

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Sunil Gaggur**

Partner
Membership No.: 104315

Place: Bengaluru
Date: May 16, 2023

For and on behalf of the Board of Directors of
Automotive Axles Limited
CIN: L51909KA1981PLC004198

Nagaraja Sadashiva Murthy Gargeshwari

Whole Time Director
DIN: 00839616

Place : Pune
Date : May 16, 2023

Ranganathan S
Chief Financial Officer

Place : Pune
Date : May 16, 2023

Dr. B. N. Kalyani

Chairman
DIN: 00089380

Place : Pune
Date : May 16, 2023

Debadas Panda
Company Secretary

Place : Pune
Date : May 16, 2023



Statement of Profit and Loss

for the year ended March 31, 2023

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

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	22	23,237.01	14,906.19
Other income	23	49.19	42.59
Total income		23,286.20	14,948.78
Expenses			
Cost of raw material consumed	24	16,751.45	10,719.77
Changes in inventories of finished goods and work-in-progress	25	(64.03)	(98.24)
Employee benefits expense	26	1,270.12	1,142.79
Finance costs	27	29.15	24.67
Depreciation and amortisation expense	28	413.72	364.18
Other expenses	29	2,704.84	1,795.11
Total expenses		21,105.25	13,948.28
Profit before tax		2,180.95	1,000.50
Tax expense			
Current tax	21	527.31	254.30
Deferred tax	21	33.35	2.62
Total tax expense		560.66	256.92
Profit for the year		1,620.29	743.58
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plan	37	(14.68)	(7.38)
Tax on remeasurements of the defined benefit plan	21	3.69	1.88
Other comprehensive income for the year, net of tax		(10.99)	(5.50)
Total comprehensive income for the year, net of tax		1,609.30	738.08
Earnings per equity share [nominal value of share INR 10 (March 31, 2022: INR 10)]			
Basic and diluted (in Rupees)	30	107.22	49.20
Summary of significant accounting policies	2		

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sunil Gaggar**

Partner

Membership No.: 104315

Place: Bengaluru

Date: May 16, 2023

For and on behalf of the Board of Directors of

Automotive Axles Limited

CIN: L51909KA1981PLC004198

Nagaraja Sadashiva Murthy Gargeshwari

Whole Time Director

DIN: 00839616

Place : Pune

Date : May 16, 2023

Ranganathan S

Chief Financial Officer

Place : Pune

Date : May 16, 2023

Dr. B. N. Kalyani

Chairman

DIN: 00089380

Place : Pune

Date : May 16, 2023

Debadas Panda

Company Secretary

Place : Pune

Date : May 16, 2023

Cash Flow Statement

for the year ended March 31, 2023

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

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
I Operating activities			
Profit before tax		2,180.95	1,000.50
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense	28	413.72	364.18
Profit on sale of property, plant and equipment	23	(1.09)	(0.19)
Provision for doubtful trade receivables	29	3.26	-
Bad debts written off	29	(3.26)	-
Gain on termination of lease	23	(1.26)	-
Profit on sale of mutual funds	23	(2.11)	(3.26)
Warranty expense	29	118.56	49.62
Finance costs	27	22.99	22.55
Finance income (including fair value changes in financial instruments)	23	(39.51)	(32.95)
Operating profit before working capital adjustments		2,692.25	1,400.45
Working capital adjustments :			
(Increase) in trade receivables		(1,091.77)	(1,074.19)
Decrease / (increase) in loans		7.35	(1.43)
(Increase) / decrease in other financial assets		(12.07)	10.72
Decrease / (increase) in other assets		204.33	(38.67)
(Increase) / decrease in inventories		(314.77)	13.40
(Decrease) / increase in trade payables		(166.78)	547.24
(Decrease) / increase in other liabilities		(35.97)	3.94
Increase / (decrease) in other financial liabilities		19.40	(176.19)
Decrease in provisions		(257.68)	(23.68)
		1,044.29	661.59
Income tax paid (net of refund)		(528.23)	(228.74)
Net cash flows from operating activities		516.06	432.85
II Investing activities			
Purchase of property, plant and equipment and intangible assets		(160.02)	(218.84)
Proceeds from sale of property, plant and equipment		2.34	0.32
Purchase of current investments		-	(166.59)
Proceeds from sale of current investments		168.70	123.84
Loans given to suppliers		-	(33.38)
Loans repaid by suppliers		59.50	56.34
Investment in fixed deposits		(930.09)	(60.00)
Interest received (finance income)		22.27	32.95
Net cash flows used in investing activities		(837.30)	(265.36)
III Financing activities			
Repayment of borrowings		(41.66)	(41.67)
Interest paid		(23.00)	(22.83)
Payment of principal portion of lease liabilities		(17.73)	(18.66)
Dividend paid to equity holders		(226.56)	(68.37)
Net cash flows used in financing activities		(308.95)	(151.53)



Cash Flow Statement

for the year ended March 31, 2023

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

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
IV Net (decrease) / increase in cash and cash equivalents (I + II + III)		(630.19)	15.96
Cash and cash equivalents at the beginning of the year	11	741.98	726.02
V Cash and cash equivalents at the end of the year	11	111.79	741.98
VI Components of cash and cash equivalents as at the end of the year	11		
Cash on hand		0.03	0.01
Balances with banks			
- in current accounts		111.76	441.97
- in deposit accounts with original maturity of less than three months		-	300.00
Total cash and cash equivalents		111.79	741.98
Refer Note 11.1 for Change in liabilities arising from financing activities			
Summary of significant accounting policies	2		

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sunil Gaggar

Partner

Membership No.: 104315

Place: Bengaluru

Date: May 16, 2023

For and on behalf of the Board of Directors of

Automotive Axles Limited

CIN: L51909KA1981PLC004198

Nagaraja Sadashiva Murthy Gargeshwari

Whole Time Director

DIN: 00839616

Place : Pune

Date : May 16, 2023

Ranganathan S

Chief Financial Officer

Place : Pune

Date : May 16, 2023

Dr. B. N. Kalyani

Chairman

DIN: 00089380

Place : Pune

Date : May 16, 2023

Debadas Panda

Company Secretary

Place : Pune

Date : May 16, 2023

Statement of Changes in Equity

for the year ended March 31, 2023

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

a) Equity share capital

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

	Numbers	INR
As at April 01, 2021	1,51,11,975	151.12
Issued during the year	-	-
As at March 31, 2022	1,51,11,975	151.12
Issued during the year	-	-
As at March 31, 2023	1,51,11,975	151.12

b) Other equity

	Attributable to equity holders of the Company			
	Reserves & surplus			Total
	Securities premium	General reserves	Retained earnings	
Balance as at April 1, 2021	115.59	458.82	4,815.02	5,389.43
Profit for the year	-	-	743.58	743.58
Other comprehensive income	-	-	(5.50)	(5.50)
Dividend paid (refer note 14.2)	-	-	(68.01)	(68.01)
Balance as at March 31, 2022	115.59	458.82	5,485.08	6,059.49
Balance as at April 1, 2022	115.59	458.82	5,485.08	6,059.49
Profit for the year	-	-	1,620.29	1,620.29
Other comprehensive income	-	-	(10.99)	(10.99)
Dividend paid (refer note 14.2)	-	-	(226.68)	(226.68)
Balance as at March 31, 2023	115.59	458.82	6,867.70	7,442.11

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 **Sunil Gaggar**

Partner

Membership No.: 104315

Place: Bengaluru

Date: May 16, 2023

For and on behalf of the Board of Directors of

Automotive Axles Limited

CIN: L51909KA1981PLC004198

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Dr. B. N. Kalyani

Chairman

DIN: 00089380

Place : Pune

Date : May 16, 2023

Debadash Panda

Company Secretary

Place : Pune

Date : May 16, 2023



Notes to the Financial Statements

for the year ended March 31, 2023

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. CIN of the Company 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 16, 2023.

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 certain financial assets and liabilities measured at fair value as explained in accounting policy of fair value measurement and financial instruments [Note 2.2. (m)] below.

The accounting policies adopted for preparation and presentation of financial statement have been consistent with the previous year.

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.

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

Notes to the Financial Statements

for the year ended March 31, 2023

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

(c) Revenue from contract with customer

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

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

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

Sale of goods:

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

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

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

Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable.

Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Finance income:

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

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.



Notes to the Financial Statements

for the year ended March 31, 2023

(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 balance sheet approach 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.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the

business, such as increased cost of production as a result of measures to reduce carbon emission.

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

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

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

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

(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

Notes to the Financial Statements

for the year ended March 31, 2023

recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

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

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

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

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

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

(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.



Notes to the Financial Statements

for the year ended March 31, 2023

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	▶	10 to 15 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to paragraph (j) 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 35).

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

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

Company as a lessor

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

Notes to the Financial Statements

for the year ended March 31, 2023

(i) Inventories

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

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

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

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

(i) Impairment

Financial assets (other than at fair value)

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

The Company assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, these assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

(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.

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



Notes to the Financial Statements

for the year ended March 31, 2023

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

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

Retirement benefit in the form of provident fund & Superannuation 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.

Notes to the Financial Statements

for the year ended March 31, 2023

Financial Assets

Initial recognition and measurement

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

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



Notes to the Financial Statements

for the year ended March 31, 2023

carrying amounts approximate fair value due to the short maturity of these instruments.

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.

(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

Notes to the Financial Statements

for the year ended March 31, 2023

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. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments are not expected to have a material impact on the Company's financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023. The Company is currently assessing the impact of the amendments.



Notes to the Financial Statements

for the year ended March 31, 2023

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

3 Property, plant and equipment

	Freehold land	Building	Roads	Plant & Machinery	Furniture & fixtures	Office equipment & electricals	Computers & servers	Vehicles	Total
Cost									
At April 01, 2021	3.83	558.69	51.02	3,335.21	16.02	56.81	61.07	6.09	4,088.73
Additions	-	5.33	2.73	458.98	-	0.30	15.52	2.50	485.36
Disposals/Retirement	-	-	-	220.09	-	-	-	3.02	223.11
At March 31, 2022	3.83	564.02	53.75	3,574.10	16.02	57.11	76.59	5.57	4,350.98
Additions	-	0.55	-	145.59	3.40	9.19	7.41	1.59	167.73
Disposals/Retirement	-	-	-	50.67	-	0.07	13.88	1.05	65.67
At March 31, 2023	3.83	564.57	53.75	3,669.02	19.42	66.23	70.12	6.11	4,453.04
Depreciation									
At April 01, 2021	-	88.74	10.05	1,663.41	12.50	27.81	54.00	5.43	1,861.94
Charge for the year	-	22.31	2.58	302.60	0.82	5.23	7.47	1.19	342.21
Disposals/Retirement	-	-	-	219.88	-	-	-	2.90	222.78
At March 31, 2022	-	111.06	12.63	1,746.13	13.32	33.05	61.47	3.72	1,981.37
Charge for the year	-	22.83	3.35	331.82	3.00	3.90	13.35	2.63	380.88
Disposals/Retirement	-	-	-	49.47	-	0.06	13.87	1.00	64.40
At March 31, 2023	-	133.89	15.98	2,028.48	16.32	36.89	60.95	5.35	2,297.85
Net book value									
At March 31, 2022	3.83	452.96	41.11	1,827.97	2.70	24.06	15.12	1.85	2,369.61
At March 31, 2023	3.83	430.68	37.77	1,640.54	3.10	29.34	9.17	0.76	2,155.19
Capital work in progress									
At March 31, 2022									32.73
At March 31, 2023									64.70
									Total
At April 01, 2021									323.58
Additions									208.17
Capitalisation									(499.02)
At March 31, 2022									32.73
At April 01, 2022									32.73
Additions									207.33
Capitalisation									(175.36)
At March 31, 2023									64.70

Capital work-in-progress ageing schedule

Particulars	As at 31 March 2023					At March 31, 2022				
	Amount in CWIP for a period of					Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	>3 years	Total	<1 year	1-2 years	2-3 years	>3 years	Total
Projects in progress	63.38	1.32	-	-	64.70	25.76	6.97	-	-	32.73
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

There are no overdue or cost overrun projects compared to its original plan. There are no projects that are temporarily suspended, on the above mentioned reporting dates.

Notes to the Financial Statements

for the year ended March 31, 2023

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

4 Intangible assets

	Software	Total
Cost		
At April 01, 2021	19.81	19.81
Additions	13.66	13.66
Disposals	-	-
At March 31, 2022	33.47	33.47
Additions	7.63	7.63
Disposals	-	-
At March 31, 2023	41.10	41.10
Amortisation		
At April 01, 2021	15.38	15.38
Charge for the year	3.17	3.17
Disposals	-	-
At March 31, 2022	18.55	18.55
Charge for the year	11.06	11.06
Disposals	-	-
At March 31, 2023	29.61	29.61
Net book value		
At March 31, 2022	14.92	14.92
At March 31, 2023	11.49	11.49

5 Loans

	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, considered good				
Loans to employees	-	1.24	-	6.11
Loans to suppliers (refer note 38)	2.50	15.73	9.47	55.74
	2.50	16.97	9.47	61.85

6 Other financial assets

	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, considered good				
Net investment in leases (refer note 34(b))	113.07	113.46	0.18	-
Investment in Parola Renewable Pvt. Ltd (refer note 6.1)	9.46	-	-	-
Security deposits	34.33	36.17	-	-
Term deposits with bank for more than twelve months of original maturity	-	-	640.09	-
Advance to employees	1.21	-	5.48	-
Interest receivable on bank deposits	-	-	17.24	7.76
Others	-	-	5.74	-
	158.07	149.63	668.73	7.76



Notes to the Financial Statements

for the year ended March 31, 2023

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

6.1 Pursuant to requirements of Electricity Act, the Company has subscribed 2,250,000 equity shares* of INR 10 each of Parola Renewables Private Limited ("Parola") for a purchase consideration of INR 22.50 million ("Subscription Price"). Further, pursuant to Power Supply and Offtake Agreement, the Company has agreed to purchase 90% of total solar power generated from solar plant having installed capacity i.e., 7.5 MWDC. As per the Share Subscription and Shareholders Agreement ("SSSA") between the Company, Parola and Ray Future Energy India Private Limited ("Majority Shareholder"), the Company has an option to sell back the aforesaid equity shares at the Subscription Price and Majority Shareholder have an option to call for selling the share at the subscription price. Accordingly, these investments are carried at amortised cost as financial assets. At the inception, these financial assets are recognised at fair value and the difference between the fair value and the subscription price of INR 13.32 million is recorded as prepaid expenses being amortised over the term of the agreement.

* full figure

7 Other assets

	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Unsecured, considered good				
Capital advances *	11.99	31.82	-	-
Others				
Advance to suppliers	-	-	270.88	455.04
Prepaid expenses	11.54	6.06	41.06	32.40
Balance with statutory/ government authorities	0.14	0.14	65.44	99.76
	23.67	38.02	377.39	587.20

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

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

	March 31, 2023	March 31, 2022
Raw materials (Includes INR 143.01 million (March 31, 2022: INR 56.96 million) in transit)	801.40	559.42
Work-in-progress	840.26	673.00
Finished goods	553.53	656.76
Stores and spares	111.92	103.16
	2,307.11	1,992.34

As at March 31, 2023, the Company has made a provision of INR 111.44 million (March 31, 2022: INR 89.89 million) towards slow moving/ non-moving and obsolete inventory.

9 Investments

	Current	
	March 31, 2023	March 31, 2022
Investments at FVTPL		
Investments in quoted regular growth plan mutual funds (MF)		
Nil (March 31, 2022: 8,315,067.15) units of INR Nil (March 31, 2022: 10.07) each fully paid up of Axis CPSE Debt Index Fund Direct Growth	-	83.76
Nil (March 31, 2022: 35,659.53) units of INR Nil (March 31, 2022: INR1,151.41) each fully paid up of Axis Money Market Fund - Direct Growth	-	41.06
Nil (March 31, 2022: 40,680.643) units of INR Nil (March 31, 2022: 1,026.89) each fully paid up of Axis Floater Fund - Direct Growth	-	41.77
	-	166.59
Aggregate book value of quoted investments	-	166.59
Aggregate market value of quoted investments	-	166.59
Aggregate amount of impairment in value of investments	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

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

10 Trade receivables

	March 31, 2023	March 31, 2022
Trade receivables	372.10	418.65
Receivables from related parties	4,613.87	3,475.55
Total trade receivables	4,985.97	3,894.20
Break-up for security details:		
Current		
Unsecured, considered good	4,985.97	3,894.20
Trade receivables - credit impaired	2.85	6.11
	4,988.82	3,900.31
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired	(2.85)	(6.11)
	4,985.97	3,894.20

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person except disclosed in note 36

Movement of Impairment allowance (allowance for bad and doubtful debts)

	March 31, 2023	March 31, 2022
Opening Provision	6.11	6.11
Provision Reversal	(3.26)	-
Closing Provision	2.85	6.11

As at 31 March 2023

Particulars	Unbilled Revenue	Current but not due	Outstanding for following periods from due date of payment			Total
			Less than 6 months	6 months - 1 year	More than 1 year	
Undisputed Trade Receivables – considered good	-	4,414.19	571.55	0.23	-	4,985.97
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	1.36	1.49	2.85
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Sub-Total	-	4,414.19	571.55	1.59	1.49	4,988.82
Less: Impairment allowance						2.85
Total	-	4,414.19	571.55	1.59	1.49	4,985.97



Notes to the Financial Statements

for the year ended March 31, 2023

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

As at 31 March 2022

Particulars	Unbilled Revenue	Current but not due	Outstanding for following periods from due date of payment			Total
			Less than 6 months	6 months - 1 year	More than 1 year	
Undisputed Trade Receivables – considered good	325.98	3,440.75	107.51	19.96	-	3,894.20
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	6.11	6.11
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Sub-Total	325.98	3,440.75	107.51	19.96	6.11	3,900.31
Less: Impairment allowance						6.11
Total	325.98	3,440.75	107.51	19.96	6.11	3,894.20

11 Cash and cash equivalents

	March 31, 2023	March 31, 2022
Cash on hand	0.03	0.01
Balances with banks:		
Current accounts	111.76	441.97
Deposits with original maturity of less than three months	-	300.00
	111.79	741.98

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

11.1 Changes in liabilities arising from financing activities:-

	Lease liabilities (note 34)	Long term borrowings (note 15)
As at April 01, 2022	88.69	145.83
New Leases (net of deletion)	105.45	-
Repayment of financing activities	(17.73)	(41.66)
As at March 31, 2023	176.41	104.17
As at April 01, 2021	107.35	187.50
Proceeds from financing activities	-	-
Repayment of financing activities	(18.66)	(41.67)
As at March 31, 2022	88.69	145.83

11.2 At 31 March, 2023, the Company had available INR 1,950 million (31 March, 2022: INR 1,700 million) of undrawn committed fund & non-fund based facilities. Sanction limits of domestic operations are secured against entire current assets.

11.3 The quarterly returns or statements of current assets filed by the Company against sanctioned working capital limits with banks are in agreement with the books of accounts .

Notes to the Financial Statements

for the year ended March 31, 2023

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

12 Other bank balances

	March 31, 2023	March 31, 2022
Earmarked Balance- Unpaid dividend	2.98	3.10
Balance with banks on deposits with remaining maturity of more than 3 months and less than 12 months	350.00	60.00
	352.98	63.10

Break up of financial assets carried at amortised cost

	Note	March 31, 2023	March 31, 2022
Financial assets measured at amortised cost:			
Loans	5	11.97	78.82
Trade receivables	10	4,985.97	3,894.20
Cash and cash equivalents	11	111.79	741.98
Other Bank balances	12	352.98	63.10
Other financial assets	6	826.80	157.39
Total financial assets carried at amortised cost		6,289.51	4,935.49

13 Share capital

	Equity shares		Preference shares	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
At April 01, 2021	2,30,00,000	230.00	20,00,000	20.00
Increase/ (decrease) during the year	-	-	-	-
At March 31, 2022	2,30,00,000	230.00	20,00,000	20.00
Increase/ (decrease) during the year	-	-	-	-
At March 31, 2023	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
Equity shares of INR 10 each issued, subscribed and fully paid		
Issued equity capital		
At April 01, 2021	1,51,11,975	151.12
Increase/ (decrease) during the year	-	-
At March 31, 2022	1,51,11,975	151.12
Increase/ (decrease) during the year	-	-
At March 31, 2023	1,51,11,975	151.12



Notes to the Financial Statements

for the year ended March 31, 2023

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

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

Equity Shares with voting rights	March 31, 2023		March 31, 2022	
	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
At the end of the year	1,51,11,975	151.12	1,51,11,975	151.12

(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, 2023		March 31, 2022	
	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	53,67,275	35.52%	53,67,275	35.52%
Nippon Life India Trustee Ltd (Earlier known as Reliance Capital Trustee Company Ltd.)	12,85,886	8.51%	12,91,000	8.54%

(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.

(e) Details of shares held by promoters:-

As at March 31, 2023

S.No	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of INR 10 each fully paid	BF Investment Ltd	53,67,806	-	53,67,806	35.52%	-
Equity shares of INR 10 each fully paid	Meritor Heavy Vehicle Systems, LLC	53,67,275	-	53,67,275	35.52%	-
Total		1,07,35,081	-	1,07,35,081	71.04%	-

As at March 31, 2022

S.No	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of INR 10 each fully paid	BF Investment Ltd	53,67,806	-	53,67,806	35.52%	-
Equity shares of INR 10 each fully paid	Meritor Heavy Vehicle Systems, LLC	53,67,275	-	53,67,275	35.52%	-
Total		1,07,35,081	-	1,07,35,081	71.04%	-

Notes to the Financial Statements

for the year ended March 31, 2023

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

14 Other equity

	March 31, 2023	March 31, 2022
Securities premium account [refer note 14.1(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 [refer note 14.1(b)]		
Balance as per last financial statements	5,485.08	4,815.02
Add: Profit for the year	1,620.29	743.58
Add/ (less): OCI - Re-measurement gain/ (loss) on defined benefit obligation (net of tax)	(10.99)	(5.50)
Less:		
Dividend Paid (refer note 14.2)	226.68	68.01
Closing balance (b)	6,867.70	5,485.08
General reserves [refer note 14.1(c)]		
Balance as per last financial statements	458.82	458.82
Closing balance (c)	458.82	458.82
Total (a+b+c)	7,442.11	6,059.49

14.1 Nature and purpose of reserves

a) Securities premium

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

b) Retained Earnings

Retained earnings are the profits/(loss) that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

c) 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.

14.2 Dividend distribution made and proposed

	March 31, 2023	March 31, 2022
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended March 31, 2022: INR 15 per share (March 31, 2021: INR 4.50 per share)	226.68	68.01
	226.68	68.01
Proposed dividends on equity shares*		
Final dividend for the year ended March 31, 2023: INR 32 per share (March 31, 2022: INR 15 per share)	483.58	226.68
	483.58	226.68

*Proposed dividends on equity shares are subject to approval at the annual general meeting and hence not recognised as a liability as at March 31, 2023 and March 31, 2022.



Notes to the Financial Statements

for the year ended March 31, 2023

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

15 Financial liabilities

Borrowings	Current		Non Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Term loan				
Indian rupee term loan from a bank (secured)	41.67	41.67	104.17	145.83
Less: amount disclosed under the head 'Current Borrowings'	-	-	(41.67)	(41.67)
	41.67	41.67	62.50	104.16

- a) During the financial year 2018-19, a term loan of INR 1,500 million was sanctioned towards capital expansion against which the Company had withdrawn INR 730 million. The term loan is repayable in 24 quarterly instalments after the moratorium period of one year. During the current year, the Company has repaid the loan to the extent of INR 41.67 million. The loan is secured by hypothecation of plant and machinery and other movable assets both present and future procured out of the said term loan at all locations.
- b) The loan carries an interest @ 3 month MCLR (with a quarterly rest) plus 5 bps in the range of 7% - 8.65%, p.a. (March 31, 2022: 7% - 7.95%, p.a.)

16 Provisions

Provision for employee benefits	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Provision for gratuity (refer note 37)	-	-	3.71	4.01
Provision for compensated absences	-	-	5.66	9.69
Others				
Provision for warranty (refer note below)	39.12	96.58	72.29	134.95
	39.12	96.58	81.66	148.65

Warranty

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

	March 31, 2023	March 31, 2022
Opening balance	231.52	190.81
Additions during the year	118.56	49.62
Utilised during the year	(238.67)	(8.91)
Closing balance	111.41	231.52

17 Trade payables

	March 31, 2023	March 31, 2022
Trade payables (including acceptances)*		
Total outstanding dues of micro enterprises and small enterprises (refer 17.2)	207.07	123.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,953.87	3,204.34
	3,160.94	3,327.72

*Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 60 days amounting to INR 484.94 million (March 31, 2022 - INR 567.35 million)

	March 31, 2023	March 31, 2022
Trade payables	2,978.57	3,174.00
Trade payables to related parties	182.37	153.72
	3,160.94	3,327.72

Notes to the Financial Statements

for the year ended March 31, 2023

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

17.1 Trade payables ageing schedule:

As at March 31, 2023

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment#				Total
			< 1 year	1-2 years	2-3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	89.99	117.08	-	-	-	-	207.07
Total outstanding dues of creditors other than micro enterprises and small enterprises	611.61	2,199.03	143.23	-	-	-	2,953.87
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	701.60	2,316.11	143.23	-	-	-	3,160.94

Where no due date of payment is available, ageing has been disclosed from the date of transaction.

As at March 31, 2022

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment#				Total
			< 1 year	1-2 years	2-3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	123.38	-	-	-	-	123.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	685.26	1,961.31	557.77	-	-	-	3,204.34
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	685.26	2,084.69	557.77	-	-	-	3,327.72

Where no due date of payment is available, ageing has been disclosed from the date of transaction.

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms

-For terms and conditions with related parties, refer to Note 36

17.2 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, 2023 and March 31, 2022. The details in respect of such dues are as follows:

Particulars	March 31, 2023	March 31, 2022
Principal amount remaining unpaid to any supplier as at the end of the accounting year	207.07	123.38
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;	-	-



Notes to the Financial Statements

for the year ended March 31, 2023

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

Particulars	March 31, 2023	March 31, 2022
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.

18 Other current financial liabilities

	Current	
	March 31, 2023	March 31, 2022
Interest accrued and not due	0.86	0.87
Payable towards capital expenditure*	36.35	8.87
Employee related liabilities	119.30	124.36
Unclaimed dividend	2.98	3.10
Book overdraft	25.09	-
Others	-	0.49
	184.58	137.70

* Refer note 36 for related party disclosure

Break up of financial liabilities carried at amortised cost

Financial liabilities measured at amortised cost:	Note	March 31, 2023	March 31, 2022
Borrowings	15	104.17	145.83
Lease liabilities	34	176.41	88.69
Trade payables	17	3,160.94	3,327.72
Others financial liabilities	18	184.58	137.70
Total financial liabilities carried at amortised cost		3,626.10	3,699.94

19 Other liabilities

	Current	
	March 31, 2023	March 31, 2022
Statutory liabilities*	211.49	219.88
Advance from customers	2.89	30.50
	214.38	250.38

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

Notes to the Financial Statements

for the year ended March 31, 2023

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

20 Liabilities for current tax (net)

	March 31, 2023	March 31, 2022
Provision for income tax (net of advance income tax)	11.21	44.93
	11.21	44.93

Current tax asset (net)

	March 31, 2023	March 31, 2022
Advance income tax (net of provision for income tax)	-	32.81
	-	32.81

21 Deferred tax

Deferred tax relates to the following:	Balance Sheet		Statement of profit and loss	
	March 31, 2023	March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Property, plant and equipment and intangible assets	57.08	83.19	26.11	(2.09)
Employee Benefit Expenses	16.64	19.85	6.90	4.20
Leases	(23.57)	(24.03)	(0.46)	0.22
Others	(1.19)	(0.39)	0.80	0.29
Deferred tax expense/(income)			33.35	2.62
Net deferred tax assets/(liabilities)	48.96	78.62		

Reconciliation of deferred tax liabilities (net):	March 31, 2023
Opening balance as of 1 April	78.62
Tax income/(expense) during the period recognised in profit or loss	(33.35)
Tax income/(expense) during the period recognised in OCI	3.69
Closing balance as at 31 March	48.96

Income taxes

Components of income tax expense

(a) The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

	March 31, 2023	March 31, 2022
(i) Statement of Profit and loss		
Current tax	527.31	254.30
Deferred tax	33.35	2.62
Tax expense reported in the statement of profit and loss	560.66	256.92
(ii) OCI section		
Deferred tax related to items recognized in OCI during the year		
Net actuarial loss on remeasurement of defined benefit plans	3.69	1.88
Income tax credit to OCI	3.69	1.88



Notes to the Financial Statements

for the year ended March 31, 2023

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

(b) Reconciliation of tax expense and accounting profit for the year ended March 31, 2023 and March 31, 2022

	March 31, 2023	March 31, 2022
Accounting profit before income tax	2,180.95	1,000.50
Enacted tax rates in India	25.168%	25.168%
Computed expected tax expense	548.90	251.81
Tax effect on permanent non-deductible expenses	3.28	5.76
Others	8.48	(0.65)
At the effective income tax rate of 25.71% (March 31, 2022: 25.68%)	560.66	256.92
Income tax expense reported in the statement of profit and loss	560.66	256.92

22 Revenue from operations

	March 31, 2023	March 31, 2022
Sale of products	22,565.85	14,516.50
	22,565.85	14,516.50
Other operating revenue		
Sale of scrap and others	652.41	372.39
Tooling income	10.16	7.70
Income from wind power generation	8.59	9.60
	671.16	389.69
Revenue from operations	23,237.01	14,906.19

22.1 Disaggregated revenue information

	March 31, 2023	March 31, 2022
India	23,235.91	14,905.79
Outside India	1.10	0.39
Total	23,237.01	14,906.19
Type of goods or service		
Sale of Axles	12,649.90	8,401.55
Sale of Brakes	5,275.95	3,201.89
Others	5,311.16	3,302.75
Total	23,237.01	14,906.19
Timing of revenue recognition		
Goods transferred at a point in time	23,237.01	14,906.19
Services transferred over time	-	-
Total	23,237.01	14,906.19

22.2 Contract balances

	March 31, 2023	March 31, 2022
Trade Receivables	4,985.97	3,894.20
Contract Liabilities	2.89	30.50

(a) Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. In March 2023, INR 2.85 million (March 2022: INR 6.11 million) was recognised as provision for expected credit losses on trade receivables.

(b) Contract liabilities include short-term advances received to deliver goods and temporary credit balance of customer for various claims and settlement

Notes to the Financial Statements

for the year ended March 31, 2023

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

22.3 Performance obligation

- (a) The performance obligation is satisfied upon shipment/ delivery of goods
- (b) The amount of revenue recognised in the current year of INR 30.50 million (March 2022: INR 60.72 million) that was included in the opening contract liability balance towards unsatisfied performance obligation.

22.4 There are no significant adjustment between the contracted price and revenue recognised

23 Other income

	March 31, 2023	March 31, 2022
Interest income		
On deposits with banks	23.08	8.28
Others	16.43	21.38
Fair value gain on financial instruments at fair value through profit or loss	-	3.33
Profit on sale of property, plant and equipment	1.09	0.19
Profit on sale of mutual funds	2.11	3.26
Gain on termination of lease	1.26	-
Miscellaneous income	5.22	6.15
	49.19	42.59

24 Cost of raw material consumed

	March 31, 2023	March 31, 2022
Inventory at the beginning of the year	559.42	712.69
Add: Purchases	16,993.43	10,566.50
Less: Inventory at the end of the year	(801.40)	(559.42)
Cost of raw material consumed	16,751.45	10,719.77

25 Changes in inventories of finished goods and work-in-progress

	March 31, 2023	31 March 2022
Closing stock		
Finished goods	553.53	656.76
Work-in-progress	840.26	673.00
Total	1,393.79	1,329.76
Opening stock		
Finished goods	656.76	539.74
Work-in-progress	673.00	691.78
Total	1,329.76	1,231.52
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(64.03)	(98.24)



Notes to the Financial Statements

for the year ended March 31, 2023

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

26 Employee benefits expenses

	March 31, 2023	31 March 2022
Salaries, wages and bonus	1,070.24	959.86
Contribution to provident and other funds (refer note 37)	63.64	62.52
Gratuity expense (refer note 37)	10.02	9.92
Compensated absences	25.89	26.33
Staff welfare expenses	100.33	84.16
	1,270.12	1,142.79

'The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

27 Finance costs

	March 31, 2023	31 March 2022
Interest expense		
on borrowings from banks	9.72	12.09
on lease liabilities (refer note 34)	13.28	7.92
on others	4.82	2.53
Bank charges	1.33	2.13
	29.15	24.67

28 Depreciation and amortisation expense

	March 31, 2023	31 March 2022
Depreciation of property, plant and equipment (refer note 3)	380.88	342.21
Amortisation of intangible assets (refer note 4)	11.06	3.17
Depreciation of right-of-use assets (refer note 34)	21.78	18.80
	413.72	364.18

29 Other expenses

	March 31, 2023	31 March 2022
Consumption of stores and spares	461.12	274.52
Power and fuel	326.51	225.74
Travelling expenses	18.28	9.42
Rent	44.32	46.49
Repairs and maintenance		
Buildings	16.60	9.06
Plant and machinery	199.66	135.06
Others	61.86	52.72
Rates and taxes	26.68	6.51
Insurance charges	28.16	14.79
Postage, telephone and telegram	1.75	1.56
Vehicle running expenses	0.68	0.70
Directors' sitting fees (refer note 36)	1.80	1.85
Legal and professional charges	31.89	43.32

Notes to the Financial Statements

for the year ended March 31, 2023

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

29 Other expenses (Contd.)

	March 31, 2023	31 March 2022
Payment to auditor (refer note (i) below)	4.43	3.86
Provision for doubtful trade receivables (Net of bad debt written of INR 3.26 million (PY: Nil))	-	-
Technical fees	119.22	73.44
Outside processing charges	872.43	593.64
Warranty (net) (refer note 16)	118.56	49.62
Freight charges	299.32	188.41
Corporate social responsibility expenditure (refer note 31)	12.60	19.24
Miscellaneous expenses	58.97	45.16
	2,704.84	1,795.11

Note:

(i) Payments to auditors:

	March 31, 2023	31 March 2022
As auditor (excluding GST)		
Statutory audit fee (Including Limited Review)	4.20	3.80
Reimbursement of expenses	0.23	0.06
	4.43	3.86

30 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

	March 31, 2023	31 March 2022
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit attributable to equity shareholders for basic and diluted earnings	1,620.29	743.58
Weighted average number of Equity shares for basic and diluted EPS (nos) *	1,51,11,975	1,51,11,975
EPS	107.22	49.20

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

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

Particulars	31 March 2023	31 March 2022
a) Gross Amount required to be spent by the Company during the year	13.04	18.74
b) Amount approved by the Board to be spent during the year	12.60	18.74
c) Amount spent during the year ended		
(i) Construction/ acquisition of any assets	-	14.72
(ii) On purposes other than (i) above	12.60	4.52



Notes to the Financial Statements

for the year ended March 31, 2023

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

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

d) Details related to spent / unspent obligations:

Particulars	31 March 2023	31 March 2022
(i) Contribution through Public Trust	10.66	4.27
(ii) Direct Contribution	1.94	14.97
(iii) Unspent amount in relation to:		
Ongoing project	-	-
Other than ongoing project	-	-
	12.60	19.24

As at March 31, 2023

Opening balance		In case of Section 135(5) (Ongoing project)			Closing Balance	
With company	In separate CSR unspent account	Amount required to be spent during the year	Amount spent during the year	From separate CSR unspent account	With company	In separate CSR unspent account
-	-	-	-	-	-	-

Opening balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
(0.50)	-	13.04	12.60	(0.06)

32 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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:

- Capital Management (Note 42)
- Financial risk management risk and policies (refer note 41)
- Sensitivity analyses disclosures (refer note 41)

32.1 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:

(a) Lease classification – Company as lessor:

The Company has entered into lease agreements with Meritor HVS India Limited ('MHVSIL') and Meritor Commercial Vehicle Systems India Private Limited ('MCVSIPL') to obtain a land on lease from MHVSIL and to construct test lab building ('Building') and lease to MCVSIPL for R&D activities. 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. [Refer Note 34(b)]

Notes to the Financial Statements

for the year ended March 31, 2023

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

32 Significant accounting judgements, estimates and assumptions (Contd.)

(b) Determination of significant influence over investee:

In accordance with the provisions of the Electricity Act applicable to a Captive User, the Company invested INR 22.50 million in exchange for a 26% equity shares in Parola Renewables Private Limited (Parola). However, the Company lacks significant influence over the operations of Parola. Therefore, it is not classified as an Associate under the guidelines of Ind AS 28 "Investments in Associates and Joint Ventures".

32.2 Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Defined benefit plans (gratuity benefits):

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

(b) Provision for inventories:

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

(c) 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.

(d) 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.



Notes to the Financial Statements

for the year ended March 31, 2023

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

32 Significant accounting judgements, estimates and assumptions (Contd.)

(e) 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 Chief Operating Decision Maker (CODM) views as a single segment. The CODM 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 18,182.87 million (March 31, 2022: INR 11,490.15 million) which is more than 10% of the total revenue of the Company for the year ended March 31, 2023.

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.

34 Leases

a) Company as a lessee

- i) The Company has entered into leases contracts consisting of the Company's manufacturing facilities which includes land and buildings. These leases are for a period of ten to fifteen years and lease of land is for 99 years with renewal option included in the contracts. The company is restricted from assigning and sub leasing the lease assets. 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, 2021	75.31	146.25	221.56
Additions	-	-	-
Depreciation expense	(17.30)	(1.50)	(18.80)
As at March 31, 2022	58.01	144.75	202.76
Additions/ (deletions)	106.71	-	106.71
Depreciation expense	(20.28)	(1.50)	(21.78)
As at March 31, 2023	144.44	143.25	287.69

Notes to the Financial Statements

for the year ended March 31, 2023

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

34 Leases (Contd.)

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

	Leasehold Building	Leasehold Land (refer note 6)	Total
As at April 01, 2021	95.76	11.59	107.35
Additions	-	-	-
Accretion of interest	6.99	0.93	7.92
Interest payments	(6.99)	(0.93)	(7.92)
Principal payments	(18.66)	(0.00)	(18.66)
As at March 31, 2022	77.10	11.59	88.69
Additions/ (deletions)	105.45	-	105.45
Accretion of interest	12.35	0.93	13.28
Interest payments	(12.35)	(0.93)	(13.28)
Principal payments	(17.73)	(0.00)	(17.73)
As at March 31, 2023	164.82	11.59	176.41
		March 31, 2023	March 31, 2022
Current		21.08	20.75
Non-current		155.33	67.94
		176.41	88.69

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

The effective interest rate for lease liabilities is 8%

The following are the amounts recognised in profit or loss:

	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	21.78	18.80
Interest expense on lease liabilities	13.28	7.92
Expense relating to short-term leases (included in other expenses)	44.32	46.49
Total amount recognised in statement of profit or loss	79.38	73.21

The Company had total cash outflows for leases of INR 31.01 million (March 31, 2022: 26.58 million). There are no future cash outflows relating to leases that have not yet commenced.

b) Company as a lessor

The Company has entered into lease agreements with Meritor HVS India Limited ('MHVSIL') and Meritor Commercial Vehicle Systems India Private Limited ('MCVSIPL') to obtain a land on lease from MHVSIL and to construct test lab building ('Building') and lease to MCVSIPL for R&D activities. This lease term is 20 years for both the leases. 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 building and MCVSIPL is the lessee. The carrying amount of net investment in lease is INR 113.25 million (March 31, 2022: 113.46 million). Net finance income on lease receivables recognised by the Company during the year is INR 9.83 million (March 31, 2022: INR 9.73 million).



Notes to the Financial Statements

for the year ended March 31, 2023

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

34 Leases (Contd.)

Future minimum net rentals receivables under finance lease is as follows:

	March 31, 2023	March 31, 2022
Within one year	10.01	9.54
Between 1 and 2 years	10.51	10.01
Between 2 and 3 years	11.04	10.51
Between 3 and 4 years	11.59	11.04
Between 4 and 5 years	12.17	11.59
More than five years	165.81	177.97
	221.13	230.66

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

	March 31, 2023	March 31, 2022
Total undiscounted lease receivables	221.13	230.66
Less: unearned finance income related to future years	(107.87)	(117.20)
Net investment in leases (refer note 6)	113.25	113.46

	March 31, 2023	March 31, 2022
Current	0.18	-
Non-current	113.07	113.46
	113.25	113.46

35 Commitments and contingencies

a) Commitments

	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	54.86	22.70
Other commitments- refer note 6.1		

b) Contingent liabilities

	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debts	0.21	0.21

During the financial year 2020-21, the Company has received demand order from the Income tax authorities for the financial year 2017-18 towards disallowance of deduction taken by the Company under Section 80JJAA of Income tax act, 1961. The Company has filed an appeal against the disallowance with the Commissioner of Income tax (Appeals) on March 23, 2021 and is currently pending before CIT(A). The Company based on its assessment believe that no further adjustment is required in the financial statements in the current year.

Notes to the Financial Statements

for the year ended March 31, 2023

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

36 Related party transactions

(i) Names of related parties and related party relationship	
a) Related parties where control exist irrespective of whether transaction have occurred or not :	
Entities having joint control over the Company ("Joint Venturer")	
Meritor Heavy Vehicle System LLC	
Meritor Inc, Troy	
BF Investments Limited	
(b) Other related parties	
Enterprises controlled or jointly controlled or significantly influenced by Joint Venturer or their controlling or substantial shareholders with whom the Company had transactions	
Meritor HVS (India) Limited	
Meritor Heavy Vehicle Systems Cameri Spa	
Xuzhou Meritor Axle Co. Ltd.	
Meritor HVS LLC, Morristown	
Meritor HVS LLC, Florence	
Meritor HVS Inc., Fletcher	
Meritor HVS AB., Sweden	
Sistemas Automotrices de Mexico, S.A. de C.V.*	
Meritor Laurinberg Speciality*	
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	
Meritor Heavy Vehicle Systems Australia Ltd*	
Meritor Heavy Vehicle Systems Singapore Pte Ltd	
Meritor Monterrey Mexico*	
Axle Tech India Private Limited	
Synise Technologies Limited	
Enterprises over which key management personnel of the Company or their relatives have significant influence	
Bharat Forge Limited	
(b) Other related party as per the Companies Act, 2013**	
Parola Renewables Private Limited	
d) Key Management Personnel:	
Dr. B N Kalyani	Chairman, Director
Dr. N Muthukumar	President & Whole-Time Director - appointed w.e.f. January 27, 2022 and resigned w.e.f April 5, 2022
Mr. Kumaradevan Srinivasan	Senior Vice president & Whole time Director - resigned w.e.f July 31, 2021
Mr. Nagaraja Sadashiva Murthy Gargeshwari	Whole-Time Director - appointed w.e.f. April 7, 2022
Mr. Ranganathan S	Chief Financial Officer
Mr. Debadas Panda	Company Secretary
Mr. Bhalachandra B Hattarki	Independent Director
Mr. B C Prabhakar	Independent Director
Mr. Rakesh Kalra	Independent Director - resigned w.e.f. February 13, 2023
Mr. Chrishan Anton Sebastian Villavarayan	Director- resigned w.e.f. May 14, 2021
Mr. Kenneth James Hogan	Director- appointed w.e.f. May 14, 2021
Dr. Shalini Sarin	Independent Director

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

**Refer 32.1 (b)



Notes to the Financial Statements

for the year ended March 31, 2023

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

36 Related party transactions (Contd.)

(ii) Related party disclosures

Particulars	31 March 2023	31 March 2022
Purchase of raw materials (including store and spares)		
Bharat Forge Limited	375.12	233.28
Meritor HVS LLC, Morristown	38.67	26.82
Meritor Heavy Vehicle Systems Cameri Spa	7.50	15.01
Meritor HVS AB., Sweden	36.81	37.03
Meritor Heavy Vehicle Systems Singapore Pte Ltd	-	3.77
Meritor HVS Inc., Fletcher	11.65	0.23
Meritor HVS LLC, Florence	2.42	4.36
Others	1.51	2.42
	473.68	322.92
Sale of goods		
Meritor HVS (India) Limited	18,182.87	11,490.15
Others	0.02	-
	18,182.89	11,490.15
Purchase of property, plant and equipment		
Bharat Forge Limited	39.70	27.33
	39.70	27.33
Tooling income		
Meritor HVS (India) Limited	3.99	3.31
	3.99	3.31
Lease rental receipts*		
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	18.23	10.37
	18.23	10.37
Lease rental payment*		
Meritor HVS (India) Limited	4.63	4.63
Axle Tech India Pvt Ltd.	8.10	-
	12.73	4.63
Purchase of MEIS licences (export incentive)		
Meritor HVS (India) Limited	3.28	5.04
	3.28	5.04
Services received		
Bharat Forge Limited (Outside processing charges)	182.43	128.44
Meritor HVS (India) Limited (Technical fees)	119.22	84.07
Parola Renewables Private Limited (Power & fuel)	11.20	-
Synise Technologies Limited (Scrap sales commission and logistics support fees)	4.08	2.09
	316.93	214.60
Other financial assets		
Parola Renewables Private Limited	9.46	-
	9.46	-

Notes to the Financial Statements

for the year ended March 31, 2023

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

36 Related party transactions (Contd.)

Particulars	31 March 2023	31 March 2022
Other assets	13.04	-
Parola Renewables Private Limited	13.04	-
Expenses incurred by the Company on behalf of related parties		
Meritor HVS (India) Limited	192.06	-
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	20.92	45.04
	212.98	45.04
Expenses incurred by related parties on behalf of the Company		
Axle Tech India Pvt Ltd	0.94	-
Meritor HVS (India) Limited	0.81	-
	1.75	-
Warranty claims		
Meritor HVS (India) Limited	238.67	8.91
	238.67	8.91
Reimbursement of expenses		
Dr. N Muthukumar	0.32	0.14
Mr. Ranganathan S	0.16	0.22
Mr. Debadas Panda	0.10	0.18
Mr. Nagaraja Sadashiva Murthy Gargeshwari	0.79	-
	1.37	0.54
Directors sitting fees		
Dr. B N Kalyani	0.20	0.25
Mr. Bhalachandra B Hattarki	0.45	0.45
Mr. B C Prabhakar	0.45	0.45
Mr. Rakesh Kalra	0.45	0.45
Dr. Shalini Sarin	0.25	0.25
	1.80	1.85
Dividend paid		
Meritor Inc, Troy	80.51	24.15
BF Investments Limited	80.52	24.15
	161.03	48.30
Compensation of key management personnel:		
Salaries and allowances	30.53	16.58
	30.53	16.58
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 (including unbilled revenue)		
Meritor HVS (India) Limited	4,607.64	3,475.54
Others	6.23	0.01
	4,613.87	3,475.55
Lease receivables*		
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	4.20	7.96
	4.20	7.96



Notes to the Financial Statements

for the year ended March 31, 2023

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

36 Related party transactions (Contd.)

Particulars	31 March 2023	31 March 2022
Capital advances		
Bharat Forge Limited	-	7.74
	-	7.74
Advance from customers		
Xuzhou Meritor Axle Co.Ltd.	-	2.70
	-	2.70
Trade payables		
Bharat Forge Limited	117.82	136.48
Meritor HVS (India) Limited	27.50	6.80
Others	37.05	10.44
	182.37	153.72
Payable towards capital expenditure		
Bharat Forge Limited	16.98	-
	16.98	-

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

Terms and conditions of transactions with related parties

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

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 ("Schemes"), which are defined contribution plan for eligible employees and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. Under the Schemes, the Company is required to contribute a specified percentage of the salary to fund the benefits. The Company recorded an expense of INR 52.71 million (March 31, 2022: 50.71 million) towards contribution of provident fund and INR 4.38 million (March 31, 2022: INR 5.39 million) towards contribution of employee state insurance scheme in the statement of profit and loss.

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, 2023 is INR 6.55 million (March 31, 2022: INR 6.42 million).

Defined benefit plans

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

Notes to the Financial Statements

for the year ended March 31, 2023

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

37 Employee benefits (Contd.)

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

	31 March 2023	31 March 2022
Change in projected benefit obligations		
Obligations at beginning of the year	268.91	243.55
Service cost	10.65	10.33
Interest cost	19.24	16.82
Benefits settled	(23.30)	(12.10)
Actuarial loss (through OCI)	11.87	10.31
Obligations at end of the year	287.37	268.91
Change in plan assets		
Plan assets at beginning of the year, at fair value	264.90	241.84
Interest income	19.88	17.23
Actuarial gain/ (loss) (through OCI)	(2.81)	2.92
Contributions	25.00	15.00
Benefits settled	(23.30)	(12.10)
Plan assets at end of the year	283.67	264.90
Present value of defined benefit obligation at the end of the year	287.37	268.91
Less: Fair value of plan assets at the end of the year	283.67	264.90
Net liability recognised in the balance sheet	3.71	4.01
Expenses recognised in statement of profit and loss		
Service cost	10.65	10.33
Interest income (net)	(0.63)	(0.41)
Net gratuity cost	10.02	9.92
Re-measurement (gains) / losses in OCI		
Actuarial (gain) / loss due to financial assumption changes	(5.69)	1.22
Actuarial loss due to experience adjustments	17.55	9.09
Actuarial loss/(gain) on plan assets less/(greater) than discount rate	2.81	(2.93)
Total expenses routed through OCI	14.68	7.38

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

	31 March 2023	31 March 2022
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.



Notes to the Financial Statements

for the year ended March 31, 2023

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

37 Employee benefits (Contd.)

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

	31 March 2023	31 March 2022
Discount rate	7.48%	7.08%
Future salary increases	Staff 5% & Labour 2%	Staff 5% & Labour 2%
Mortality table	Indian assured lives Mortality (2012-2014) Ult.	Indian assured lives Mortality (2012-2014) Ult.
Employee turnover	Staff 15% & Labour 2%	Staff 15% & Labour 2%
Estimated rate of return on plan assets	7.48%	7.08%

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.

Risk analysis

The Company is exposed to the following risks in the defined benefits plans :

Investment Risk: The present value of the defined benefit obligation is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan assets is below this rate, it will create a plan deficit.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by increase in the return on the plan's debt investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary growth risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan's liability.

A quantitative sensitivity analysis for significant assumptions as at March 31, 2023 is as shown below:

	Sensitivity Level	Defined benefit obligation	
		March 31, 2023	March 31, 2022
		Change in DBO	Change in DBO
Discount rate	1% increase	(14.22)	(11.23)
	1% decrease	15.50	12.19
Further salary increase	1% increase	15.81	12.43
	1% decrease	(14.71)	(11.63)
Attrition rate	1% increase	2.66	1.66
	1% decrease	(2.84)	(1.77)
Mortality rate	10% increase	0.13	0.06

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

Notes to the Financial Statements

for the year ended March 31, 2023

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

37 Employee benefits (Contd.)

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

	31 March 2023	31 March 2022
Five Years pay-outs		
Year 1	18.22	34.60
Year 2	25.79	28.02
Year 3	28.86	34.69
Year 4	35.17	26.05
Year 5	26.85	40.03
Next 5 years	117.55	81.40
Contributions likely to be made for the next one year	3.71	4.01

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.59 years (March 31, 2022: 8.14 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, 2023	March 31, 2022
Adma Auto Components Private Limited	11.00%	Secured	-	24.31
Millennium Moulds & Dies	11.50%	Secured	-	16.81
Kems Forgings Limited	10.50%	Secured	-	4.00
P D Forge Private Limited	11.00%	Secured	10.00	20.80
AB Auto Brakes (P) Ltd.	11.50%	Unsecured	1.97	2.18
JK Udyog	11.50%	Unsecured	-	1.00
Deco Equipments	11.50%	Unsecured	-	1.62
CM Smith and Sons Limited	11.50%	Unsecured	-	0.75
			11.97	71.47

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

In respect of loans granted to companies, the repayment or receipts are regular as per the stipulated schedule of repayment for principal and interest, except in case of AB Auto Brakes (P) Ltd., where an amount of INR 1.97 million is overdue for 151 days as on March 31, 2023.

39 Fair values

	31 March 2023	31 March 2022
Financial assets measured at FVTPL:		
Investments	-	166.59
	-	166.59

Management has assessed that Cash and cash equivalents, Other balances with banks, Loans, Trade receivables, Other financial assets, Borrowings, Trade payables and Other financial liabilities carried at amortised cost approximate their carrying amounts largely due to the short-term maturities of these instrument.



Notes to the Financial Statements

for the year ended March 31, 2023

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

40 Fair values hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Assets measured at fair value:	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments			
March 31, 2023	-	-	-
March 31, 2022	166.59	-	-

41 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, short term investments 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. 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, 2023 and March 31, 2022. 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 analyse 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, 2023 and March 31, 2022.

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 and equity is affected through the impact on floating rate borrowings, as follows:

	Increase/ (decrease) in basis points	Effect on profit before tax	Effect on Equity
March 31, 2023	50	(0.52)	(0.39)
	(50)	0.52	0.39
March 31, 2022	50	(0.73)	(0.55)
	(50)	0.73	0.55

Notes to the Financial Statements

for the year ended March 31, 2023

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

41 Financial risk management objectives and policies (Contd.)

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, 2023, the Company has following foreign currency exposures:

	Currency	March 31, 2023		March 31, 2022	
		in foreign currency	INR	in foreign currency	INR
Trade payables	USD	0.60	49.40	0.34	26.06
	EURO	0.12	10.60	0.09	7.68
	SEK	-	-	0.33	2.67

Foreign currency sensitivity

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

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

	31 March 2023	31 March 2022
USD	(2.47)	(1.30)
EURO	(0.53)	(0.38)
SEK	-	(0.13)

Note: If the rate is decreased by 5%, profit will increase by an equal amount for March 31, 2023 and March 31, 2022

C. Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of automotive parts and therefore require a continuous supply of steel.

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 investing activities, including deposits with banks and financial institutions, other receivables and deposits, and other financial instruments.

a. Trade Receivable

The Company mainly sells to its related parties, OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2023, receivable from Company's top 3 customers accounted for approximately 99% (March 31, 2022: 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 10.

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.



Notes to the Financial Statements

for the year ended March 31, 2023

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

41 Financial risk management objectives and policies (Contd.)

iii. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that the funds are available for use as per the requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments:

	< 1 year	1 to 5 years	>5 years	Total
March 31, 2023				
Borrowings	41.67	62.50	-	104.17
Lease liabilities	34.32	84.13	231.49	349.94
Other financial liabilities	184.58	-	-	184.58
Trade payables	3,160.94	-	-	3,160.94
	3,421.51	146.63	231.49	3,799.63
March 31, 2022				
Borrowings	41.67	104.16	-	145.83
Lease liabilities	0.93	3.71	84.47	89.11
Other financial liabilities	137.70	-	-	137.70
Trade payables	3,327.72	-	-	3,327.72
	3,508.02	107.87	84.47	3,700.35

42 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company's gearing ratio, which is total borrowings divided by total capital employed is as below:

	31 March 2023	31 March 2022
Borrowings (Note 15)	104.17	145.83
Less: Cash and cash equivalents (Note 11)	111.79	741.98
Net debt-A	(7.62)	(596.15)
Equity	7,593.23	6,210.61
Total equity - B	7,593.23	6,210.61
Total capital employed - C= (A+B)	7,585.61	5,614.46
Gearing ratio D = (A/C)	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

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

43 Ratio Analysis and its elements

Ratio	Numerator	Denominator	As At March 31, 2023	As at March 31, 2022	% change	Reason for variance
Current ratio	Current assets	Current liabilities	2.37	1.90	25%	Due to increase in trade receivable & Term Deposit
Debt- equity ratio	Total debt	Shareholder's equity	0.01	0.02	-42%	Due to repayment of borrowings
Debt service coverage ratio	Earnings for debt service = Net profit after taxes + non-cash operating expenses like depreciation and other amortizations interest & other adjustments like gain on disposal of property, plant and equipment, etc	Debt service = Interest & lease payments + principal repayments	25.87	14.23	82%	Due to increase in profit after tax in current year
Return on equity ratio	Net profits after taxes	Average shareholder's equity	0.23	0.12	96%	Due to increase in profit after tax in current year
Inventory turnover ratio	Cost of goods sold	Average inventory	7.76	5.38	44%	Due to increase in consumption of raw materials
Trade receivable turnover ratio	Revenue from operations	Average trade receivable	5.23	4.44	18%	-
Trade payable turnover ratio	Net credit purchases	Average trade payables	5.94	3.39	75%	Due to increase in purchases
Net capital turnover ratio	Revenue from operations	Working capital = Current assets – current liabilities	4.56	4.17	9%	-
Net profit ratio	Net profit	Revenue from operations	0.07	0.05	40%	Due to increase in operations
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + total debt + deferred tax liability	0.29	0.15	86%	Due to increase in operations
Return on investment	Interest (Finance income)	Investment	NA	0.02	NA	-

44 Other Statutory Information

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the year.



Notes to the Financial Statements

for the year ended March 31, 2023

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

44 Other Statutory Information (Contd.)

- (v) The Company have not advanced or loaned or invested funds to any other person or entity, including foreign entities (intermediaries) with the understanding that the intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries,
- (vii) The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (viii) The Company is maintaining its books of account in electronic mode and these books of account are accessible in India at all times and the back-up of books of account has been kept in servers physically located in India on a daily basis from the applicability date of the Companies (Accounts) Rules, 2014, i.e. 5 August, 2022 onwards.

45 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 2022 - 2023 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.

46 Events occurring after balance sheet

The Board of Directors have proposed dividend of INR 32 per share after the balance sheet date which is subject to approval by the shareholders at the annual general meeting.

47 Reclassifications

Certain amount in the Balance sheet as at year ended March 31, 2022 have been reclassified in order to conform to the presentation for the current year. These changes have been made to improve the quality of information presented. Such reclassification does not affect previously reported profit or total equity.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sunil Gaggar
Partner
Membership No.: 104315

Place: Bengaluru
Date: May 16, 2023

For and on behalf of the Board of Directors of
Automotive Axles Limited
CIN: L51909KA1981PLC004198

Nagaraja Sadashiva Murthy Gargeshwari
Whole Time Director
DIN: 00839616

Place : Pune
Date : May 16, 2023

Ranganathan S
Chief Financial Officer

Place : Pune
Date : May 16, 2023

Dr. B. N. Kalyani
Chairman
DIN: 00089380

Place : Pune
Date : May 16, 2023

Debadas Panda
Company Secretary

Place : Pune
Date : May 16, 2023

Notice

Notice is hereby given that the 42nd Annual General Meeting (AGM) of the Members of Automotive Axles Limited, will be held on Thursday, 3rd August 2023 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 Statements

To consider and adopt the Financial Statements of the Company for the year ended 31st March, 2023 and the Reports of Board of Directors and Auditors thereon.

Item No. 2 – Declaration of Final Dividend

To declare final dividend on equity shares at ₹32/- per equity share of ₹ 10/- each for the financial year 2022-23.

Item No. 3 – Re-appointment of a Director

To appoint a director in place of Mr. Kenneth James Hogan, (DIN: 09161738) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment.

Special Business

Item No.4 - Related Party Transactions of the Company with Meritor HVS (India) Limited

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

“RESOLVED THAT pursuant to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder and in terms of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (including statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other statutory approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to continue with the existing contract(s)/arrangement(s)/transaction(s) and/or enter into/execute new contract(s)/ arrangement(s)/ transaction(s) (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) as mentioned in the explanatory statement with Meritor HVS (India) Limited (MHVSIL) a related party under Regulation 2(1) (zb) of the SEBI Listing Regulations, on

such terms and conditions as may be agreed between the Company and MHVSIL for an aggregate annual transaction value upto ₹40,000 millions for purchase/sale of goods / services, lease, transfer, assign or otherwise etc., whether material or otherwise, for the period from 1st April 2023 to 31st March 2025.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate and finalize other terms and conditions and to do all such acts, deeds and things including delegation of powers as may be necessary, proper or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT all actions taken by the Board, or any person so authorized by the Board, in connection with any matter referred to or contemplated in any of the foregoing resolutions, be and are hereby approved, ratified and confirmed in all respects.”

Item No.5 - To consider payment of commission to the Independent Non-Executive Directors of the Company

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

“RESOLVED THAT pursuant to the provisions of the Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Sections 197, 198 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, consent of the Company be and is hereby accorded for the payment of commission, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof, not exceeding in aggregate one percent (1%) of the net profits of the Company for each Financial Year computed in accordance with Section 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof to the Independent Non-Executive Directors of the Company with effect from the Financial Year ending 31st March 2023.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to determine the amount and terms of payment of the commission to the Independent Non-Executive Directors.

RESOLVED FURTHER THAT the Board of Directors of the Company or Committee(s) thereunder be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”



Item No. 6 - Approval for continuation of Directorship of Dr. Babasaheb Neelkanth Kalyani (DIN: 00089380) as a Non-Executive Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and subject to all other applicable provisions, consent and approval of the Shareholders of the Company be and is hereby granted for continuation of directorship of Dr. Babasaheb Neelkanth Kalyani (DIN: 00089380) as Non-Executive Director on the Board of the

Company, liable to retire by rotation after attaining age of seventy five (75) years, on January 7, 2024 as per existing terms and conditions.”

By Order of the Board of Directors
For **Automotive Axles Limited**

Place: Mysuru
Date: 16th May, 2023

Debadas Panda
Company Secretary

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

Notes:

1. The Ministry of Corporate Affairs (“MCA”) has vide its General Circular nos. 14/2020 and 17/2020 dated 8th April, 2020 and 13th April, 2020 respectively, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19”, General Circular no. 20/2020 dated 5th May, 2020, General Circular nos. 02/2021, 21/2021, 2/2022 & 10/2022 dated 13th January, 2021, 14th December, 2021, 5th May, 2022 and 28th December, 2022 respectively in relation to “Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)” and all other relevant circulars issued from time to time (collectively referred to as ‘MCA Circulars’) permitted the holding of the Annual General Meeting (‘AGM’) through Video Conferencing (‘VC’) facility or other audio visual means(‘OAVM’), without the physical presence of the Members at a common venue. Similar relaxation has been provided by the Securities and Exchange Board of India vide its circulars dated 12th May, 2020, 15th January, 2021, 13th May, 2022 & 5th January 2023 (‘SEBI Circulars’). In compliance with the provisions of the Companies Act, 2013 (‘Act’), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), SEBI Circulars and MCA Circulars, the AGM of the Company is being held through VC/OAVM on Thursday, 3rd August, 2023 at 3.00 p.m. (IST). The deemed venue for the 42nd AGM will be at the registered office of the Company situated at Hootagalli Industrial Area, Off. Hunsur Road, Mysuru – 570 018, Karnataka.
2. As per the provisions of Clause 3.A.II. of the General Circular No.20/2020 dated 5th May 2020, the matters of Special Business as appearing at Item Nos. 4, 5 and 6 of the accompanying Notice, are considered to be unavoidable by the Board and hence, form part of this Notice.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning the business under Item Nos. 4, 5 and 6 of the Notice, is annexed hereto.
4. **Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting. Accordingly, in terms of the MCA circulars, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form is not annexed to this notice.**
5. Since the meeting is proposed to be held through VC/OAVM attendance slip and route map of AGM are not annexed to this notice.
6. National Securities Depository Limited (“NSDL”) will be providing facility for voting through remote e-Voting, for participation in the 42nd AGM through VC/OAVM Facility and e-Voting during the 42nd AGM.
7. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the 42nd 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. Institutional shareholders (i.e., other than individuals, HUF’s, NRI’s etc.) can also upload their Board Resolution/Power of Attorney/ Authority Letter etc. by clicking on “Upload Board Resolution/Authority Letter” displayed under “e-Voting” tab in their login.
8. In case of joint holders attending the AGM, only such joint holder, who is higher in the order of names, will be entitled to vote.
9. 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.
10. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings by logging into the NSDL’s e-Voting website at www.evoting.nsdl.com. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
11. In line with the MCA General Circulars read with the SEBI Circulars, the Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 42nd 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.



12. 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 follow the instructions mentioned in this notice to update the details. 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.

13. 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.

14. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. 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 Transfer Agent in prescribed Form as detail below pursuant to SEBI Circular No. SEBI/HO/ MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021. The Company has already sent letters to the physical shareholders for furnishing the required details.

Type of holder	Process to be followed
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, Integrated Registry Management Services Private Limited either by email to irg@integratedindia.in or by post to No.30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bengaluru - 560003.
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode
	Update of signature of securities holder
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014
	Declaration to opt out of Nomination
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee
	Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form
	The forms for updating the above details are available at the Company's website: https://www.autoaxle.com/Important_Investor_Updates.aspx

15. The register of Members and Share Transfer Books will remain closed from 28th July 2023 to 3rd August 2023 (both days inclusive) for determining the names of the members eligible for final dividend on equity shares, if declared at the meeting.
16. 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 –
- As beneficial owners of the shares as per list to be furnished by the depositories in respect of the shares held in demat form on the closing hours of the business on Thursday, 27th July 2023 and
 - As Members on the Register of Members of the Company as on Thursday, 27th July 2023 after giving effect to all valid shares transfer in physical form which would be received by the Company end of the business hours on 27th July 2023.

17. 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 Thursday, 27th July 2023.
- A Resident individual shareholder with Permanent Account Number ('PAN') and who is not liable to pay income tax can upload a yearly declaration in Form No.15G/15H, to avail the benefit of non-deduction of tax at source on <https://www.integratedindia.in/ExemptionFormSubmission.aspx>

by 27th July 2023. Please click the below links to download blank Form 15G and Form15H:<https://www.integratedindia.in/ExemptionFormSubmission.aspx>. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate prescribed under Section 206AA or 206BAB of the Income Tax Act, 1961.

- 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. copy of PAN allotted by Indian income tax authorities, 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 uploading the documents on <https://www.integratedindia.in/ExemptionFormSubmission.aspx>. The aforesaid declarations and documents shall be self-attested and submitted by the shareholders by 27th July, 2023.
- iii. 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 as per instructions mentioned in this notice to update the details.
- iv. Norms for furnishing of PAN, KYC, Bank details and Nomination:
Pursuant to SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD-1/P/ CIR/2023/37 dated March 16, 2023, issued in supersession of earlier circulars issued by SEBI bearing nos. SEBI/HO/MIRSD/MIRSD RTAMB /P/CIR/2021/655 and SEBI/HO/MIRSD/MIRSD RTAMB/ P/CIR/2021/687 dated November 3, 2021 and December 14, 2021, respectively, SEBI has mandated all listed companies to record PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers of holders of physical securities. The folios wherein any one of the cited documents/details is not available on or after October 1, 2023, shall be frozen by the RTA.

The securities in the frozen folios shall be eligible:

- To lodge any grievance or avail of any service, only after furnishing the complete documents / details as mentioned above;
- To receive any payment including dividend, interest or redemption amount (which would be only through electronic mode) w.e.f. April 01, 2024, only after they comply with the above stated requirements.

The forms for updation of PAN, KYC, bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 and the said SEBI circular are available on our website https://www.autoaxle.com/Important_Investor_Updates.aspx

In view of the above, we urge Members holding shares in physical form to submit the required forms along with the supporting documents at the earliest.

The Company is in the process of despatching a letter to the Members holding shares in physical form in relation to the above referred SEBI Circular. Members who hold shares in dematerialised form and wish to update their PAN, KYC, Bank details and Nomination, are requested to contact their respective DPs.

Further, Shareholders holding shares in physical form are requested to ensure that their PAN is linked to Aadhaar to avoid freezing of folios. Such frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, after 31st December 2025.

- v. 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
2015-16	55% Dividend	12-Aug-2016	15-Sep-2023
2016-17	80% Dividend	18-Aug-2017	21-Sep-2024
2017-18	135% Dividend	13-Aug-2018	14-Sep-2025
2018-19	195% Dividend	14-Aug-2019	16-Sep-2026
2019-20 (Interim)	60% Dividend	02-Mar-2020	06-April-2027
2019-20 (Final)	8% Dividend	19-Aug-2020	21-Sep-2027
2020-21	45% Dividend	10-Aug-2021	12-Sep-2028
2021-22	150% Dividend	05-Aug-2022	09-Sep-2029



- vi. 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.
- vii. 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.
- viii. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs 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 National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
- ix. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. 27th July 2023, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 022 - 4886 7000 and 022 - 2499 7000. In case of Individual Shareholders holding securities in Demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., 27th July 2023 may follow steps mentioned in the Notice of the AGM under "How do I vote electronically using NSDL e-Voting system".
- x. 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.
- xi. The Chairman shall, after responding to the questions raised by the Members in advance or as a speaker at the AGM, formally conclude the meeting. All those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility shall be allowed to vote through e-voting system. The e-Voting module during the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
- xii. 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>
- xiii. Members may also note that the Notice of the AGM and the Annual Report for 2023 will also be available on the Company's website <https://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.
- xiv. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING AGM ARE AS UNDER: -**
- Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of 27th July 2023 may cast their vote by remote e-Voting. The remote e-Voting period commences on Monday, 31st July, 2023 at 9.00 a.m. (IST) and ends on Wednesday, 2nd August, 2023 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 27th July 2023.
- How do I vote electronically using NSDL e-Voting system?**

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

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in Demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 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. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e., your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e., NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
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Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 120450 then user ID is 120450001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - 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 etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

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

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cscapracheta@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
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.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Snehal Bhame, Assistant Manager at evoting@nSDL.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to irg@integratedindia.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to irg@integratedindia.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e., **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively, shareholder/members may send a request to evoting@nSDL.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER: -

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join Meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number to reach the Company's e-mail address at sec@autoaxle.com before 3.00 p.m. (IST) on Tuesday, 1st August, 2023. Such questions by the Members shall be suitably replied to by the Company.
6. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number to sec@autoaxle.com from Saturday, 29th July, 2023 (9:00 A.M. IST) to Tuesday, 1st August, 2023 (5:00 P.M. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Annexure to Notice

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

Pursuant to Section 102 of the Companies Act, 2013 (Act), the following Explanatory Statement sets out all the material facts relating to the business mentioned under Item Nos. 4, 5 and 6 of the accompanying Notice dated 16th May, 2023:

Item No.4

Further to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the shareholders by Ordinary Resolution.

Background, details and benefits of the transaction

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

TATA Motors, Daimler, Mahindra & Mahindra and most of the other Heavy & Commercial Vehicle manufacturers in India as well as in abroad.

MHVSIL having this strong technical and product design capabilities helps company to manufacture innovative products to cater the needs of the customers in Medium and Heavy commercial vehicles in India. In light of all these advantages, the Company has been dealing with MHVSIL. The Company has been focusing on export market as one of the main growth area through MHVSIL. It is expanding its customer base as well as geographies with the support of MHVSIL.

These transactions are material in terms of the provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Board has proposed the same to be placed before the shareholders for their approval as an Ordinary Resolution at the Annual General Meeting of the Company. The said approval would be effective for the period 1st April 2023 to 31st March 2025. The Company shall ensure that the transactions with MHVSIL does not exceed ₹3,000 crores up to the date of this 42nd Annual General Meeting which was approved earlier by the shareholders on their 37th Annual General Meeting held on August 13, 2018. Looking at the nature of business of the Company and the transactions, such approval of shareholders would be essentially required at this point of time.

Details of the proposed transactions with MHVSIL, being a related party of the Company as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with the SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, are as follows:

SN.	Description	Details
1.	Details of Summary of information provided by the	management to the Audit Committee
a.	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);	Meritor HVS (India) Limited is a part of the promoter group company of the listed entity; and consequently, a related party of the Company.
b.	Name of the director or key managerial personnel who is related, if any and nature of relationship	Dr. B. N. Kalyani, Mr. Kenneth James Hogan, Mr. B. C. Prabhakar and Dr. Shalini Sarin are the common Directors of both the Company.
c.	Nature, material terms, monetary value and particulars of contracts or arrangement including Tenure of the transaction	The operational transaction involves purchase/sale of goods / services, lease, transfer, assign or otherwise for business purpose from/to MHVSIL during 1 st April 2023 to 31 st March 2025, aggregating annual transaction value upto ₹40,000 millions.
d.	Value of Transaction	Annual transaction value upto ₹40,000 millions
e.	Percentage of annual consolidated turnover considering FY 2022-23 as the immediately preceding financial year	172%



SN.	Description	Details
2.	Justification for the transaction	Please refer to “ Background, details and benefits of the transaction ” which forms part of the explanatory statement to the resolution no. 4
3.	Details of transaction relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:	
	(i) details of the source of funds in connection with the proposed transaction	Not Applicable
	(ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments	Not Applicable
	- nature of indebtedness;	
	- cost of funds; and	
	- tenure	

The related party transaction(s)/contract(s)/arrangement(s) mentioned in this proposal has been evaluated by a reputed external independent consulting firm and the firm has confirmed that the proposed terms of the contract/agreement meet the arm’s length testing criteria. The related part transaction(s)/contract(s)/arrangement(s) also qualifies as contract under ordinary course of business.

The Members may note that in terms of the provisions of the SEBI Listing Regulations, the related parties as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall not vote to approve Resolution under Item No. 4.

Except as mentioned above, none of the Directors and/ or Key Managerial Personnel of the Company and/or their respective relatives are, in any way, concerned or interested either directly or indirectly, financially or otherwise, in the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the members.

Item No.5

Payment of commission to Independent Non-Executive Directors

Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 require the Board of Directors of the Company to recommend all fees or compensation, if any, payable to Non- Executive Directors, including Independent Directors and seek approval of Members in the general meeting.

Section 197(7) of the Act further provides that Independent Directors may receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board and other meetings and profit related to commission as may be approved by the Members.

The Board of Directors of the Company, subject to the approval of Members of the Company, have approved the payment of Commission to Independent Non- Executive Directors upto an aggregate of 1% of the net profits of

the Company for each financial year, to be calculated in accordance with Section 198 of the Act.

The said remuneration to Independent Non-Executive Directors shall be in addition to the sitting fee payable to them for attending meetings of the Board and Committees thereof.

Except Mr. B. C. Prabhakar, Mr. B. B. Hattarki and Dr. Shalini Sarin, no other Director, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Members’ approval is solicited for the resolution at Item No. 5 of the accompanying Notice.

Item No. 6

According to Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director on the Board of the Company who has attained the age of seventy-five years unless a special resolution is passed to that effect by the shareholders.

Dr. Babasaheb Neelkanth Kalyani (DIN: 00089380) Chairman and Non-executive Director of the Company will attain the age of seventy-five (75) years on January 7, 2024. Accordingly, the continuation of his Directorship as a Non-executive Director of the Company beyond January 7, 2024, requires approval of Members of the Company by way of Special Resolution.

This has been recommended by the Company’s Nomination and Remuneration Committee after a thorough evaluation of his performance and contribution to the Company. The Board believes that Dr. Kalyani has a deep understanding of forging, automotive and engineering industry, and his experience and expertise have been invaluable in navigating the Company through several challenges and opportunities over the years. He has also built strong relationships with our stakeholders. Dr. Kalyani is having exceptional leadership skills and industry expertise. He has been a driving force in promoting our Company’s culture of innovation, collaboration, and accountability. Board also believes that the continuation of Directorship of Dr. Kalyani after attaining

the age of 75 years as Director is in the best interest of the Company. Considering his vast experience, his presence on the Board will be of immense value to the Company and accordingly, the Board recommends the Resolution as Item No. 6 for approval by the Members by way of Special resolution.

Additional information in respect of Dr. Kalyani, pursuant to Regulation 36 of SEBI (LODR) Regulations and the Secretarial

Standard on General Meetings issued by the Institute of Company Secretaries of India (“SS-2”), is provided as Annexure-A to this Notice.

No director, key managerial personnel or their relatives, except Dr. Babasaheb Neelkanth Kalyani to whom the resolution relates, are interested or concerned on the resolution.

The Board recommends the resolution set forth in the Item No. 6 for the approval of the Members as special resolution.

Annexure-A

Dr. Kalyani is the Chairman and Non-Executive Director of the Company. He holds a B.E.(Hons), Mechanical Engineering from BITS Pilani, India and M.S. from Massachusetts Institute of Technology, Boston, USA. He embarked upon his career with Bharat Forge, a flagship company of the Kalyani Group way back in 1972. He is a Permanent Member of Prime Minister’s Science Technology & Innovation Advisory Council, Government of India; Co-Chairman of India-Japan Business Leaders’ Forum; Co-Chairman of India-Sweden Business Roundtable; Member of Indo French CEO’s Forum; Member of India-Russia CEOs’ Forum; Member of India-UK CEOs’ Forum; Member of India Israel CEOs’ Forum and Founding President of Society of Indian Defence Manufacturers. Dr. Kalyani has been conferred with several prestigious awards and recognitions including Padma Bhushan - India; Order of the Rising Sun, Gold and Silver Star, Japan; Cross of the Order of Merit Germany; Commander First Class of the Royal Order of Polar Star, Sweden; Knight in the Order of the Legion of Honour, France. Dr. Kalyani has also been bestowed with Honorary Doctorate of Science (honoris causa) – Deakin University, Australia and IIT Kharagpur, India.

Experience	51 years
Nature of expertise	Business Strategy, Product Development, Branding and Business Management.
Age	74 years
Educational Qualification	B.E (Hons), Mechanical Engineering from BITS Pilani, M.S. from Massachusetts Institute of Technology, Boston, USA.
Listed entities (other than Automotive Axles Limited) in which Dr. Kalyani holds Directorships and Committee Membership as on 1 st April 2023	<ul style="list-style-type: none"> • Bharat Forge Limited, also Member in Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. • Hikal Limited, also Member in Nomination and remuneration committee. • Kalyani Steels Limited, also Member in Audit Committee. • BF Utilities Limited, also Member in Stakeholders Relationship Committee & Corporate Social Responsibility Committee.
Listed entities from which Dr. Kalyani has resigned as Director in past 3 years as on 1 st April 2023	None
Terms of appointment/re-appointment	Continuation of directorship as Non-Executive Director of the Company as per item no. 6 of the Notice of AGM
Remuneration sought to be paid	No remuneration except sitting fee paid as per the company policy for attending Board Meetings
Remuneration last drawn	N.A.
Date of first appointment at the Board	05.03.1998
Shareholding in the Company	Indirectly hold 126 number of equity shares of the company as on 31 st March 2023 as a trustee of Babasaheb Family Trust along with Mrs. Sunita B. Kalyani and Mr. Amit B. Kalyani
Relationship with other directors and Key Managerial Personnel	No relationship
Number of Board meetings attended during the financial year ending 31 st March 23	4 (Four)

Our CSR Initiatives

Green initiatives at Chamundi Hill, Mysuru



Health care project in association with Pratham Education Foundation



Medical Health camp for rural community in association with Ashakirana hospital / Lions Club, Mysuru



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Karnataka

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