

# AUTOMOTIVE AXLES LIMITED

12<sup>th</sup> July 2024

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

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

**Attn: Listing Department**

Dear Sir/Madam,

**Sub: Annual Report for the Financial Year 2023-24 along with Notice of 43<sup>rd</sup> AGM of the Company.**

The Forty-Third Annual General Meeting (“AGM”) of the Company will be held on **Monday, August 5, 2024 at 3.00 P.M. (IST)** through Video Conferencing / Other Audio-Visual Means.

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report along with Notice of the 43<sup>rd</sup> AGM for the financial year 2023-24.

Detailed Annual Report along with Notice of the AGM is also uploaded on the Company’s website [https://www.autoaxle.com/Annual\\_reports.aspx](https://www.autoaxle.com/Annual_reports.aspx)

This is for your information and records.

Thanking you,

Yours Truly,

**For Automotive Axles Limited**

**Debadas Panda**  
**Company Secretary & Compliance Officer**

**Encl: As Above**



**Regd. Office & Mysuru Unit :**

Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018, Karnataka, India

Telephone : 91-821-719 7500, Fax : 91-821-2402451

Email : [sec@autoaxle.com](mailto:sec@autoaxle.com), Website : [www.autoaxle.com](http://www.autoaxle.com)

CIN : L51909KA1981PLC004198

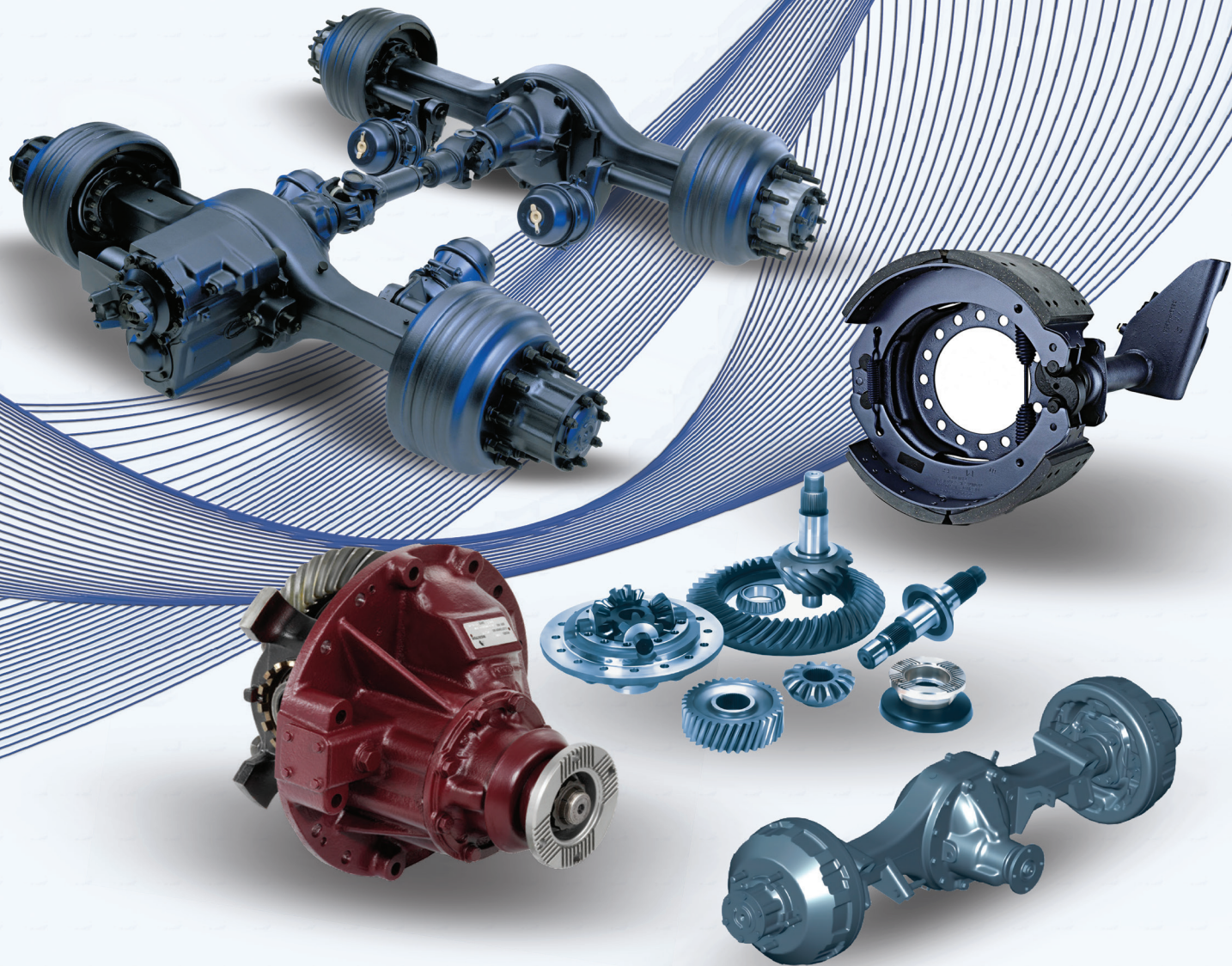
ISO 9001:2015 / IATF 16949 : 2016, EMS : ISO : 14001:2015 & OHSAS : ISO : 45001 : 2018



# GROWTH AND SUSTAINABILITY

Through Technology and Empowerment

43<sup>rd</sup> Annual Report 2023-24



**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*

Ms. Bijal Tushar Ajinkya  
*Independent Director*

Mr. Nagaraja Gargeshwari  
*President & Whole-time Director*

### Key Managerial Personnel

Mr. Nagaraja 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,  
4<sup>th</sup> cross Sampige Road,  
Malleswaram

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

Email: [sec@autoaxle.com](mailto:sec@autoaxle.com)

### Works

#### Mysuru

Hootagalli Industrial Area,  
Off Hunsur Road, Mysuru,  
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

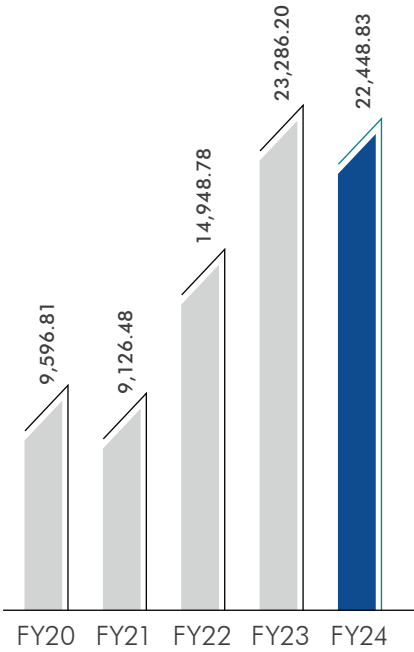
#### Hosur

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

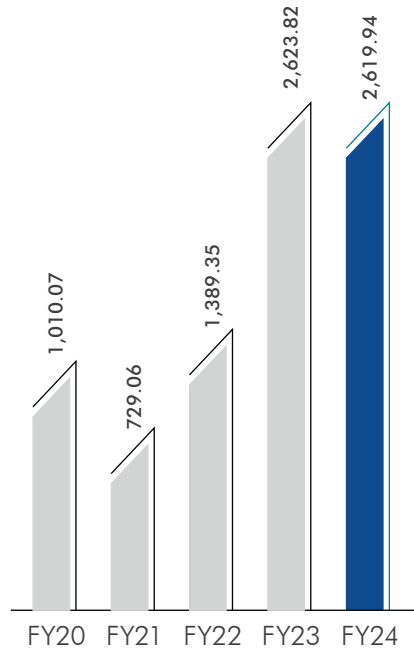


# Key Performance Indicators

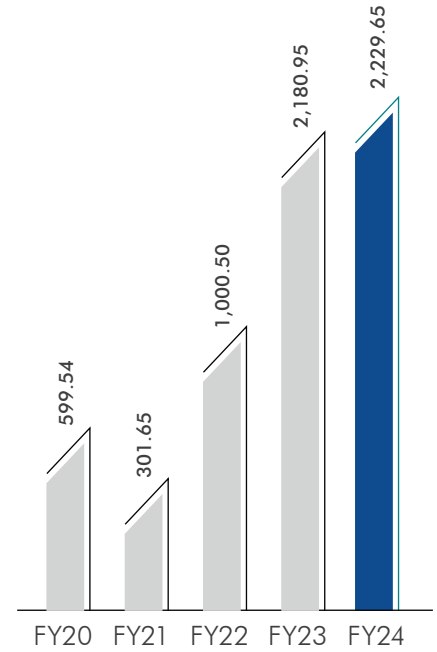
**Total Revenue**  
(₹ in mn)



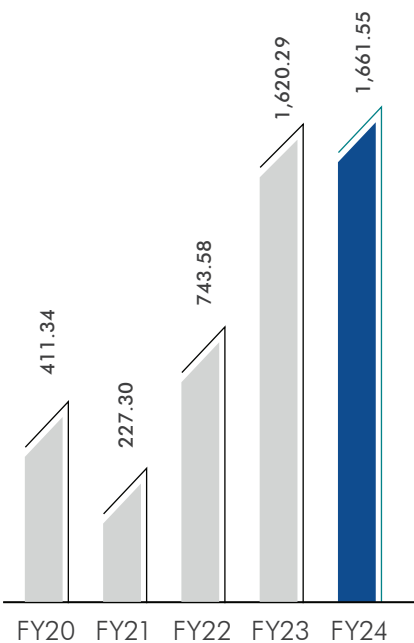
**EBITDA**  
(₹ in mn)



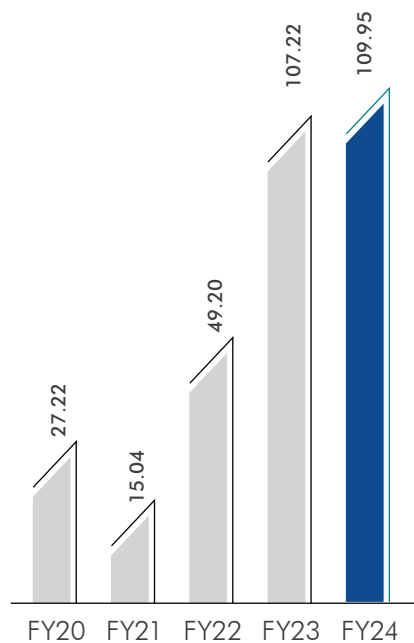
**PBT**  
(₹ in mn)



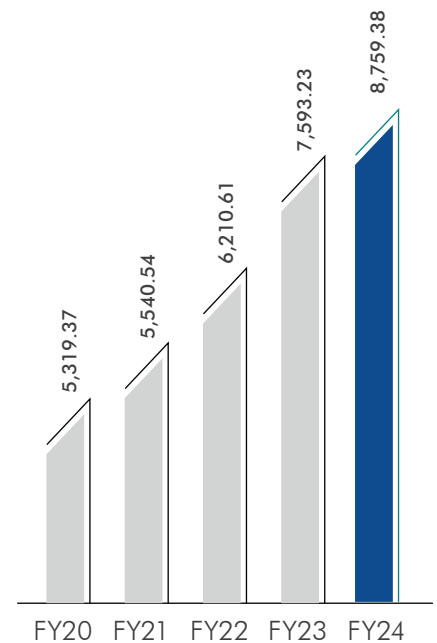
**PAT**  
(₹ in mn)



**EPS**  
(₹)



**Networth**  
(₹ in mn)



# Chairman's Message

*Dear Shareholders,*

I am pleased to present to you our annual report for FY 2023-24, providing insight into the latest developments and performance highlights of Automotive Axles Limited.

## Macro-economic perspective

The global economy continues to exhibit remarkable resilience, maintaining consistent growth, while inflation decelerates nearly as swiftly as it escalated. The journey has been marked by significant events, starting with supply chain disruptions in the aftermath of the Covid-19 pandemic, followed by an energy and food crisis triggered by the Russia-Ukraine conflict, and a substantial inflation spike, culminating in a globally coordinated tightening of monetary policy.

Amidst global economic fluctuations and persistent geopolitical tensions, India's economy stands out, exhibiting robust resilience, while maintaining its status as the fastest-growing major economy in the world. This stability draws its strength from the strategic policy implementations and regulatory measures, invigorated by a revitalised private sector, infusing strong momentum. The nation leverages substantial investments in emerging sectors, bolstered by Governmental initiatives, enhanced efficiency through digitalisation, and improved physical connectivity to help maintain the momentum of anticipated sustained economic growth. Looking ahead, India is poised for continued expansion throughout the decade, propelled by prudent investments, innovative policies, and a commitment to harness technological advancements for sustainable development.

## Industry review

The Indian automobile industry achieved notable growth, registering a 12.5% increase in domestic production for FY 2023-24, propelled by robust economic expansion and favourable Government policies. Indian automakers continue to prioritise customer-centric strategies, including product diversification, customisation, and digital sales and services to thrive in this dynamic landscape. Moreover, strategic partnerships and investments in emerging technologies further drive competitiveness and market leadership. Positioned for significant transformation, the industry adeptly navigates technological innovation, changing consumer trends, and regulatory shifts with resilience and adaptability. Despite global uncertainties, the Indian automobile industry's commitment to innovation and sustainability ensures a positive outlook.

Notably, India's auto components industry is set to drive the future expansion of the automotive sector, with its sustained focus on competitive pricing, adherence to quality standards, and technological innovation, thereby creating a favourable outlook for robust growth expectation. Already a substantial contributor to India's exports, this projected surge highlights



the industry's potential to emerge as a global leader in the automotive supply chain.

## Performance for the fiscal

I am delighted to announce another fiscal year of sustainable progress for us. Our total revenue stood at Rs. 22,449 million in FY 2023-24, compared to Rs. 23,286 million in FY 2022-23. Additionally, our EBITDA was Rs. 2,620 million, compared to Rs. 2,624 million, while our PAT grew marginally by 2.6% to Rs. 1,662 million, in contrast with Rs. 1,620 million recorded in FY 2022-23. We invested in state-of-the-art equipment and upgrades across our production lines to bolster our capabilities, with a greater focus on technological advancements. This strategic move aims to accommodate new models and variants swiftly, thereby ramping up productivity, enhancing agility, and meeting fluctuating volume and variant demands effectively.

## Operational achievements

I am glad to communicate that our Axle assembly line and Housing Line 1 are now equipped with Industry 4.0 capabilities. This advancement enables us to eliminate losses, enhance Overall Equipment Effectiveness (OEE), and ensure product and part traceability.



Meanwhile, our CNC gear line operates with cutting-edge manufacturing equipment, adhering to stringent global standards. Utilising a fully-closed loop system with predictive capabilities, we effectively mitigate heat treatment distortion, ensuring the production of top-quality gears. By leveraging digitised masters and precise heat-treated gear part mapping, we consistently deliver precision parts that meet exact specifications. Moreover, our collaborations with blade suppliers leads to the development of ultrafine carbide blade materials with special coatings, fortifying speeds, feeds, and overall productivity. In our endeavour to deliver best-in-class products to our esteemed clients, we continue to invest in capacity building. This is exemplified by our recent investment in a new bore turning machine, catering to the growing export demand for gear bore and back face grooving. This further reinforces our position as a premier provider of high-quality gears for global markets.

Over the past three years, our Total Productive Maintenance (TPM) initiatives have yielded remarkable improvements in safety, quality, and productivity across our operations. Our Mysuru Plant received the prestigious TPM Excellence Award, affirming our dedication to continuous improvement and operational excellence

### Responsible roadmap

We remain committed to deliver value-driven outcomes for all stakeholders. Leveraging our core capabilities and strengths, we continuously strive to produce high-quality products tailored to meet the needs of our OEMs.

We are dedicated to creating value through our sustainability strategy, placing a strong emphasis on conserving and responsibly using natural resources as a fundamental business imperative. Aligned with environmental sustainability goals, we actively work to mitigate environmental risks and drive positive impact including drive towards Net Zero, diversity.

We play a crucial role in empowering our workforce by fostering an environment of respect, trust, inclusivity, and diversity, which in turn cultivates a motivated and adaptable work environment. Recognising the invaluable contribution of our employees to our success, we prioritise their wellbeing and holistic development, aligning our values and culture accordingly. Moreover, we are nurturing a workplace culture that embraces and celebrates diversity, promotes equity, and facilitates inclusion through our Diversity, Equity, and Inclusion (DEI) initiatives.

At the core of our business strategy lies our commitment to uplifting communities around our operating locations. Prioritising healthcare, including preventive care, we ensure access to essential medical services for individuals and communities. We understand the significance of nurturing a holistic society, while simultaneously augmenting shareholder value creation.

“ The Indian automobile industry achieved notable growth, registering a 12.5% increase in domestic production for FY 2023-24, propelled by robust economic expansion and favourable Government policies.

In fortifying our governance approach, we go beyond conventional norms, placing utmost importance on enhancing long-term stakeholder value and fostering ethical business conduct. This year, we have adopted a Tax Transparency Report as a good corporate governance practice. Our corporate governance framework encompasses various aspects, including ethical corporate policies, code of conduct, human rights, and social impact. Furthermore, we ensure active engagement from all Board committees, guaranteeing oversight across business and Environmental, Social, and Governance (ESG) criteria. Through strategic oversight and controls, we conscientiously amplify Board participation and effectiveness in upholding our values and driving sustainable business practices.

### Acknowledgement

As a representative of the entire Board, I extend our heartfelt gratitude to all our partners, with special acknowledgment to our customers, business associates, vendors and bankers, for their unyielding trust and continuous collaboration. I convey our sincere appreciation to our dedicated employees for their persistent commitment and tireless efforts that drive our success forward every day. Additionally, I express deep gratitude to our shareholders for their firm confidence in our Company and extend our appreciation to the Board of Directors for their invaluable guidance and support. Together, we continue to navigate challenges and seize opportunities, driving our Company towards greater success.

*Regards,*

Dr. B N Kalyani  
Chairman

# BOARD'S REPORT

To the Members,

Your Directors have the pleasure in presenting the 43<sup>rd</sup> Annual Report on the business and operations of your Company together with the Audited Statements of Accounts for the financial period ended March 31, 2024:

## Financial Highlights:

Particulars	₹ in million)	
	2023-2024	2022-2023
Total Revenue	22,448.83	23,286.20
Profit before depreciation & tax	2,593.40	2,594.67
Less : Depreciation, amortization expenses	363.75	413.72
Profit before tax	2,229.65	2,180.95
Tax expenses	568.10	560.66
Profit for the year after tax	1,661.55	1,620.29
Other comprehensive income/(Loss) for the year, net of tax	(11.82)	(10.99)
<b>Total comprehensive income for the year</b>	<b>1,649.73</b>	<b>1,609.30</b>
<b>Balance of Profit from Previous Year</b>	<b>6,867.70</b>	<b>5,485.08</b>
Less: Dividend	483.58	226.68
Profit available for appropriation	8,033.85	6,867.70

## Dividend

The Board, at its meeting held on May 27, 2024, 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, 2024 subject to the approval of shareholders at the ensuing Annual General Meeting to be held on Monday, August 5, 2024.

The total amount of Dividend aggregates to ₹483.58 million.

The register of members and share transfer books will remain closed from July 30, 2024 to August 5, 2024 (both days inclusive) for the payment of final dividend to the shareholders of the Company, for the year ended on March 31, 2024.

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 29, 2024 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 ₹4,04,426/- which is unpaid/unclaimed dividends pertaining to the FY 2015-16 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](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 ₹22,448.83 Million as against ₹ 23,286.20 Million for the previous financial year. The Profit before tax (PBT) was ₹2,229.65 Million for the financial year under review, as against ₹2,180.95 Million for the previous financial year.



## Share Capital

The paid up Equity Share Capital as on March 31, 2024 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, 2024 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.

Ms. Bijal Tushar Ajinkya (DIN : 01976832), has been appointed as an Independent Director with effect from February 11, 2024. Further, in the opinion of the Board, Ms. Bijal Tushar Ajinkya possess the requisite skills and capabilities required for the role of an Independent Director of the Company, considering her qualifications, rich experience and expertise.

Dr. Shalini Sarin (DIN: 06604529) has ceased from the position of Independent Director of the company with effect from February 12, 2024, due to completion of her term.

In terms of the provisions of the Companies Act, 2013, Mr. Nagaraja Gargeshwari (DIN: 00839616), Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Below two resolutions were passed by the shareholders through postal ballot on December 25, 2023 & March 30, 2024 respectively;

1. To Approve Material Related Party Transactions of the Company with Meritor HVS (India) Limited.
2. Appointment of Ms. Bijal Tushar Ajinkya (DIN: 01976832) as Independent Director of the Company for a period of five (5) years effective February 10, 2024.

## 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 2023-24, Independent Directors met on January 31, 2024, 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-23-24.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:

- (a) in the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- (b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2024 and of the profit of the company for the year ended on that date;
- (c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) we have prepared the annual accounts on a going concern basis;
- (e) we have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Auditors & Auditors' Report

#### a. Statutory 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 appointment of M/s PriceWaterhouse Coopers Services LLP as Internal Auditors of the Company for the Financial Year 2023-24. The internal auditors conducted the audit as per the terms of reference by the Audit Committee which has reviewed the reports and the action taken by the Company for streamlining the gaps identified by the auditors.

#### 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, Practising Company Secretary had been appointed to conduct Secretarial Audit of the Company's secretarial and other related records for the financial year 2023-24.

The Secretarial Audit Report for the financial year ended March 31, 2024 in Form MR-3 is appended to this report under **Annexure – A**.

### Explanation for observations made under Secretarial Audit Report

This was a first time violation by one of our employee and his relative and was done inadvertently. Warning issued to the employee considering the amount involved and the employee had also transferred the profit of ₹8,489/- earned on the transaction to the SEBI-IEPF account. Going forward we will strengthen our reporting mechanism.

### 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, and 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.

All the recommendations by any of the above Committees are accepted by the Board and there are no recommendations which the Board has not accepted.

### 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 Lakhs per annum or more and of every employee who is employed part of the financial year, was in receipt of remuneration of ₹8.50 Lakhs or more per month is appended as **Annexure - C**.

### Annual Return 2023-24

The copy of Annual Return for the financial year ending March 31, 2024- is available at [https://www.autoaxle.com/Annual\\_Return.aspx](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.

The company has made investment of ₹ 27,99,500/- during the FY 2023-24 in Torrent Surya Urja 3 Private Limited to acquire 2,79,950 number of Equity Shares of ₹ 10/- each, constituting 26% of total equity shareholding as per Share Subscription and Shareholder's dated April 13, 2023 and amendment to the Share Subscription and Shareholder's Agreement on December 8, 2023 entered into with Torrent Surya Urja 3 Private Limited out of the total agreed amount of investment of ₹ 4,14,65,590/-, 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, 2024, 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 current policy is available on Company's website at [https://www.autoaxle.com/Investor\\_Policy.aspx](https://www.autoaxle.com/Investor_Policy.aspx). There has been no changes to the policy during the financial year.

## 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.

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.

For transactions with Meritor HVS (India) Limited, the Company has obtained shareholders' approval:

1. At their 37<sup>th</sup> Annual General Meeting held on August 13, 2018 for annual transaction value of ₹ 30,000 Million for a period of five (5) financial years starting from April 1, 2019 and ending on 31<sup>st</sup> March 2024
2. By passing special resolution through Postal Ballot on December 26, 2023 for transaction value of ₹40,000 Million for the Financial Year 2024-2025.

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](https://www.autoaxle.com/Investor_Policy.aspx)

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

The particulars on RPTs in 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. These 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 ₹ 20.07 Million on various CSR activities including the excess spent of previous year of ₹0.07 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 the state of the 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, 2024 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.

- I. Company has made investment of ₹27,99,500/- during the FY 2023-24 in Torrent Saurya Urja 3 Private Limited to acquire 2,79,950 number of Equity Shares of ₹ 10/- each, constituting 26% of total equity shareholding as per Share Subscription and Shareholder's Agreement entered into with Torrent Saurya Urja 3 Private Limited on April 13, 2023, and amendment thereto on December 8, 2023 to comply with regulatory requirements of the Electricity Act, 2003 read with Electricity Rules, 2005 to procure Solar Power.
- II. Company has made investment of ₹2,50,00,000/- 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 Torrent Saurya Urja 3 Private Limited and Parola Renewables Private Limited and therefore Torrent Saurya Urja 3 Private Limited and 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 2023-24, your company received recognitions from the following bodies/customers as listed below:

1. Successfully achieved TPM Excellence Category A Award-2023 after completing First Stage Assessment on July 14, 2023, and Second Stage Assessment on January 8, 2024. Honored at the ceremony held in Kyoto, Japan on March 20, 2024.
2. Recognised as the 'Supplier Samrat Regional Competition Runner-up' by Ashok Leyland.
3. Received Gold Award for Best Performance in ESG from Ashok Leyland
4. Secured 20 Gold Awards and 1 Silver Award at the Mysuru Chapter Convention on Quality Concept-CCQC Kaizens competition organised by Quality Forum of India-QCFI (CCQC-2023).
5. Received 5 Excellence Awards in the NCQC-2023 Allied Case Study Presentation competition during the National Convention on Allied Concepts.
6. Received Gold Awards with 2 teams in the ICQCC-2023 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 (5) 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 27, 2024

**B. N. Kalyani**  
Chairman



# ANNEXURE TO DIRECTORS' REPORT

## ANNEXURE - A

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

For the Financial Year ended 31<sup>st</sup> March 2024

[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 31<sup>st</sup> March, 2024 (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 31<sup>st</sup> March 2024, 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 31<sup>st</sup> March 2024 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 except that There is a delay in intimation to stock exchange on contra trade made by the designated person and subsequently profit of ₹8489/- earned on the transactions was transferred to the Investor Education and Protection fund of SEBI by the designated person.

**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 appointment of the Central Government, 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: F009323F000452271

Place: Mysuru

Date: 27<sup>th</sup> May 2024

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



## Annexure A

To,  
The Members of

### **Automotive Axles Limited**

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

1. The maintenance of Secretarial records is the responsibility of the management of the Company. Further, the Company is also responsible for devising proper systems and processes to ensure the compliance of the various statutory requirements and Governance systems.
2. It is the responsibility of the management of the Company to ensure that the systems and processes devised are operating effectively and efficiently.
3. My responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records, based on audit. The audit was conducted in accordance with the 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: F009323F000452271

Place: Mysuru

Date: 27<sup>th</sup> May 2024



## ANNEXURE - B

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

#### A. Conservation of Energy :

(a) The steps taken or impact on conservation of energy	<ol style="list-style-type: none"> <li>1. Installation of VFD panel for Housing line cooling Tower,</li> <li>2. Single loading transformer during holidays &amp; non – working days.</li> <li>3. Installation and commissioning of Inverter type Eco friendly air conditioners in BPG &amp; B27 machines.</li> <li>4. Replacing 400W focus lamp with 120W LED lamp for Peripheral area to reduce Power Consumption with standard illumination.</li> <li>5. Preheating Electrical heater Thyristor panel in place LPG Burners for BGL furnace.</li> <li>6. 2 lamp one switch control for shop floor Lighting – to reduce needless load.</li> <li>7. Installation &amp; Commissioning of new Power Control cubicle panel for Line wise distribution – work under progress</li> <li>8. Installation and commissioning of 150W induction lamp/LED lamps for new shed.</li> <li>9. LED light fixture for Office area.</li> <li>10. Tocco machine panel upgradation from obsolete fagor to Fanuc.</li> <li>11. Installation of Induction motor to IE4 Energy efficiency motor across the plant.</li> <li>12. Dust collector system installation of VFD in Brakes Plant.</li> </ol>
(b) The steps taken by the company for utilizing alternate sources of energy	<ol style="list-style-type: none"> <li>1. 12.4 MWp Green Power Purchase under Group captive scheme.</li> <li>2. Installation of Auto Power Factor Correction Relay Panel (APFCR) panel for Power Factor Improvement across the plant.</li> <li>3. Installation of 120W LED lights for peripheral areas to reduce energy and improve life.</li> <li>4. Installation of LED lights for shop office area in place of Compact Fluorescent Lamps to reduce energy and improve life.</li> <li>5. Installation of Variable Frequency Drive (VFD) panel for Dust collector system for Brakes Plant.</li> <li>6. Endo gas generator- upgradation work completed.</li> <li>7. Electrical Heaters Installed for preheating Zone for CGC furnace to reduce LPG consumption &amp; Cost reduction.</li> <li>8. Compressor &amp; Blower settings optimized using Six Sigma methodology.</li> <li>9. Installation of VRF type Air conditioners for office block.</li> <li>10. Tocco machine Electrical panel upgradation work.</li> <li>11. New project &amp; layout modification works.</li> <li>12. Upgradation from Induction motor to Hydro motor rig test.</li> </ol>
(c) The Capital investment on energy conservation equipment's.	Your Company has made capital investments of ₹ 339.34 Lakhs during the financial year 2023-24 on energy conservation equipment.



## B. Technology absorption:

<p>1. The efforts made towards technology absorption</p>	<ul style="list-style-type: none"> <li>• Design Development of high capability axle MS185 is completed for vehicles with 10X2 DTLA and 4X2 TT applications.</li> <li>• Concept design and development of MS177 for bus and EV remote mount applications.</li> <li>• Concept development &amp; costing for MT15I DCDL (Driver Controlled differential lock).</li> <li>• Concept development &amp; costing for 14I design.</li> <li>• MT160 Tandem DCDL (Driver Controlled differential lock) proto release for 320 and 360 Hp platform new applications.</li> <li>• MT15i tandem bolster bogie suspension design release for reliability improvement.</li> <li>• MT610 tandem bolster bogie suspension design release for reliability improvement.</li> <li>• Concept development &amp; costing for Bus &amp; Truck brakes.</li> <li>• Telematics &amp; Connectivity R&amp;D development work.</li> </ul>
<p>2. The benefits derived like product improvement, cost reduction, product development or import substitution</p>	<ul style="list-style-type: none"> <li>• Reliability improvement with enhanced warranty life offering.</li> <li>• Protecting axles for evolving PBN (Pass By noise) regulatory requirements.</li> <li>• Brake development with application specific liner grades to meet noise requirements.</li> </ul>
<p>3. In case of imported technology (imported during the last 3 years reckoned from the beginning of financial year) :</p> <p>a. Details of technology imported</p> <p>b. The year of import</p> <p>c. Whether the technology been fully absorbed</p> <p>d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p>	<p>NIL</p>
<p>4. Expenditure on R &amp; D</p> <p>a. Capital</p> <p>b. Recurring</p> <p>c. Total</p> <p>d. Total R &amp; D expenditure as a percentage to total turnover</p>	<p>NIL</p>

## C. Foreign Exchange Earnings and Outgo:

<p>a. Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans</p>	<p>NIL</p>
<p>b. Total Foreign Exchange used and Earned:</p> <p>Used</p> <p>Earned</p>	<p>₹ 311.39 Million [includes remittance of final dividend for the FY 2023-24]</p> <p>NIL, as all the sales for export are routed through Meritor HVS (India) Ltd., Mysuru</p>

For and on behalf of the Board of Directors

Place : Pune  
Date : May 27, 2024

**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	3.17%
(c) Company Secretary	4 %
(iii) the percentage increase in the median remuneration of employees in the financial year;	1.52%
(iv) the number of permanent employees on the rolls of company as on March 31, 2024;	989
(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., 2023-24 was 4% whereas the increase in the managerial remuneration for 2023-24 was 3.45%.

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	0.21	-25%
2	Mr. Nagaraja Gargeshwari	President & Whole Time Director	25.30	3%
3	Mr. B B Hattarki	Independent Director	1.38	122%
4	Mr. B C Prabhakar	Independent Director	1.45	133%
5	Dr. Shalini Sarin (Ceased w.e.f February 12, 2024)	Independent Director	1.45	320%

\*Note:

Percentage increase in the remuneration i.e (sitting fees & Commission) of Directors, apart from Mr. Nagaraja 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 or Manager
1	Nagaraja Gargeshwari	54	President & Wholetime Director	1,82,72,670	M.Sc, MBA (Business Administration)	33	7-Apr-22	Meritor Heavy Vehicle Systems LLC	No
2	Ranganathan S	57	Chief Financial Officer	1,14,55,858	B. Com, CA, Cost & Works Accountancy	30	6-May-15	Circor Flow Technologies India Pvt Ltd,	No
3	Muraleekrishnan V	55	General Manager – Manufacturing Systems	57,95,597	BE (Mech), MS (Engineering Business Management)	30	13-Oct-08	Mahindra & Mahindra Ltd	No
4	Abdul Kareem*	58	General Manager – Plant 1 & Mys Brakes	44,18,493	Dip (Mech), PGDMS (Warwick)	36	17-Jan-87	NA	No
5	Nikhil Prabhu V	43	DGM - Finance	41,73,191	B. Com, CA & Executive MBA	19	27-Jul-16	KEC International	No
6	Vinayaka V Bhat	55	DGM – ER & IR	37,48,114	B. Com, PG in IR & PM	28	1-Feb-21	Shahi Exports (P) Ltd. (Textile Division)	No
7	Debadas Panda	50	AGM – Company Secretary	33,40,085	BSc, LLB & CS	20	1-Feb-17	Minda Industries Ltd	No
8	Maddala Rishikesh	53	DGM-Plant Head, JSR	32,91,101	BE (Mech)	29	3-Feb-21	Craftsman Automation Limited	No
9	C N S Srinivas*	50	AGM – Quality Assurance	28,95,379	Dip (Mech), PGDMS (Warwick)	29	2-May-13	Casper Industries Pvt Ltd	No
10	A K Prabhu*	51	DGM – Quality Assurance, Service & Metallurgy	13,39,351	BE (Industrial & Production)	27	21-Nov-23	Daimler India Commercial Vehicles, Chennai	No
11	Sudhindra Havinahal Karnam*	40	AGM - Production, Component Mfg.	11,34,483	BE (Industrial & Production) & PGP (Operations Mgt)	21	21-Nov-23	Mahindra & Mahindra Ltd, Pune	No
12	Satish K S*	58	General Manager – NPD, MFE, Gear Engg. & Metallurgy	6,02,780	Dip (Mech), PGDMS (Warwick)	34	22-Nov-00	Gleason Works India Pvt Ltd	No

**Notes:**

- The nature of the employment is permanent and the terms of remuneration in the case of President and Wholetime Director is governed under the Board's and members' resolution.
- 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, Debadas Panda, holds 1 No. of Share, Nikhil Prabhu V, holds 1 No. of Share as on March 31, 2024.
- \*Mr. Satish K S and Mr. Abdul Kareem superannuated on May 22, 2023, and Mar 10, 2024 respectively & Mr. CNS Srinivas ceased from the company on Jan 9 2024. Mr. A K Prabhu and Mr. Sudhindra Havinahal Karnam joined the company on November 21, 2023.

For and on behalf of the Board of Directors

Place : Pune  
Date : May 27, 2024**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 27, 2024

**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	3	2
2	Dr. Shalini Sarin	Member Independent Director	3	2
3	Mr. Nagaraja Gargeshwari	Member Wholetime Director	3	3

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [https://www.autoaxle.com/Corporate\\_Social\\_Responsibility.aspx](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) : ₹ 1,17,08,60,052/-  
 (b) Two percent of average net profit of the company : ₹ 2,34,17,201/-  
 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, : ₹ 66,685/-  
 if any  
 (e) Total CSR obligation for the financial year (b+c-d) : ₹ 2,33,50,516 /-
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : ₹ 1,99,98,717 /-  
 (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) : ₹ 1,99,98,717/-  
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (In ₹)	Amount Unspent (In Rs.)				
	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.
1,99,98,717	33,51,800	30.04.2024	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)	2,34,17,201
(ii)	Total amount spent for the Financial Year	1,99,98,717
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(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)]	Nil

## 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	2020-21	1,69,87,387	Nil	Nil	N.A	N.A	1,69,87,387	NIL
2	2021-22	Nil	1,69,87,387	1,69,87,387	N.A	N.A	Nil	Nil
3	2022-23	Nil	Nil	Nil	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) : **Company has transferred amount of ₹ 33,51,800/- which remained unspent for FY 2023-24 to "Unspent Corporate Special Responsibility Account for FY 2023-24" for the ongoing projects.**

For and on behalf of the Board of Directors

**Nagaraja Gargeshwari**  
President & Whole-time Director

**B. C. Prabhakar**  
Chairman of the CSR Committee

Place: Pune  
Date: May 27, 2024

Place: Pune  
Date: May 27, 2024



# 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	https://www.autoaxle.com/
9. Financial year for which reporting is being done	2023-24
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 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.
14. Name of Assurance Provider	Not Applicable
15. Type of assurance obtained	Not Applicable

### II. Products/services

#### 16. 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

#### 17. 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	53.50
2	Brakes	29301	22.57
3	Others including Suspension	29301	23.93

### III. Operations

#### 18. 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



## 19. 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

## 20. 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)
<b>EMPLOYEES</b>						
1.	Permanent (D)	377	327	87	50	13
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total employees (D + E)</b>	<b>377</b>	<b>327</b>	<b>87</b>	<b>50</b>	<b>13</b>
<b>WORKERS</b>						
4.	Permanent (F)	612	612	100	0	0
5.	Other than Permanent (G)	1673	1631	97	42	3
6.	<b>Total workers (F + G)</b>	<b>2285</b>	<b>2243</b>	<b>98</b>	<b>42</b>	<b>2</b>

## b. Differently abled Employees and worker

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

## 21. Participation/Inclusion/Representation of women

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

\*KMP includes Whole Time Director (WTD)



## 22. Turnover rate for permanent employees and workers

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	7.49%	1.60%	9%	9.86%	1.83%	12%	10.75%	1.94%	13%
Permanent Workers	0.33%	0	0.33%	0.77%	0%	1%	2%	0%	2%

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

## 23. (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
2	Torrent Surya Urja 3 Private Limited	Associate	26	No

## VI. CSR Details

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

(ii) Turnover (in ₹) – 22,448.83 million

(iii) Net worth (in ₹) – 8759.38 million

## VII. Transparency and Disclosures Compliances

## 25. 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 2023-24 Current Financial Year			FY 2022-23 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	2	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](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.

## 26. 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	<ul style="list-style-type: none"> <li>Risk: Risk of existing manufacturing /production solutions that do not meet new technological advancements or, upgradation of future market needs.</li> </ul>	<ol style="list-style-type: none"> <li>Structured technology development projects</li> <li>New focus areas are identified to develop future capability needs</li> <li>Implementation of Industry 4.0, across all plants</li> </ol>	Negative -Innovation in the industry may impact the business if not considered immediately.
2	Sustained performance & quality	Risk	<ul style="list-style-type: none"> <li>Risk of losing potential customer, during the course of business.</li> </ul>	<ol style="list-style-type: none"> <li>Maintaining Quality enhances customer satisfaction</li> <li>Coefficient - alignment in strategies, partner of choice</li> <li>Providing end to end solutions, dual shore business model</li> </ol>	Negative -Impacts the brand reputation in the industry.
3	Training and education	Opportunity	<ul style="list-style-type: none"> <li>Skilled employees and workers form an asset to the Company.</li> <li>The highly trained employees and worker perform their tasks more efficiently</li> </ul>	<ol style="list-style-type: none"> <li>Providing a needs-based and innovative range of training courses, notably in forward thinking fields of expertise like digitalization</li> <li>Attracting and developing the right talent, ensuring professional development.</li> </ol>	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"> <li>Non-compliance with safety measures by employees</li> <li>Non-awareness of hazardous nature of chemicals may lead to potential hazards</li> </ul>	<ol style="list-style-type: none"> <li>Strict adherence to BBS (behaviour-based safety system)</li> <li>Focus on reducing the generation of effluent and arresting at the source</li> <li>Detailed SOP, employee training &amp; adherence followed strictly</li> <li>Providing intensified safety training that are specifically designed for roles which require upgraded skills.</li> </ol>	Negative- Incident's impact employee morale and business reputation leading to negative financial implication
5	Disaster recovery	Risk	<ul style="list-style-type: none"> <li>Business interruption due to natural calamities like earthquakes, cyclones, floods, etc.</li> <li>supply chain interruption,</li> <li>Risk of inadequate data centre &amp; far sight Disaster Recovery</li> <li>Business interruptions due to Pandemic</li> </ul>	<ol style="list-style-type: none"> <li>Adequate protection against calamities including appropriate insurance</li> <li>Introduced additional mitigation to overcome interruptions due to pandemic situations.</li> <li>Warehouse approximate to customer plant</li> <li>Vendor managed inventory</li> <li>Company has strong data backup recovery in place.</li> <li>Data Centre under Disaster Recovery Plan under process.</li> </ol>	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
<b>Policy and management processes</b>									
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			<a href="https://www.autoaxle.com/Governance.aspx">https://www.autoaxle.com/Governance.aspx</a>						
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.	<p><b>Principle-1</b> The Companies Act, 2013 and Corporate Governance under Securities and Exchange Board of India Regulations</p> <p><b>Principle-2</b> Quality Management System certified with IATF 16949:2016 Certified for Environmental Management System, ISO:14001:2015 Heat Treatment Process certified with CQI 9 Welding processes certified with CQI 15</p> <p><b>Principle-3</b> Occupational Health and Safety Management System Migrated from OHSAS-18001 and certified with ISO 45001:2018.  Certified for Environmental Management System, ISO:14001:2015  Level-2 certification from JUSE, Japan for adhering to the 5S Standard, with our commitment to excellence reaffirmed through a re-certification audit by QCFI in collaboration with JUSE, Japan in December 2023.  TPM Excellence Category A</p> <p><b>Principle-4</b> Certified for Environmental Management System, ISO:14001:2015  Occupational Health and Safety Management System Migrated from OHSAS-18001 and certified with ISO 45001:2018.  Level-2 certification from JUSE, Japan for adhering to the 5S Standard, with our commitment to excellence reaffirmed through a re-certification audit by QCFI in collaboration with JUSE, Japan in December 2023.  Quality Management System certified with IATF 16949:2016 Heat Treatment Process certified with CQI 9 Welding processes certified with CQI 15 TPM Excellence Category A</p>								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.									
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.									

**Principle-5**

Nil

**Principle-6**

Certified for Environmental Management System, ISO:14001:2015

**Principle-7**

Nil

**Principle-8**

Nil

**Principle-9**

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.

- 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.
- Converting the furnace from Gas fired (Fuel-LPG) into electric heating system project.
- 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.

6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.

**Water Management: Principle 6**

Focusing on our vision towards sustainability, we introduced several environmental initiatives including water conservation, reusable packaging, carbon emission control, energy conservation and waste management.

Within our Water Conservation initiative, we installed a rainwater harvesting facility with capacity of 1200 KL and additional 1000 KL rainwater harvesting collection pond newly constructed and in use.

**Energy Management: Principle 6**

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.



Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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**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 replaced with environment friendly reusable and returnable metal based bins/stealages/pallets.
- Working towards paperless office and reduction of usage of papers.
- Converting the furnace from Gas fired (Fuel-LPG) into electric heating system project.

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

<b>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies</b>	The Board of the Company is the highest authority responsible for the oversight of the implementation of the Business Responsibility policies
--	---

<b>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.</b>	Mr. Nagaraja Gargeshwari, President & Wholetime Director 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.																	

<b>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.</b>	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)	No
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 Company 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 encompass organizational processes designed to improve employees' knowledge, skills, and capabilities.

The importance of "Training" at AAL concentrates majorly on enhancing specific job-related competencies while the "Development" concentrates on more expansive, long-term approach to foster employees' overall growth and potential instilling greater motivation to enhance job performance.

In line with this, we have conducted close to about **117 trainings in FY23 with the training hours of 15550 hours**. 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.

For workmen, focus was on implementation of new systems like TPM & LOTO. Extensive and detailed training programs were conducted for all workmen. **A total of 16,624 hours of training was conducted.**

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	4	<p>The Company conducts familiarization program for Independent Directors to familiarize them with the Company, their roles &amp; responsibilities, their rights, nature of industry in which the company operates, business model of the Company etc. through various initiatives.</p> <p>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.</p> <p>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.</p>	100



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
Key Managerial Personnel	2	Policy on Standard of Business Conduct & Whistle Blower	100 Total Hours of training - 2 Hours/Year
Employees other than BoD and KMPs	117	Technical Trainings: TPM Training, Creo Software Training, Gear Technology, Robot Maintenance & Troubleshooting, Fire Safety Certification Training, AIG-VDA-FMEA, Integrated Materials Management and its Advantages, Industrial Sensors, Core Tools, Advance PLC, Amendments in PMLA - Impact on PCS, Bearing Selection, Handling, Assembly, Lubrication & Maintenance, LOTO Systems  Awareness Trainings: Code of Conduct Training, QMS - IATF 16949 Awareness, Fire Fighting Skills, First Aid Training, POSH, Shoukhiya Wellness Session  Soft Skill Trainings: Campus to Corporate Training, Supervisory Development Training, Management Development Program, Soft Skill Trainings	80 Total Hours of training – 8,886
	47	Technical Training: TPM, Jishu Hozen, Kaizen, Cutting Tools & On-Job-Training Safety: Certification of Fire Safety, EOHS Awareness Training, Lock Out-Tag Out Training. Health: Saamarasya – NLP based Training, Soukhya – Physical Health Training.	Coverage - 86 Total Hours of Training – 16,624

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 Settlement Compounding fee	Refer to the Company's website for all disclosures made under Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 at <a href="https://www.autoaxle.com/Other_filings.aspx">https://www.autoaxle.com/Other_filings.aspx</a>			
Non-Monetary				
NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment Punishment		Nil		

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 training on regular basis.

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 2023-24 Current Financial Year	FY 2022-23 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 2023-24 Current Financial Year		FY 2022-23 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

**8. Number of days of accounts payables ((Accounts Payable\*365)/Cost of goods/services procured) in the following format**

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Number of days of accounts payables	65	69

**9. Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along with loans and advances & investments, with related parties, in the following format.

Parameter	Metrics	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Concentration of Purchases	a. Purchases from trading houses as % of total purchases.	0	0
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses.	0	0
Concentration of Sales	a. Sales to dealers distribution as % of total sales	0	0
	b. Number of dealers/distributors to whom sales are made	0	0
	c. Sales to top 10 dealers/distributors as % of total sales to dealers distributors	0	0



Parameter	Metrics	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Share of RPTs in	a. Purchases (Purchases with related parties/ Total Purchases)	1.81%	2.79%
	b. Sales (Sales to related parties/Total Sales)	80.48%	80.58%
	c. Loans and advances (Loans & advances given to related parties / Total loans & advances)	0	0
	d. Investments (Investments in related parties / Total Investments made)	1.12%	2.72%

### 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	58

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.

Yes, 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.

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	0	0	
Capex	4.15%	0	<ul style="list-style-type: none"> <li>Imparting regular training on importance of sustainability development and creating awareness among employees for their contribution by regular updation and implementation of Policies of the Company</li> <li>To Prevention of accidental spill over &amp; land contamination and Protection of waste from Rain, getting wet &amp; causing pollution.</li> <li>Improve employee's morale.</li> </ul>

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

Yes, 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 an intelligent and environmentally sustainable Logistics system.

- The wooden pallets used for packing of Finished Goods are 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.

Percentage of inputs were sourced sustainably – 35%

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?

NIC Code	Name of Product/Service	% Of total Turnover contributed	Boundary for which the life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results Communicated in Public domain (Yes/No) If yes, Provide the web-link
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.

Name of Product/Service	Description of the risk/concern	Action Taken
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).

Indicate Input Material	Recycled or re-used input material to total material	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
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.

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (Including Packing)	Not Applicable			Not Applicable		
E-Waste						
Hazardous waste						
Other Waste						

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

Indicate Product category	Reclaimed Products and their packing materials as % of total products sold in respective 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, wellness and safety measures. 2 new wellness initiatives have been implemented at AAL namely:

1. Saamarasya, an NLP based program to improve positivity and enhanced solution-based thinking. The program has covered 300+ employees.
2. Soukhya – a wellness initiative also have been implemented, where a wellness expert team conducts fitness sessions for employees and provides customized tips to employees to improve their physical fitness.
3. Annual medical examination as per standard guidelines is done for all the employees to ensure their well-being.

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 programs 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)
<b>Permanent employees</b>											
Male	327	327	100	327	100	NA	NA	NA	NA	NA	NA
Female	50	50	100	50	100	50	100	NA	NA	0	0
<b>Total</b>	<b>377</b>	<b>377</b>	<b>100</b>	<b>377</b>	<b>100</b>	<b>50</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other than Permanent employees</b>											
Male											
Female											
<b>Total</b>											

Not applicable

**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)
<b>Permanent workers</b>											
Male	612	612	100	612	100	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>612</b>	<b>612</b>	<b>100</b>	<b>612</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other than Permanent employees</b>											
Male											
Female											
<b>Total</b>											

Not applicable

**c. Spending on measures towards well being of employees and workers (including permanent and other than permanent) in the following format.**

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Cost incurred on well being measures as a % of total revenue of the company	0.025%	0.033%

## 2. Details of retirement benefits.

Benefits	FY 2023-24 (Current Financial Year)			FY 2022-23 (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.

Yes, the Company has an equal opportunity policy for Persons with Disabilities. 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.

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 2023-24 (Current Financial Year)			FY 2022-23 (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)
<b>Total Permanent Employees</b>	0	0	0	0	0	0
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
<b>Total Permanent Workers</b>	612	601	98.2	613	602	98
Male	612	601	98.2	613	602	98
Female	0	0	0	0	0	0

8. Details of training given to employees and workers:

We have been identifying key talents & nurturing them through exhaustive training and development programs for various levels, including Campus to Corporate Trainings, Supervisory Development, Managerial Development and Leadership Development. These training courses are conducted to develop future leaders.

Category	FY 2023-24 Current Financial Year					FY 2022-23 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)
<b>Employees</b>										
Male	327	327	100	327	100	346	346	100	346	100
Female	50	50	100	50	100	29	29	100	29	100
<b>Total</b>	<b>377</b>	<b>377</b>	<b>100</b>	<b>377</b>	<b>100</b>	<b>375</b>	<b>375</b>	<b>100</b>	<b>375</b>	<b>100</b>
<b>Workers</b>										
Male	612	0	100	612	0	613	613	100	613	100
Female	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>612</b>	<b>0</b>	<b>100</b>	<b>612</b>	<b>0</b>	<b>613</b>	<b>613</b>	<b>100</b>	<b>613</b>	<b>100</b>

- As a part of Induction for new recruiters, Health & Safety related trainings are conducted as a mandatory program.
- 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, Core Tools, TPM, PLC, LOTO, Materials Management, GST Certification trainings, 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. As a part of continual improvement in the PMS process we have made few changes that includes rating scale was changed from 5-point scale to 4-point scale to improve our performance evaluation process. Continuous conversation & feedback between employee & manager along with stakeholder feedback are the key components in the FY 2023-24 performance management system.

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 programs etc.

Category	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	327	303	93	346	299	86
Female	50	22	44	29	24	83
<b>Total</b>	<b>377</b>	<b>325</b>	<b>86</b>	<b>375</b>	<b>323</b>	<b>86</b>
<b>Workers</b>						
Male	612	60	10	613	61	10
Female	0	0	0	0	0	0
<b>Total</b>	<b>612</b>	<b>60</b>	<b>10</b>	<b>613</b>	<b>61</b>	<b>10</b>

#### 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/ No).

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/ No)?

Yes, Automotive Axles Limited have a tie-up with external M/s Apollo & Kamakshi hospitals for major and critical medical care/treatment.



Further we have our inhouse occupational health center (OHC) equipped with qualified doctors, paramedical staff and emergency medical equipment 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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.62	0.57
Total recordable work-related injuries	Employees	0	0
	Workers	5	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 training, 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.
- 6) We have a Central Safety Committee including all the value streams HOD & workmen representatives. Every month a meeting is conducted, and issues are identified and its CAPA is implemented.

**Health Management:**

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

On-site, a 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 2023-24 Current Financial Year			FY 2022-23 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 rope provision for overhead industrial fans & protruded / projected grouting bolt removal from floor - Safety untoward incident prevention.
- 2) To enhance Powered industrial vehicles safety speed limit of all PIV's reduced to 5 Km/hr forward and 3 Km/hr reverse across the plant.
- 3) Anti-Skid Rubber Mat Provision for slippery Machines Working Platform to eliminate Slip, Trip & Fall Hazard & horizontally deployed across the plant.
- 4) Safety violation ticketing machine is introduced to record and monitor safety violations across the plant.
- 5) Towards Slip, Trip & Fall hazard preventions initiatives implemented across the plant - 32 nos mobile usage zone identified and display boards displayed, hazard indication on staircases with labelling.
- 6) 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
- 7) 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.

### 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	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year	FY 2023-24 Current Financial Year	FY 2022-23 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 towards 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, news paper publication, 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: <a href="https://autoaxle.com/Corporate_Social_Responsibility.aspx">https://autoaxle.com/Corporate_Social_Responsibility.aspx</a>

### 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) PAN IIT Alumni Reach For India (PARFI) Foundation for training of underprivileged candidate in manufacturing skill and (b) Vishwakshema Trust for providing educational support to the underprivileged students (c) 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 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	377	377	100	375	375	100
Other than permanent	0	0	0	0	0	0
<b>Total employees</b>	<b>377</b>	<b>377</b>	<b>100</b>	<b>375</b>	<b>375</b>	<b>100</b>
<b>Workers</b>						
Permanent	612	612	100	613	613	100
Other than permanent	1673	1673	100	1971	1971	100
<b>Total workers</b>	<b>2285</b>	<b>2285</b>	<b>100</b>	<b>2584</b>	<b>2584</b>	<b>100</b>

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

Category	FY 2023-24 Current Financial Year					FY 2022-23 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)
<b>Employees</b>										
<b>Permanent</b>	377	0	0	377	100	375	0	0	375	100
Male	327	0	0	327	100	346	0	0	346	100
Female	50	0	0	50	100	29	0	0	29	100
<b>Other than Permanent</b>	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
<b>Workers</b>										
<b>Permanent</b>	612	0	0	612	100	613	0	0	613	100
Male	612	0	0	612	100	613	0	0	613	100
Female	0	0	0	0	0	0	0	0	0	0
<b>Other than Permanent</b>	1673	0	0	1673	100	1971	0	0	1971	100
Male	1631	0	0	1631	100	1967	0	0	1967	100
Female	42	0	0	42	0	4	0	0	4	100

### 3. Details of remuneration/salary/wages, in the following format:

#### a. Median Remuneration/wages

	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	1,14,55,858	0	-
Employees other than BoD and KMP	324	7,09,768	50	4,35,256
Workers	612	7,42,651	0	0

Note:

- 1) BoD excluding Whole Time Director (WTD) receive only sitting fee and commission, hence median is not calculated.
- 2) KMP include Whole Time Director (WTD).

#### b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Gross wages paid to females as % of total wages.	3	2

### 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)

Yes, 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 2023-24 (Current Financial Year)			FY 2022-23 (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. Complaints filed under the sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, in the following format.**

	<b>FY 2023-24 Current Financial Year</b>	<b>FY 2022-23 Previous Financial Year</b>
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as % of female employees/ workers	0	0
Complaints on POSH upheld	0	0

**8. 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 behavior of anyone participating in or conducting grievance proceedings is not at all tolerated. Any such behavior will be viewed as misconduct under the Organization's disciplinary policies and strict actions will be taken against such unethical behavior.

**9. 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.

**10. Assessments of the year.**

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

**11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 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\*:

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual harassment	75% 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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A)	74548800	44838000
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumption (A+B+C)</b>	<b>74548800</b>	<b>44838000</b>
<b>Energy intensity per Crore of turnover</b> (Total energy consumption (Mega Joules) / turnover in crore rupees)	33442	19296
<b>From non-renewables sources</b>		
Total electricity consumption (D)	31267501	57094924
Total fuel consumption (E)	109064326	95001617
Energy consumption through other sources (F)	1159819	1123934
<b>Total energy consumption from non-renewables sources (D+E+F)</b>	<b>141491646</b>	<b>153220475</b>
<b>Total energy consumption (A+B+C+D+E+F)</b>	<b>216040446</b>	<b>198058475</b>
<b>Energy intensity per rupee of turnover in MJ / Crore</b> (Total energy consumed/Revenue from operations)	96915	85234
<b>Energy intensity per rupee of adjusted for Purchasing Power Parity (PPP) in GJ / Million USD</b> (Total energy consumed/Revenue from operation adjusted for PPP)	222	195
<b>Energy intensity in terms of physical output in MJ/Unit*</b>	580	486
Energy Intensity (Optional)- the relevant metric may be selected by the entity. In <b>MJ / SDLH</b>	43	41

\*Physical output includes Axles and Brakes

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.

No



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

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
i) Surface water (Concrete floor & Roof rainwater)	13,854	18,122
ii) Ground water (Borewell)	45,935	30,202
(iii) Third party water (AAL Mysore - KIADB)	3,990	4,121
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>63,778</b>	<b>52,445</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>1,20,289</b>	<b>92,759</b>
<b>Water intensity per rupee of turnover</b> (Total water consumption/Revenue from operations)	5.4	3.9
<b>Water intensity per rupee of turnover adjusted for Purchasing power parity (PPP)</b> (Total water consumption/ Revenue from operations adjusted for PPP)	123.46	90.33
<b>Water intensity in terms of Physical output*</b>	0.24	0.18
<b>Water intensity</b> (optional)- the relevant metric may be selected by the entity.		

\*Physical output includes Axles and Brakes

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. Provide the following details related to water discharged

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kiloliters)</b>		
<b>(i) To Surface Water</b>	0	0
- No Treatment		
- With Treatment – please specify level of treatment		
<b>(ii) To Ground water</b>	0	0
- No Treatment		
- With Treatment – please specify level of treatment		
<b>(iii) To Sea Water</b>	0	0
- No Treatment		
- With Treatment – please specify level of treatment		
<b>(iv) Sent to third-parties</b>	0	0
- No Treatment		
- With Treatment – please specify level of treatment		
<b>(v) Others</b>		
- No Treatment	-	-
- With Treatment – please specify level of treatment*	54,622.00	40,313.96
<b>Total water discharged (in kiloliters)</b>	<b>54,622.00</b>	<b>40,313.96</b>

\*After treated water confirming to quality norms, the treated water is used for inhouse gardening (Primary & Secondary ETP & STP)

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

No

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

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
NOx	ppm	2,959	2,269
SOx	ppm	704	538
Particulate matter (PM10)	mg/Nm3	3130	2,682
Persistent organic pollutants (POP)	-	0	0
Volatile organic compounds (VOC)	mg/Nm3	51	70
Hazardous air pollutants (HAP)	-	0	0
Others – please specify (Phosphating - Acid mist)	mg/Nm3	9	7

**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 & Hosur - No air pollution sources.

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

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	*CO2 emissions- 5,800 MT	*CO2 emissions- 5,133 MT
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	**CO2 emissions- 19,306 MT	**CO2 emissions- 17,982 MT
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)		1.12	0.99
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)		25.76	22.51
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>		0.05	0.04
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional)- the relevant metric may be selected by the entity.			

\* 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

**8. 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. Construction of new additional Rainwater Harvesting Storage Pond of capacity 1000 KL to increase in harvested rainwater capacity & reduces freshwater consumption for Achieving & sustaining 70% water positive.
3. Installation of Roof Top wind driven Turbo Ventilators across the plant to ensure adequate general ventilation under the renewal energy use initiative.
4. Year on year trees plantation internally & externally towards greenery enhancement.
5. Pipeline project – Installation of 30KLD capacity ETP with Zero Liquid Discharge (ZLD).

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

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total Waste generated (in metric tons)</b>		
Plastic waste <b>(A)*</b>	327	334
E-waste <b>(B)</b>	4.8	5
Bio-medical waste <b>(C)</b>	0.02	0.02
Construction and demolition waste <b>(D)</b>	0	0
Battery waste <b>(E)</b>	0	0
Radioactive waste <b>(F)</b>	0	0
Other Hazardous waste. Haz. Waste from process + Haz. Waste from pollution control equipment's, + Filter bed sand+ Filter bags etc. <b>(G)</b>	Grinding muck, ETP sludge, Paint waste, Phosphating sludge - 252 Used Oil – 1 Oily Cotton – 13	Grinding muck, ETP sludge, Paint waste, Phosphating sludge: 205 Used Oil: 0.02 Oily Cotton – 6
Other Non-hazardous waste generated <b>(H)</b> . MS Scrap + Aluminum scrap (Break-up by composition i.e. by materials relevant to the sector)	Liner grinding dust - 261 Cardboard waste - 289 Paper waste – 88 Wood pallets/wood waste- 867 Scrap Metal – 12,433	Liner grinding dust – 225 Cardboard waste - 288 Paper waste - 99 Wood pallets/wood waste- 897 Scrap Metal – 15,052
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>14,536</b>	<b>17,112</b>

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water intensity per rupee of turnover</b> (Total water consumption/Revenue from operations)	0.65	0.73
<b>Water intensity per rupee of turnover adjusted for Purchasing power parity (PPP)</b> (Total water consumption/ Revenue from operations adjusted for PPP)	14.91	16.66
<b>Water intensity in terms of Physical output</b>	0.03	0.03
<b>Water intensity</b> (optional)- the relevant metric may be selected by the entity.		

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)**

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Category of waste</b>		
(i) Recycled**	8,306	18,699
(ii) Re-used**	1,705	1,969
(iii) Other recovery operations**	1,705	2,363
<b>Total</b>	<b>11,716</b>	<b>23,031</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)</b>		
<b>Category of waste ^</b>		
(i) Incineration	265	211
(ii) Landfilling	0	0
(iii) Other disposal operations	261	225
<b>Total</b>	<b>526</b>	<b>436</b>

\*\* 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

**10. 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.

**11. 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			

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

Not applicable



13. 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:

Yes, 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. 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 - Not applicable  
(ii) Nature of operations  
(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	0	0
(iv) Sent to third-parties	0	0
(v) Others	0	0
<b>Total Volume of water withdrawal (in kiloliters)</b>	0	0
<b>Total Volume of water Consumption (in kiloliters)</b>	0	0
<b>Water intensity per rupee turnover</b> (water consumed/turnover)	0	0
<b>Water discharge by destination and level of treatment (in kiloliters)</b>		
(i) Into Surface water	0	0
- No Treatment		
- With Treatment – please specify level of treatment		
(ii) Into Groundwater	0	0
- No Treatment		
- With Treatment – please specify level of treatment		
(iii) Into 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	0	0
- No Treatment		
- With Treatment – please specify level of treatment		
<b>Total Water discharged (in kiloliters)</b>	0	0

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 - Not applicable

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

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	*4,450	*4,480
Total Scope 3 emissions per Rupee of turnover		0.19	1.65
Total Scope 3 emission intensity (optional)- the relevant metric may be selected by the entity			

\*Scope 3 CO<sub>2</sub> 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

3. 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

4. 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.	Filter Media replacement	The STP/ETP area – Filter Media replacement completed for STP (2 PSF & 1 ACF) and ETP (1 PSF & 2 ACF)	To improve the efficiency of the treatment process.
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 dispatch	<ul style="list-style-type: none"> <li>Natural Resource consumption reduction &amp; solid waste generation reduction.</li> <li>80% elimination of Wooden Pallets Packaging and also improving the transportation quality</li> </ul>
3.	Scrap Yard Roofing	Construction of scientific Storage, Handling & Disposal of waste Scrap Yard Roofing for Other Waste storage area	To Prevention of accidental spill over & land contamination and Protection of waste from Rain, getting wet & causing pollution.
4.	Rainwater harvesting, collection, filtering & reuse & Ground water recharging	Additional Roof rainwater tank/pond is being constructed of capacity 1000 KL; the harvested water is being used for domestic & Industrial requirement & also for ground water recharging.	Fresh raw water consumption reduction & Natural resource conservation

5. 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.
- 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.

**6. 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.

**7. 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.**

Name of authority	Brief of the case	Corrective action taken
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
	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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	32%	32%
Sourced directly from within the district and neighboring districts	14%	14%

### 5. Job Creation in smaller towns- Disclose wages paid to persons employed (including employees or workers employed on a permanent or no-permanent/ on contract basis) in the following locations as % of total wage cost

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Rural	0	0
Semi-Urban	0	0
Urban	100%	100%
Metropolitan	0	0

(place to be categorized as per RBI Classification System-rural/semi urban/urban/metropolitan)



## 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:

(a) We remained dedicated to improving public health by maintaining the Public Convenience Facility at Chamundi Hills, Mysuru. This facility plays a crucial role in promoting hygiene and public health in this renowned tourist destination.

(b) We took a significant step in addressing hunger, poverty, and malnutrition by sponsoring the construction of part of an Annadana Hall, led by ISKCON Mysore. This initiative aligns with our dedication to social welfare and community development. The primary objective of the Annadana Hall is to provide free, nutritious meals to those in need. Our collaboration with ISKCON Mysore ensures that the project is managed by an organisation with a proven track record in community service and food distribution. Their expertise is crucial in making the Annadana Hall a sustainable and impactful endeavour.

(c) Our CSR initiatives from the past year underscore our commitment to improving educational infrastructure and fostering skill development within our communities. Through our support of local primary schools, we strive to create lasting positive impacts on the educational landscape. Our partnerships with implementing agencies ensure that our efforts reach those most in need, providing every deserving student with the opportunity to succeed.



In line with our commitment to skill development, we've partnered with Vidyavardhaka College of Engineering to establish a Skill Development Centre. This initiative aims to equip students with the technical and soft skills necessary to excel in today's rapidly evolving job market. The centre offers hands-on training in emerging technologies, including metallurgy.

- (d) 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.
- (e) We've extended financial support to animal welfare organisations and implementing agencies dedicated to animal rescue, shelter management, and veterinary care.

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Health Care projects		100 % of the Projects serve the beneficiaries who are from the under privileged, marginalised, vulnerable and backward community of the society.
2	Eradicating Hunger, Poverty & Malnutrition		
3	Skill Development & infrastructure development in academic institutions		
4	Sustainability initiatives/Carbon sequestration		
5	Animal Welfare		

## 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 2023-24 (Current Financial Year)			FY 2022-23 (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	0	0		0	0	
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	
Other	0	0		0	0	



4. **Details of instances of product recalls on account of safety Steps taken to inform and educate consumers about safe and responsible usage of products and/or services 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.**

Yes, 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.

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

7. **Provide the following information relating to data breaches**

a) Number of instances of data breaches - Nil

b) Percentage of data breaches involving personally identifiable information customers - Nil

c) Impact, if any of the data breaches - Nil

### 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](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.

# Management Discussion and Analysis

## Global Economy

The world economy is projected to maintain a growth rate of 3.2% throughout CY2024 and CY2025, consistent with the pace observed in CY2023, as stated by the International Monetary Fund (IMF). Advanced economies are expected to undergo a slight acceleration, while emerging market and developing economies may experience a modest slowdown. Global headline inflation is forecasted to moderate, declining from an annual average of 6.8% in CY2023 to 5.9% in CY2024 and further to 4.5% in CY2025. This decline is attributed to a more front-loaded decrease in advanced economies, with inflation expected to return to near pre-pandemic levels sooner than in emerging market and developing economies.

Advanced economies are poised for a slight uptick, primarily driven by the euro area's recovery, with growth rates projected to climb from 1.6% in CY2023 to 1.7% in CY2024 and 1.8% in CY2025. In contrast, emerging market and developing economies are expected to sustain stable growth at 4.2% during CY2024 and CY2025, although regional disparities exist, with growth moderation in Asia counterbalanced by growth in the Middle East, Central Asia, and sub-Saharan Africa.

Global Economic Growth (% change)	Year-on-Year		
	Estimate	Projections	
	CY2023	CY2024	CY2025
World	3.2%	3.2%	3.2%
Advanced Economies	1.6%	1.7%	1.8%
Emerging Markets and Developing Economies	4.3%	4.2%	4.2%

Source: International Monetary Fund (IMF)

The global economic outlook is expected to remain steady, with growth hovering around 3.2%. This stability is underpinned by several key factors. The rebound in labour supply, fuelled by robust immigration flows in advanced economies, contributes to economic resilience. Additionally, the gradual fading of earlier energy price shocks alleviates pressure on inflation. Decisive monetary policy actions, coupled with improved frameworks, particularly in emerging markets, have been instrumental in stabilising inflation expectations.

Looking ahead, certain actions are crucial for enhancing medium-term growth prospects globally. Rebuilding fiscal buffers is essential, as it helps lower funding costs and improves financial stability. Facilitating faster resource

allocation can boost growth by enhancing efficiency and productivity. Addressing geoeconomic fragmentation is imperative to mitigate potential losses in efficiency and foster greater global cooperation. Moreover, intensifying efforts towards a green and climate-resilient future is critical for sustainable economic development, necessitating substantial investments in green technologies and initiatives. In navigating these challenges and seizing opportunities, multilateral cooperation is crucial for addressing complex global issues to drive progress and economic stability.

## Indian economy

In FY 2023-24, India exhibited remarkable economic resilience, achieving a notable growth rate of 7.6%. This achievement was driven by various factors contributing to the nation's economic vigor. Improved corporate and bank balance sheets provided a stable foundation, instilling confidence in the financial sector. Additionally, a resurgence in rural consumption, supported by favorable agricultural conditions and government initiatives, significantly bolstered economic momentum.

Moreover, there was a distinct increase in private consumption, reflecting heightened consumer confidence and purchasing power. This resilience in domestic demand was evident despite challenges posed by the global economic landscape. Evidence of this resilience was seen in the notable rise in e-way bills and toll collections observed in February 2024, signaling sustained economic activity and trade flows within the country.

Furthermore, proactive investments by the Indian Government in public infrastructure and the financial sector played a crucial role in enhancing economic stability amidst external uncertainties. These investments not only stimulated economic growth but also strengthened the nation's capacity to withstand global shocks, ensuring continued progress and development.

Looking ahead, the Indian economy is poised for further growth and advancement. Projections indicate a trajectory towards reaching the USD 7 trillion milestone by 2031, solidifying India's position as the world's third-largest economy. Capital and productivity enhancements, facilitated by a comprehensive integration of digital and physical infrastructure, will drive this growth. Additionally, the manufacturing sector is expected to undergo a revival, leveraging global opportunities, domestic policy support, and a focus on transitioning to green energy.



Source: Ministry of Statistics & Programme

## Indian Automobile and Industry

Against the backdrop of robust economic growth driven by favourable government policies, the Indian automobile industry demonstrated a satisfactory performance in FY 2023-24. The domestic industry witnessed a significant upsurge, growing by 12.5% to reach 2,38,53,463 units, compared to 2,12,04,846 units in the previous year.

Leading the growth trajectory was the Passenger Vehicle segment, which recorded overall sales of nearly five million units, including 4.2 million domestic sales (an 8.4% increase) and 0.7 million units in exports.

In the Commercial Vehicles segment, the industry experienced marginal growth, reaching 9.7 million units. However, there was a slight decline in the Light Commercial Vehicles (LCVs) and Small Commercial Vehicles (SCVs) categories, attributed to a decrease in demand for CNG vehicles. Additionally, the migration towards higher tonnage trucks, providing increased payload capacity, impacted the growth in CVs, although not reflected in the number of units sold. The Three-Wheeler industry also witnessed significant growth, nearing the peak of 0.7 million units seen in 2018-19.

Optimism abounds within the industry as the macroeconomic outlook remains positive. Enhanced by a promising monsoon forecast, the industry anticipates sustained growth in the coming year. Furthermore, increasing interest from companies in penetrating rural markets has further propelled sectoral growth. The burgeoning logistics and

passenger transportation industries are driving the demand for commercial vehicles, indicating a promising future for the market.

Looking ahead, the industry foresees growth opportunities stemming from emerging trends, particularly the electrification of vehicles. The focus on electrification is expected to be particularly pronounced in segments such as three-wheelers and small passenger automobiles, shaping the future trajectory of the automotive market in India.

## Indian Automotive Component Industry

India's automotive industry plays a pivotal role in the country's manufacturing economy, with the auto component manufacturing (ACM) segment providing crucial support. Over recent years, India has witnessed a significant increase in the number of Original Equipment Manufacturer (OEM) suppliers in the ACM segment, positioning the country as a prominent player in the global automotive supply chain.

Domestically, the ACM market has made substantial strides within the automotive sector, contributing over 2.3% to India's Gross Domestic Product (GDP). Furthermore, it directly and indirectly employs upwards of 1.5 million individuals, making it a vital source of employment nationwide.

As of 2023, the Indian auto component industry boasts a valuation of approximately US\$57 billion, with projections indicating a climb to US\$85 billion by 2026, as reported by the Indian Investment Grid. This growth trajectory is fuelled by escalating demand, advancements in product quality, and bolstered competitiveness.

Internationally, there has been a notable shift in sentiment towards sourcing from India. Despite recessionary trends in key markets, export growth surged due to this positive sentiment, bolstered further by the adoption of diversification strategies such as "China+1."

Moreover, there are emerging opportunities for export-oriented production in India, particularly for traditional components like castings, forgings, and injection modules, which may not be as viable in Western markets but hold promise in India's manufacturing landscape.

Furthermore, several factors are expected to positively impact Indian auto component suppliers in the medium to long term. These encompass increased supplies to new platforms, higher value addition, and the potential for aftermarket demand in overseas markets. Additionally, opportunities in the EV segment, vehicle premiumisation, localisation efforts, and evolving regulatory norms are anticipated to contribute to stable growth for auto component suppliers, driven by higher content per vehicle.

(Source: <https://www.india-briefing.com/news/indias-auto-component-manufacturing-success-and-its-vision-for-ev-adoption-29651.html/>)

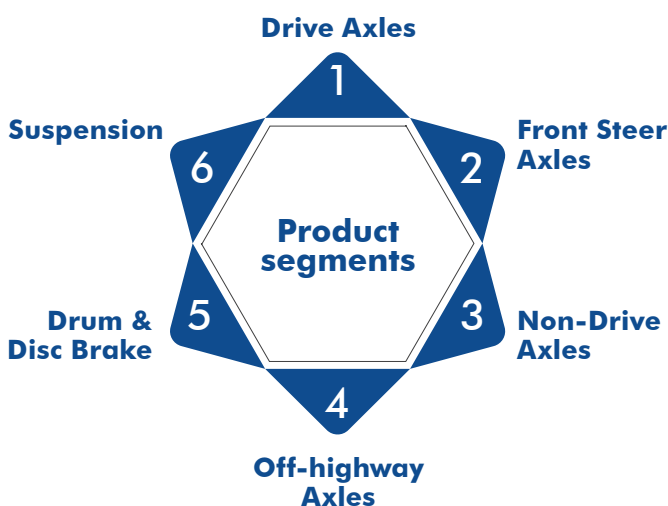
## Welcome to the World of Automotive Axles Limited

Automotive Axle Limited (AAL) is a distinguished joint venture between the esteemed Kalyani Group and Meritor Inc., USA, established in 1981. As a prominent entity in India, we specialise in manufacturing Rear Drive Axle Assemblies, S-Cam actuated quick-change air brakes, and trailer axles catering to vehicles within the 10 to 13 tonnes gross vehicle weight (GVW) range.

Throughout our journey, we have cultivated unparalleled expertise, positioning us as a leader in both domestic and international markets. Our clientele spans across various segments, including light, medium, and heavy commercial vehicles, military vehicles, and off-highway vehicles. Our extensive product lineup encompasses front steer axles, defence axles, off-highway axles, drive and non-drive axles, drum brakes, and gear sets.

With manufacturing facilities strategically located across India in Mysuru (Karnataka), Rudrapur (Uttarakhand), Jamshedpur (Jharkhand), and Hosur (Tamil Nadu), we ensure adherence to top-tier manufacturing standards at every step. Our commitment to quality is ingrained in our processes, ensuring that our products meet global benchmarks. Furthermore, our association with Meritor Heavy Vehicle Systems LLC USA, being a technology partner, enhances our capabilities in product engineering, validation and testing, and aftermarket re-engineering.

Listed on the National Stock Exchange of India Limited and BSE Limited, AAL stands as a beacon of excellence in the automotive industry, poised for continued growth and innovation.



## 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 commitment to delivering world-class quality products is unwavering, supported by key pillars that drive our business forward:

- **Rich experience:** With over 42 years of experience, particularly in the Indian and Asian markets, we possess invaluable market insights and a keen understanding of customer requirements. Our emphasis on innovation and cost-effective solutions ensures that our customers can trust in the reliability of our offerings.
- **Competitive Edge:** Our skilled workforce and technical prowess empower us to provide tailor-made products and services to our clientele. Additionally, our joint venture with Meritor Heavy Vehicle Systems LLC, USA, positions us at the forefront of technological leadership. During FY 2023-24, we've introduced several Value Engineered products and variants, providing our customers with a competitive edge.
- **Quality-Driven:** We continuously elevate our quality standards through the adoption of internationally acclaimed methodologies such as Built in Quality, 5S, and Six Sigma processes. Our commitment to zero tolerance for defects is ingrained within our teams, ensuring that only the highest quality products reach our customers. We have embraced Total Productive Maintenance (TPM) as a cultural ethos to improve process consistency and, consequently, enhance quality.
- **Best in-Class Facilities:** With state-of-the-art manufacturing facilities boasting advanced gear cutting technology such as Face Hob machines and Robotic Welding processes, along with a new axle assembly line integrated with Industry 4.0 technologies featuring digital interlocks and robotic painting, we remain committed to delivering products of unparalleled quality and reliability.
- **Esteemed Clientele:** With a broad client base across India and an expanding foothold in global markets such as China, USA, France, Italy, Brazil, and beyond, we are committed to nurturing strong partnerships. We leverage the latest technological solutions, including e-Axle, to support the manufacturing of electric vehicles, thus staying ahead of industry trends and meeting evolving customer needs.

## Our Certifications

- **Certified with ISO 14001:** 2015 for Environmental Management and ISO 45001:2018 for Occupational Health and Safety, showcasing our dedication to sustainability and workplace safety.
- Awarded Level-2 certification from JUSE, Japan for adhering to the 5S Standard, with our commitment to excellence reaffirmed through a re-certification audit by QCFL in collaboration with JUSE, Japan in December 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

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- Technology integrated into product design with state-of-the-art manufacturing facilities.
- Leadership in Axles & Brakes design.
- Recognised as one of the leading manufacturers of Rear Drive Axle Assemblies in India, experiencing steady growth in exports.
- Enhanced product quality achieved through the adoption of global best practices on the shop floor.
- Boasting a diverse customer base and fostering strong relationships with clients.



## Opportunities

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- Increasing sophistication of vehicles, including the production of alternative fuel-enabled vehicles.
- Rapidly growing domestic and overseas demand and market expansion.
- Anticipated rise in installed capacity among many OEMs, leading to increased auto-component sales.



## Weakness

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- Slowdown in the automotive industry may have adverse impacts.
- High capital and interest costs pose challenges.



## Threats

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- Increase in import costs for the auto-component industry due to rupee depreciation.
- Competition from parent International Equipment Manufacturers (IEMs) establishing manufacturing units in India.
- Disruption caused by technological advancements.

## Awards and Recognitions

We have been acknowledged by various institutions and customers for our ongoing endeavours to enhance operational excellence and provide top-tier products:

- Successfully achieved TPM Excellence Category A Award-2023 after completing both First Stage Assessment on July 14<sup>th</sup>, 2023, and Second Stage Assessment on January 8<sup>th</sup>, 2024. Honored at the ceremony held in Kyoto, Japan on March 20<sup>th</sup>, 2024.
- Recognised as the 'Supplier Samrat Regional Competition Runner-up' by Ashok Leyland.
- Received Gold Award for Best Performance in ESG from Ashok Leyland
- Secured 20 Gold Awards and 1 Silver Award at the Mysuru Chapter Convention on Quality Concept-CCQC Kaizens competition organised by Quality Forum of India-QCFI (CCQC-2023).
- Received 5 Excellence Awards in the NCQC-2023 Allied Case Study Presentation competition during the National Convention on Allied Concepts.
- Received Gold Awards with 2 teams in the ICQCC-2023 Allied Case Study Presentation competition at the International Convention on Allied Concepts.

## Operational Highlights of FY 2023-24

At AAL, we have adopted cutting-edge equipment and technology to deliver world-class products that meet global requirements. During the year under review, we have invested in advanced technology equipment and equipment upgrades 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.

## 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.

## Industry 4.0 Implementation

Our Axle assembly line and Housing Line 1 has been enabled with Industry 4.0. This enhances our capability to eliminate potential losses and improve Overall Equipment Effectiveness (OEE) and also supports in product and Part traceability.

## TPM Implementation

Over the course of the last three years, we are adopting the principles and practices of Total Productive Maintenance (TPM) to bolster Safety, Quality, and Productivity by systematically identifying and mitigating losses across our operations. Our commitment to TPM practices has yielded significant results, culminating in the successful completion of both first and second stage assessments by the Japan Institute of Plant Maintenance (JIPM). With the two stage of assessment by JIPM our Mysore Plant has been awarded TPM excellence award in March 2024.

**Our Mysore Plant received TPM Excellence Award, affirming our dedication to continuous improvement and operational excellence.**

## Market and Business outlook

India's burgeoning auto market is on track to achieve a significant milestone, with forecasts indicating a staggering value of USD 300 billion by 2026. This growth trajectory is propelled by several factors, including escalating income levels, rapid urbanisation, and the expanding purchasing power of the middle class. Leveraging our profound understanding of real-world applications, we are poised to capitalise on this market expansion. By introducing key new products, we anticipate not only bolstering our market share but also gaining a competitive edge. Furthermore, investments in the modernisation of our gear and housing manufacturing lines will enhance productivity and optimise costs, enabling us to meet peak market demands. Implementation of TPM activities at our JSR and PNR plants is poised to yield long-term benefits. Our overarching objective is to surpass market growth by introducing innovative products while maintaining a steadfast focus on cost competitiveness, productivity, and quality.



## Financial performance

Key highlights	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
Total Income (₹ Million)	22,448.83	23,286.20	14,948.78	9,126.48	9,596.81
Profit before Depreciation & Tax (₹ Million)	2593.40	2,594.67	1,364.68	661.68	971.76
Profit After Tax(₹ Million)	1,661.55	1,620.29	743.58	227.30	411.34
Earnings Per Share (₹)	109.95	107.22	49.20	15.04	27.22

Key financial ratios	2023-24	2022-23	If there is change of 25% or more as compared to the immediately previous financial year, detail explanation is provided
Debtors Turnover	5.17	5.23	
Inventory Turnover	6.6	7.7	
Interest Coverage Ratio	99	90	
Current Ratio	2.92	2.3	
Debt Equity Ratio (%)	0.01	0.01	The percentage clause does not equal to or more than 25% as compared to the immediately previous financial year
Operating Profit Margin (%)	20.9	20.01	
Net Profit Margin (%)	7.0	7.0	
Return on Capital Employed (%)	25.1	28.7	
Return on Net Asset (%)	25.6	28.9	
Return on Net Worth (%)	18.83	21.19	While the profitable performance is maintained at the same level compared to previous year, there is increase in net worth due to current year profit.

## Tax Transparency and Reporting

We began publishing an annual 'Tax Transparency Report' from this financial year. The Tax Transparency Report is a voluntary disclosure we publish on our website to cater to the information needs of all our stakeholders. We prioritize corporate governance and transparency in managing our tax affairs. Tax transparency report can be accessed in our website <https://www.autoaxle.com/Governance.aspx>

## Quality Management

Our dedication to achieving the utmost production quality is reflected in our adoption of modern manufacturing techniques. Through the implementation of the Quality Management System (QMS) and Lean Manufacturing System (LMS), we reinforce our commitment to the Built-In Quality (BIQ) approach while minimising coolant, oil, and chip (COC) waste. The Automotive Axles Production System (APS) has been integrated into our operations to streamline processes, alongside the application of principles such as Gemba, Six Sigma, and 5S to optimise manufacturing procedures.

To uphold stringent quality standards, we have established robust quality systems including IATF 16949:2016, CQI9 for heat treatment processes, CQI15 for welding processes, and OHSAS for environmental, occupational health, and safety management.

In our pursuit to become a benchmark organisation in the industry, we have initiated a company-wide Total Productive Maintenance (TPM) excellence programme to focus on

operational excellence which serves as a key differentiator in the marketplace, positioning us as leaders in our field.

## Human Resource Management

Our employees are the lifeblood of our organisation. We are focused on creating a positive work environment by addressing employee concerns, promoting a culture of open communication which shapes & maintains the company culture. We are keen in identifying & attracting right & skilled individuals who help us build a workforce that is both dynamic & dedicated. We also intensively guide our organisation through the change management processes during any significant changes. This not only helps our organisation & our employees but engage them to contribute on value creation and strategy.

### Our focus continues to rely on:

- Building a diverse talent is a key priority as diversity brings a wealth of perspectives, enhances creativity and drives innovation.
- Comprehensive employee development initiatives are aimed at enhancing the skills, knowledge and capabilities of our workforce through structured onboarding programmes, continuous learning opportunities and career development plans.
- Fostering agile, ethical & positive culture that encourages inclusiveness, innovation, resilience & cohesive mindset.



- Elevating performance by creating an environment that encourages innovation & creativity which fuels our ability to develop new products, services & solutions.
- Building strong employee relations and promoting engagement as they become more approachable, empathetic, and skilled in conflict resolution, which helps in maintaining a harmonic work environment. This significantly boosts our employee morale and loyalty.

### Culture at AAL

At the heart of our organisation lies a vibrant and inclusive culture that we uphold at every juncture. Our core cultural objectives serve as guiding principles, shaping our interactions and operations. Foremost among these objectives is our unwavering commitment to treating all employees with respect and dignity, fostering an environment where every individual feels valued and empowered. Embracing the ethos of continuous improvement, we strive for excellence in all facets of our endeavours, consistently seeking innovative solutions and refining our processes. Central to our culture is the promotion of a collaborative and performance-driven ethos, where teamwork and innovation are celebrated as drivers of success. Through these foundational values, we cultivate a dynamic and supportive culture that propels us towards our collective goals and aspirations.

Moreover, we recognise that diversity and inclusion are integral to our success. We champion diversity in all its forms, embracing unique perspectives and experiences to drive innovation and creativity. By fostering an inclusive environment where every voice is heard and respected, we harness the full potential of our diverse workforce, enabling us to thrive in an ever-evolving global landscape.

### Acquiring and Retaining Talents

Onboarding diverse talents is foundational to our organisation's success and growth. We are dedicated to promoting diversity and inclusion as core principles, fostering a culture of creativity and innovation by embracing unique perspectives and ideas.

Central to our sustained growth is the development and retention of our talent pool. We conduct rigorous skill assessments and competency mappings to ensure everyone's strengths are utilised effectively. We collaborate with employees to create personalised career development plans aligning their goals with organisational needs. Comprehensive training programmes covering technical and soft skills facilitate continuous learning and upskilling.

Furthermore, we value exposure and diverse experiences, encouraging job rotations to broaden skill sets. We invest in nurturing future leaders through executive mentorship and coaching programmes aimed at developing leadership skills.

In essence, our commitment to diversity, talent development, and inclusive leadership propels our organisational success and resilience in a dynamic business landscape.

### Employee Engagement

We prioritise fostering a collaborative and motivated work environment, exemplified by our commitment to the 'One AAL' concept across all our locations.

**Employee Surveys:** Regular surveys are conducted to gauge employee satisfaction levels, identify their needs, and gather suggestions for improvement.

### Inclusive Culture Initiatives

- **Family Day:** We organised Family Day events to promote an inclusive workplace culture, inviting employee families to visit the workplace. This fosters transparency and trust, allowing families to witness firsthand the work environment and celebrate employee milestones and achievements.
- **Cultural Celebrations:** We celebrated cultural diversity through local festivals, highlighting various traditions and customs.
- **Recreational Activities:** Annual sports and cultural days are organised, featuring a range of indoor and outdoor activities. These events encourage interaction among employees from different departments, fostering a more cohesive and integrated work environment.

### Health & Wellness Programmes

- **Saamarasya:** A NLP-based programme aimed at enhancing positivity and solution-based thinking. This programme has benefited over 300 employees.
- **Soukhya:** A wellness initiative featuring fitness sessions conducted by a dedicated expert team. Customised fitness tips are provided to employees to improve their physical well-being.

**Feedback & Communication:** Organised regular town hall meetings for employees to voice their opinions and engage in discussions with the leadership team regarding company updates and initiatives.

**Work-Life Balance Initiative:** Introduced a 5-day working policy for staff members facilitates a healthier balance between personal and professional commitments, supporting employee well-being.

### Employee Recognition and Rewards

**Employee Appreciation Day:** Recognising and rewarding our employees is a crucial element in the workplace as it significantly contributes to employee motivation, performance, and overall job satisfaction. Therefore, we continue to host our "Employee Appreciation Day" every month to honour employees who have demonstrated continuous improvement in productivity, quality, cost, delivery, safety, environment, and morale. This programme provides an opportunity for all employees to showcase their achievements to the leadership team. The appreciation day acknowledges various award categories such as On-the-Spot Awards, Kaizen Awards,



Quality Awards, Safety Awards, etc., to recognise their efforts across various pillars.

**Best Employee of the Year Award:** The Best Employee of the Year award is presented to the top performer of the year. A panel consisting of cross-functional leaders selects the top performer from the nominated list of employees across all functions based on their technical competence, achievements, and team management skills. This award serves as motivation for the employee to strive towards excellence in their roles, knowing that outstanding performance will be acknowledged. Additionally, it inspires other employees to put in extra effort, fostering a more engaged and enthusiastic workforce.

### Learning and Development

Learning and Development are indispensable in today's fast-paced and ever-evolving business landscape. To ensure our workforce remains skilled and adaptable to meet current and future challenges, we persist in investing in talent development through comprehensive training programmes encompassing both technical and soft skills at various levels.

In FY 2023-24, we introduced the Campus to Corporate Training initiative aimed at facilitating a seamless transition for campus recruits into the corporate mindset. This programme equips them with the necessary skills and knowledge to excel in their roles from the outset.

Furthermore, we recognise the importance of nurturing key talents for managerial and leadership roles. To support their growth and retention, we offer developmental trainings such as Supervisory Development, Managerial Development, and Leadership Development programmes. These initiatives not only enhance their skill sets but also empower them to take on greater responsibilities and contribute to the organisation's success.

### Diversity, Equity & Inclusion Initiatives (DEI)

Our Diversity, Equity, and Inclusion (DEI) initiatives are central to cultivating a workplace culture that celebrates diversity, promotes equity, and fosters inclusion. We prioritise DEI efforts to unlock the full potential of our employees, drive innovation, and cultivate stronger connections with employees, customers, and communities. Our commitment to DEI has led to employees feeling more valued, respected, and empowered to contribute their best.

As a major and long-term initiative, we have embarked on deploying women in core shop floor production activities since last few years. This strategic move not only promotes gender diversity but also creates opportunities for women to thrive in traditionally male-dominated roles. As a result of our concerted efforts, diversity (i.e. women being part of our workforce) representation growing from 8% to 13%.

### Policy for Women Employees

We are steadfast in our commitment to fostering an inclusive and diverse workplace, where every employee is treated with equality and respect, irrespective of their gender, caste, creed, or background. To uphold these values, we have

implemented robust policies aimed at addressing issues related to women in the workplace, ensuring a safe and secure environment for all employees.

Regular communication channels are established between women employees and management to effectively address concerns and enhance the overall workplace experience. International Women's Day, celebrated on March 8<sup>th</sup>, 2024, under the theme "Invest in women: Accelerate progress," provided a platform for women employees to engage with senior management, sharing their perspectives on equity, career growth, and the necessary support for their professional development. Additionally, we organised training sessions on self-defense to further enhance personal safety for women employees.

In line with our commitment to diversity and inclusion, we conduct special focus group meetings for all diverse employees to engage with the senior women leaders. These meetings serve as a platform for employees to share their perspectives, experiences, and career aspirations transparently. By investing in such focus groups, we foster a positive environment where all employees feel valued and supported in their professional journey.

### Occupational Health Centre (OHC)

Prioritising the health and safety of our employees, AAL maintains a dedicated Occupational Health Centre (OHC) staffed with qualified medical professionals and equipped with emergency medical resources to address industry-specific health and safety concerns. Monthly health programmes conducted by our doctors educate employees on work-related health hazards and promote a healthy work-life balance. Our fully equipped state-of-the-art OHC facilities ensure prompt response to emergencies, including those arising from pandemic-related health challenges. Additionally, we have a company-owned ambulance ready for transportation in case of any casualties, with tie-ups established with major hospitals in Mysuru for referred cases treatment.

### Safety, Health and Environment (SHE)

At AAL, our commitment extends to ensuring the safety, health, and environmental well-being of our workforce and surroundings. Our SHE measures encompass a comprehensive approach, starting from identifying and assessing risks associated with work activities, to devising strategies for risk management, implementing stringent safety protocols, providing personal protective equipment, maintaining a healthy work environment, and formulating emergency response plans.

We firmly believe that prioritising SHE is not only vital for the success and longevity of businesses but also essential for mitigating costs related to accidents and environmental harm, enhancing the overall health and wellness of employees, and fostering sustainable development. Furthermore, adherence to SHE standards is crucial for meeting legal and regulatory obligations, as well as fulfilling the expectations of stakeholders, including customers, investors, and the broader community.

## Safety

We consistently implement a range of safety measures, building upon existing protocols and introducing new initiatives to enhance safety standards. Some notable initiatives include:

- Improved and enhanced the existing LockOut & TagOut system during servicing and maintenance activities with a scientific and engineering structured approach and a detailed roadmap.
- Undertook blind corner mapping to assess risks associated with forklift turning and movement, followed by the installation of convex mirrors at critical locations to improve visibility and prevent accidents.
- Implemented several initiatives as part of our significant emphasis on preventing slip, trip, and fall hazards across the plant. These include identifying mobile usage zones, labeling hazards on staircases, installing handrails at plant peripherals, providing secondary safety wire rope for overhead industrial fans, and removing protruding grouting bolts from the floor, install antiskid rubber mats.
- Observed Safety Day and Chemical Disaster Prevention Day to create awareness among employees about the importance of safety and safe chemical management.

## Health

- Each year, we prioritise the health of our workforce by conducting annual and bi-annual medical check-ups for all employees, including new recruits, to ensure their well-being. These comprehensive check-ups encompass vision and colour vision tests, audiometry, skin assessments, and ENT examinations.
- Emphasised on holistic wellness, we organised a dedicated awareness session for women employees, enlightening them on the significance of proper nutrition and fitness. We believe such initiatives empower employees to excel in both their professional and personal lives.

## Environment

We consistently uphold our environmental protection practices year after year while continually enhancing our efforts. Some recent initiatives include:

- Constructed an additional rainwater harvesting storage pond with a capacity of 1,000 KL, in addition to our existing capacity of 1200 KL, to increase harvested rainwater capacity and reduce freshwater consumption, aiming to achieve and sustain 70% water positivity.
- Implemented a scientific approach for the Storage, Handling, and Disposal of waste at the Scrap Yard Roofing and Other Waste storage area to prevent accidental spillage, land contamination, and rainwater-induced pollution.

- In line with our long-term sustainability goals and net-zero objectives, we have achieved a significant milestone with 70% of our energy consumption now coming from renewable energy sources.

These initiatives underscore our commitment to environmental stewardship. Additionally, our sustained ISO 14001:2014 Environment Management System certification reaffirms our dedication to environmental excellence.

## Corporate Social Responsibility (CSR)

At AAL, we are dedicated to making a positive impact through our business practices, recognising that our responsibility extends beyond mere profitability. Our overarching goal is to contribute meaningfully to the ecosystem, ensuring equitable access to resources and opportunities for all individuals to flourish.

We take immense pride in reflecting on our journey, celebrating milestones, and reaffirming our commitment to fostering a brighter future for generations to come. As a responsible corporate entity, we acknowledge the symbiotic relationship between our success and the well-being of the communities we serve. Therefore, we are honoured to give back to these communities in various impactful ways, including:

### Skill Development and Infrastructure Development in Academic Institutions

Our CSR initiatives from the past year underscore our commitment to improving educational infrastructure and fostering skill development within our communities. Through our support of local primary schools, we strive to create lasting positive impacts on the educational landscape. Our partnerships with implementing agencies ensure that our efforts reach those most in need, providing every deserving student with the opportunity to succeed.

In line with our commitment to skill development, we've partnered with Vidyavardhaka College of Engineering to establish a Skill Development Centre. This initiative aims to equip students with the technical and soft skills necessary to excel in today's rapidly evolving job market. The centre offers hands-on training in emerging technologies, including metallurgy.

### Sponsorship for Annadana Hall Construction – An ISKCON Mysore Initiative

Last year, our company took a significant step by sponsoring the construction of part of an Annadana Hall, led by ISKCON Mysore. This initiative aligns with our dedication to social welfare and community development. The primary objective of the Annadana Hall is to provide free, nutritious meals to those in need. Our collaboration with ISKCON Mysore ensures that the project is managed by an organisation with a proven track record in community service and food distribution. Their expertise is crucial in making the Annadana Hall a sustainable and impactful endeavour.



### Healthcare Projects

Last year, our company remained dedicated to improving public health by maintaining the Public Convenience Facility at Chamundi Hills, Mysuru. This facility, established by our company in previous years, plays a crucial role in promoting hygiene and public health in this renowned tourist destination. We ensure timely repairs and upgrades to keep the facility functional and inviting. This initiative not only provides essential sanitation services but also enhances public health and improves the overall visitor experience. By investing in such projects, we contribute to creating a safer, healthier, and more welcoming environment for both the community and visitors.

### Carbon Sequestration

We initiated a substantial sustainability endeavour centered on carbon sequestration through an extensive tree planting campaign in the vicinity of Mysuru. This initiative underscores

our dedication to environmental stewardship and our efforts to mitigate climate change by augmenting the green canopy and fostering biodiversity in the area. Beyond its environmental impact, this initiative actively involves and educates the community, nurturing a shared sense of responsibility for preserving our planet. During the year, we have planted approximately 1000 saplings.

### Animal Welfare

We've extended financial support to animal welfare organisations and implementing agencies dedicated to animal rescue, shelter management, and veterinary care. This funding sustains their crucial operations, enabling them to provide enhanced medical care and nutrition to animals in need. Through our contributions, our partner agencies can further their mission of safeguarding animal welfare. These efforts underscore our commitment to nurturing a humane and compassionate society, where the well-being of all living beings is cherished and safeguarded.

## Risks and Concerns

We understand the vital role of a robust risk management structure in realising our strategic goals and ensuring sustainable development. Emphasising the importance of risk management, we have established a framework to mitigate and minimise both inherent and operational risks effectively.

Risk	Mitigation
<p><b>Industry risk</b> A slowdown in the automobile markets where our customers operate could significantly affect our sales.</p>	<ul style="list-style-type: none"> <li>• Regular review of markets across the globe</li> <li>• Implementation of a resilient business model</li> <li>• Long-term contracts that enable us to navigate short-term market fluctuations</li> <li>• Introduction of value-based products to cater to our customers' needs</li> <li>• Enhancement of our market share through superior performance in quality, delivery, and cost-effectiveness</li> </ul>
<p><b>Cost inflation risk</b> Rising costs of essential raw materials may affect the organisation's revenue and net profitability.</p>	<ul style="list-style-type: none"> <li>• Strategic sourcing partnerships to negotiate favourable terms and pricing with suppliers</li> <li>• Implementing cost-saving measures such as lean manufacturing practices and process optimisation</li> <li>• Ongoing efforts to consistently reduce costs</li> </ul>
<p><b>Technology risk</b> Failure to innovate or adapt to changing customer behaviour could adversely impact our business.</p>	<ul style="list-style-type: none"> <li>• Monitoring emerging trends in the global automotive industry</li> <li>• Commitment to continuous improvement initiatives</li> <li>• Investment in cutting-edge product technology</li> </ul>
<p><b>People risk</b> Difficulty in attracting, recruiting, retaining, and motivating highly skilled employees may lead to the loss of key talent.</p>	<ul style="list-style-type: none"> <li>• Emphasising on nurturing and retaining key talent</li> <li>• Implementing of a pay-for-performance culture</li> <li>• Cultivating of a strong, value-driven culture evident in recruitment, induction, and training processes</li> <li>• Implementing of employee engagement activities and incentive plans to foster motivation and loyalty</li> </ul>

## 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 programmes 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, 2024 the Board consists of six members of which three are Independent Directors.

At Automotive Axles Limited, we have adopted best governance practices as mandated under the Companies Act, 2013 and as per the applicable regulations of Securities and Exchange Board of India and have established procedures and systems to be fully compliant with these 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 Non Executive directors to maintain its independence and separate its functions of governance and management. As on March 31, 2024, Board comprised of total six (6) Directors.

The Board consists of one (1) Executive Director and five (5) Non-executive Directors, out of which three (3) are Independent Directors. This composition comprises of one-woman Independent director as well. The Board periodically evaluates the need for changes in its composition and size.

The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Sections 149 and 152 of the Companies Act, 2013.

### 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 under review, the attendance at last Annual General Meeting ("AGM") held on Friday, August 3, 2023 and the number of Directorships and Committee Chairmanships/Memberships held by them in other Indian Companies as on March 31, 2024 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 Meetings	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	3	No	8	4	1
Mr. Kenneth James Hogan	Promoter, Non-Executive	4	Yes	2	Nil	Nil
Mr. Nagaraja Gargeshwari	Executive	4	Yes	1	1	Nil
Mr. B.B. Hattarki	Independent	4	Yes	11	10	5
Mr. B.C. Prabhakar	Independent	4	Yes	5	2	1
Dr. Shalini Sarin (Ceased w.e.f. 12.02.2024)	Independent	4	Yes	6	4	Nil
Ms. Bijal Tushar Ajinkya (Appointed w.e.f. 11.02.2024)	Independent	NA	NA	7	6	1

### Notes:

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

- (b) \* Directorships includes directorship in Private Companies but do not include companies incorporated outside India and Section 8 companies. 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 as on March 31 2024.**

**1. Dr. Babasaheb Neelkanth Kalyani (DIN: 00089380)**

Sl. No	Name of the Companies	Category
1	BHARAT FORGE LIMITED	Executive Director
2	KALYANI STEELS LIMITED	Non-Executive Director
3	BF UTILITIES LIMITED	Non-Executive Director
4	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. Nagaraja Gargeshwari (DIN: 00839616)**

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

**4. 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

**5. Bhoopalam Chandrashekaraiah Prabhakar (DIN: 00040052)**

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

**6. Ms. Bijal Tushar Ajinkya (DIN: 01976832) (Appointed w.e.f. February 11, 2024)**

Sl. No	Name of the Companies	Category
1	AUTOMOTIVE AXLES LIMITED	Independent Director
2	GMR AIRPORTS INFRASTRUCTURE LIMITED	Independent Director
3	EVEREST INDUSTRIES LIMITED	Independent Director



## Board Meetings

In FY 2023-24 (Apr'23-Mar'24), the Board met four (4) times on May 16, 2023, August 3, 2023, November 8, 2023 and January 31, 2024. 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 FY 2023-24.

Name of the Director	No. of meetings conducted and attended during the year				Total Attendance	Total No. of Meetings	% of attendance
	May 16, 2023	August 3, 2023	November 8, 2023	January 31, 2024			
Dr. B.N. Kalyani	√	LOA	√	√	3	4	75
Mr. Kenneth James Hogan	√	√	√	√	4	4	100
Mr. B.B. Hattarki	√	√	√	√	4	4	100
Mr. B.C. Prabhakar	√	√	√	√	4	4	100
Mr. Nagaraja Gargeshwari	√	√	√	√	4	4	100
Dr. Shalini Sarin (Ceased w.e.f. 12.02.2024)	√	√	√	√	4	4	100
Ms. Bijal Tushar Ajinkya (Appointed w.e.f. 11.02.2024)	N.A	N.A	N.A	N.A	N.A	N.A	N.A

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

Dr. B. N. Kalyani indirectly holds 126 number of equity shares of the company as on March 31, 2024 as a trustee of Babasaheb Kalyani 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, 2024.

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-23-24.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 Gargeshwari
3. Project Management	Available	Mr. Nagaraja 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. Expertise in Direct Tax & Tax planning	Available	Ms. Bijal Tushar Ajinkya
8. Human resource management	Available	Mr. B.C. Prabhakar
9. Technical Skill	Available	Dr. B. N. Kalyani Mr. Kenneth James Hogan Mr. B. B. Hattarki Mr. Nagaraja Gargeshwari
10. Economy & Finance	Available	Dr. B. N. Kalyani Mr. Kenneth James Hogan Mr. B. B. Hattarki Ms. Bijal Tushar Ajinkya Mr. Nagaraja Gargeshwari



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
11. Marketing and sourcing	Available	Dr. B. N. Kalyani Mr. Kenneth James Hogan Mr. Nagaraja Gargeshwari
12. Governance and Risk Management	Available	Dr. B. N. Kalyani Mr. Kenneth James Hogan Mr. Nagaraja Gargeshwari

## Independent Directors

Schedule IV of the Companies Act, 2013 and the Rules made 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 2023-24, Independent Directors met on January 31, 2024, 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.

During the year 2023-24, Ms. Shalini Sarin ceased to be an Independent Director on completion of her 5 years tenure w.e.f February 12, 2024. Ms. Bijal Tushar Ajinkya has been appointed, w.e.f. February 11, 2024, as the independent woman Director on the Board of the Company.

## Availability of information to the Board Members

The Board has unrestricted access to all the Company's related information necessary for decision making. Notice of the meeting, detailed Agenda, notes on Agenda and other reports, as necessary, are presented well in advance before the meeting. The following are 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 on January 31, 2024.

### 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, 2024.

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.

As per Regulation 9A(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the regulations to prevent insider trading.

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](https://www.autoaxle.com/Investor_Policy.aspx)

### BOARD COMMITTEES

As on March 31, 2024, 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 to all the Board Committees.

**Board and Committee composition as on March 31, 2024**

Sl. No	Directors	Board	Audit Committee	Risk Management Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	Nomination & Remuneration Committee
1	Dr. B.N. Kalyani	√	-	-	Chairman	-	-
2	Mr. Kenneth James Hogan	√	-	-	-	-	-
3	Mr. Nagaraja Gargeshwari	√	-	-	-	Member	-
4	Mr. B.B. Hattarki	√	Chairman	Member	Member	-	Member
5	Mr. B.C. Prabhakar	√	Member	Chairman	Member	Chairman	Chairman
6	Ms. Bijal Tushar Ajinkya	√	Member	-	-	Member	Member

**AUDIT COMMITTEE**

The Audit Committee of your Board consists of three (3) Independent Directors:

Mr. B B Hattarki, Chairman

Mr. B C Prabhakar, Member

Ms. Bijal Tushar Ajinkya, Member

During the year under review there was a change in the Composition of the Audit Committee. The position of Dr. Shalini Sarin was replaced with Ms. Bijal Tushar Ajinkya as a Member w.e.f. February 11, 2024 as Dr. Shalini Sarin ceased from Directorship w.e.f. February 12, 2024 due to completion of her tenure. All members of the Committee are financially literate and possess required expertise.

The committee met four (4) times during the year on May 16, 2023, August 2, 2023, November 7, 2023 and January 30, 2024.

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 during 2023-24**

Name of the Director	Audit Committee Meeting held during the year 2023-24				Total Attendance	Total No. of Meetings	% of attendance	Status
	May 16, 2023	August 2, 2023	November 7, 2023	January 30, 2024				
Mr. B B Hattarki	√	√	√	√	4	4	100	Chairman
Mr. B C Prabhakar	√	√	√	LOA	3	4	75	Member
Dr. Shalini Sarin (Ceased w.e.f. February 12, 2024)	√	LOA	√	√	3	4	75	Member

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

**Qualified and Independent Audit Committee**

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

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

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

**Powers of the Audit Committee**

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

**Role of the Audit Committee:**

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 (3) Independent Directors:

Mr. B C Prabhakar, Chairman

Mr. B B Hattarki, Member

Ms. Bijal Tushar Ajinkya, Member

During the year under review there was a change in the members of the Nomination and Remuneration Committee. The position of Dr. Shalini Sarin was replaced with Ms. Bijal Tushar Ajinkya as a Member w.e.f. February 11, 2024 as Dr. Shalini Sarin ceased from her Directorship w.e.f. February 12, 2024 due to completion of her tenure.

The committee met one (1) time during the year on May 16, 2023.

### Attendance record of NRC members for 2023-24

Name of the Director	NRC Meeting held during the year 2023-24		Total Attendance	Total No. of Meetings	% of attendance	Status
	May 16, 2023					
Mr. B C Prabhakar	√		1	1	100	Chairman
Mr. B B Hattarki	√		1	1	100	Member
Dr. Shalini Sarin (Ceased w.e.f. February 12, 2024)	√		1	1	100	Member

### Terms of Reference

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

- To decide on terms of appointment/re-appointment of Independent Director based on the performance evaluation report received.
  - To recommend to the board, all remuneration, in whatever form, payable to senior management.
- 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.
- Understanding of the company and the external environment in which it operates and contribution to strategic direction.

### 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:

Dr. B.N. Kalyani, Chairman

Mr. B.C. Prabhakar, Member

Mr. B. B. Hattarki, Member

During the year, there was a change in the members of the SRC. The position of Dr. Shalini Sarin was replaced with Dr. B. N. Kalyani and he has been appointed as Chairman of the Committee w.e.f. February 9, 2024.

The Committee met four times during the year on May 16, 2023, August 2, 2023, November 7, 2023 and January 30, 2024.

### Attendance record of SRC members for 2023-24

Name of the Director	SRC Meeting held during 2023-24				Total Attendance	Total No. of Meeting	Attendance %	Status
	May 16, 2023	August 2, 2023	November 7, 2023	January 30, 2024				
Mr. B C Prabhakar	√	√	√	LOA	3	4	75	Chairman
Mr. B. B. Hattarki	√	√	√	√	4	4	100	Member
Dr. Shalini Sarin (Ceased w.e.f. February 12, 2024)	√	LOA	√	√	3	4	75	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 and as per the applicable regulations of Securities and Exchange Board of India.

### 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 2023-24	2
Number of complaints not solved to the satisfaction of the shareholders	Nil
Number of pending complaints	Nil

### RISK MANAGEMENT COMMITTEE (RMC)

The Committee comprises of three (3) members as on March 31, 2024:

Mr. B C Prabhakar, Chairman

Mr. Ranganathan S, Member

Mr. B. B. Hattarki, Member

The Committee met four (4) times during the year on May 16, 2023, August 2, 2023, November 7, 2023 and January 30, 2024.

Name of the Director	RMC Meeting held during 2023-24				Total Attendance	Total No. of Meeting	Attendance %	Status
	May 16, 2023	August 2, 2023	November 7, 2023	January 30, 2024				
Mr. B C Prabhakar	√	√	√	LOA	3	4	75	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 (3) members as on March 31, 2024:

Mr. B C Prabhakar, Chairman

Ms. Bijal Tushar Ajinkya, Member

Mr. Nagaraja Gargeshwari, Member

During the year, there was a change in the members of the CSR. The Position of Dr. Shalini Sarin was replaced with Ms. Bijal Tushar Ajinkya as a Member w.e.f. February 11, 2024 as Dr. Shalini Sarin ceased from her Directorship w.e.f. February 12, 2024 due to completion of her tenure.

The CSR committee met three (3) times during the year on May 16, 2023, August 2, 2023 and January 30, 2024.

### Attendance record of CSR members for 2023-24

Name of the Director	CSR Meeting held during 2023-24			Total Attendance	Total No. of Meeting	Attendance %	Status
	May 16, 2023	August 2, 2023	January 30, 2024				
Mr. B C Prabhakar	√	√	LOA	2	3	75	Chairman
Dr. Shalini Sarin	√	-	√	2	3	75	Member
Mr. Nagaraja Gargeshwari	√	√	√	3	3	100	Member

### Terms of reference inter alia includes the following

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy in terms of Schedule VII of the Companies Act, 2013.
- To review the Corporate Social Responsibility Policy of the Company from time to time.
- Formulating and recommending to the Board an annual action plan for the projects to be undertaken consisting of:
  - a) the list of CSR projects or 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](https://www.autoaxle.com/Investor_Policy.aspx)

There are no recommendations of the Committees which have not been accepted by the Board.

Particulars of Senior management as per Regulation 16(1)(d) of the Listing Regulation including the changes therein since the close of the previous financial year are as follows.

Name	Designation
Nagaraja Gargeshwari	President & Wholetime Director
Ranganathan S	Chief Financial Officer
Debadas Panda	Company Secretary
Muraleekrishnan V	General Manager -Manufacturing Systems
Vinayaka V Bhat	Deputy General Manager -ER&IR
K Prabhu Kuppannan	Deputy General Manager – Quality Assurance, Service & Metallurgy
Abdul Kareem	General Manager-Plant 1 & Mysore Brakes
Nikhil Prabhu V	Deputy General Manager-Finance
Maddala Rishikesh	Deputy General Manager-Plant Head Jamshedpur

Mr. Abdul Kareem, GM-Plant 1 & Mys Brakes was ceased from the company due to his Superannuation w.e.f. March 9, 2024.

Mr. K Prabhu Kuppannan, Deputy General Manager – Quality Assurance, Service & Metallurgy has been appointed as senior management w.e.f. May 27, 2024.

## 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 Audit Committee of which they are members at the rate of ₹50,000/- (Rupees fifty thousand only) per meeting.

The Company is making payment of commission ₹ 7 Lakhs per annum out of the profits of the company to each of the independent director subject to the following terms and conditions:

1. The Commission will be payable out of the profits of the Company earned during that financial year and subject to the ceiling under the provision of the Companies Act, 2013 & SEBI (LODR) Regulations 2015.
2. Commission will be payable after approval of the financial statements by the shareholders at the Annual General Meeting.

Payment of commission was approved by the members at their 42<sup>nd</sup> Annual General Meeting held on August 3, 2023.

**(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 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 2023-24**

Name of Director	Salary & Perquisites (In ₹)	Sitting Fees & Commission (In ₹)	Shares Issued under ESOPs	Details of Service Contracts, Notice Period & Severance fees
Mr. Nagaraja Gargeshwari	1,82,72,670	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. B.N. Kalyani	Nil	1,50,000	Nil	
Mr. Kenneth James Hogan **	Nil	N. A	Nil	
Mr. B B Hattarki	Nil	11,00,000	Nil	
Mr. B C Prabhakar	Nil	10,50,000	Nil	
Dr. Shalini Sarin	Nil	10,50,000	Nil	

Directors	Relationship with other Directors	Equity Shares held
Dr. B.N. Kalyani	None	126*
Mr. Kenneth James Hogan**	None	Nil
Mr. Nagaraja Gargeshwari	None	Nil
Mr. B B Hattarki	None	Nil
Mr. B C Prabhakar	None	575
Dr. Shalini Sarin (Ceased w.e.f. February 12, 2024)	None	Nil
Ms. Bijal Tushar Ajinkya	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 Regulation 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 quarterly Secretarial Audits are carried out to verify if the total issued/ paid-up capital is in conformity 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
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
2022-23	August 3, 2023	3.00 p.m.	Through Video Conferencing/Other Audio-Visual Means at the Regd. Office of the Company	Approval for continuation of Directorship of Dr. Babasaheb Neelkanth Kalyani (DIN: 00089380) as a Non-Executive Director of the Company

No Extraordinary General Meeting of the Members was held during the financial year 2023-24.

### Resolution passed through Postal Ballot

Two resolutions were passed through Postal Ballot during the financial year 2023-24:

**1. December 25, 2023:**

Approval of Material Related Party Transactions of the Company with Meritor HVS (India) Limited.

**2. March 30, 2024:**

Appointment of Ms. Bijal Tushar Ajinkya (DIN: 01976832) as an Independent Director.

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.

### Details of special resolution transacted through postal ballot.

One Special Resolution was passed through Postal Ballot on March 30, 2024 for appointment of Ms. Bijal Tushar Ajinkya (DIN: 01976832) as an Independent Director of the Company for a period of five (5) years effective February 11, 2024 and below is the Voting Pattern:

Voted in Favour of the Resolution : 89.32%

Voted Against the Resolution : 10.68%

### Details of special resolution proposed to be transacted through postal ballot:

There is no business which is proposed to be carried through postal ballot and requiring special resolution.

### 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 ₹ 4,04,426/- which is unpaid/unclaimed dividends pertaining to the FY 2015-16 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](https://autoaxle.com/Annual_reports.aspx) under the head IEPF Transfers

**Agreements binding listed entities.**

Pursuant to Regulation 30A of the Listing Regulations, no agreement has been entered or executed by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of the Company during the financial year.

**MEANS OF COMMUNICATION**

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

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

The quarterly/annual results are also uploaded on the Company's website at: [www.autoaxle.com/Financial\\_reports.aspx](http://www.autoaxle.com/Financial_reports.aspx)

**GENERAL SHAREHOLDER INFORMATION**

Annual General Meeting	Date & Time : August 5, 2024 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, 2023 to March 31, 2024
Book Closure Dates	July 30, 2024 to August 5, 2024 (both days inclusive)
Dividend Payment Date	Expected on or before September 3, 2024
Plant Locations	<b>Mysuru Plant:</b> Hootagalli Industrial Area Off Hunsur Road, Mysuru, Karnataka - 570018. <b>Rudrapur Plant:</b> Plot No. 3, ITBT Park, SIIDCUL- IEE Pant Nagar, (NH-4), Dist. Udham Singh Nagar, Uttarakhand - 263150 <b>Jamshedpur Plant :</b> Old Khakripara, Vill & Post – Chhota Govindpur, Jamshedpur, Dist. E. Singhbhum, Jharkhand, 831015 <b>Hosur Plant:</b> Survey No 609/3H, Pathakotta Road Addakurukki, Kamandoddi Village, Shoolagiri, Krishnagiri, Tamil Nadu, 635117
Securities Listing	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.  National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> 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 2023-24 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:																																																																																																	
	<table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="3">BSE</th> <th colspan="3">NSE</th> </tr> <tr> <th>High (In ₹)</th> <th>Low (In ₹)</th> <th>No. of Shares Traded</th> <th>High (In ₹)</th> <th>Low (In ₹)</th> <th>No. of Shares Traded</th> </tr> </thead> <tbody> <tr><td>April, 2023</td><td>2,550</td><td>2,301</td><td>19,231</td><td>2,555</td><td>2,302</td><td>2,48,112</td></tr> <tr><td>May, 2023</td><td>2,690</td><td>2,152</td><td>45,767</td><td>2,693</td><td>2,162</td><td>5,73,195</td></tr> <tr><td>June, 2023</td><td>2,341</td><td>2,142</td><td>39,961</td><td>2,320</td><td>2,142</td><td>5,47,488</td></tr> <tr><td>July, 2023</td><td>2,274</td><td>2,113</td><td>48,084</td><td>2,279</td><td>2,109</td><td>5,68,116</td></tr> <tr><td>August, 2023</td><td>2,230</td><td>2,040</td><td>38,054</td><td>2,225</td><td>2,044</td><td>4,87,293</td></tr> <tr><td>September, 2023</td><td>2,320</td><td>2,153</td><td>31,405</td><td>2,319</td><td>2,144</td><td>5,15,966</td></tr> <tr><td>October, 2023</td><td>2,350</td><td>2,040</td><td>26,747</td><td>2,347</td><td>2,040</td><td>3,34,007</td></tr> <tr><td>November, 2023</td><td>2,466</td><td>2,227</td><td>28,397</td><td>2,460</td><td>2,250</td><td>4,11,965</td></tr> <tr><td>December, 2023</td><td>2,378</td><td>2,125</td><td>33,337</td><td>2,398</td><td>2,124</td><td>5,21,403</td></tr> <tr><td>January, 2024</td><td>2,249</td><td>1,994</td><td>38,161</td><td>2,257</td><td>1,982</td><td>5,46,421</td></tr> <tr><td>February, 2024</td><td>2,071</td><td>1,875</td><td>43,974</td><td>2,071</td><td>1,880</td><td>4,59,377</td></tr> <tr><td>March, 2024</td><td>2,043</td><td>1,742</td><td>54,219</td><td>2,040</td><td>1,742</td><td>4,61,105</td></tr> </tbody> </table>	Month	BSE			NSE			High (In ₹)	Low (In ₹)	No. of Shares Traded	High (In ₹)	Low (In ₹)	No. of Shares Traded	April, 2023	2,550	2,301	19,231	2,555	2,302	2,48,112	May, 2023	2,690	2,152	45,767	2,693	2,162	5,73,195	June, 2023	2,341	2,142	39,961	2,320	2,142	5,47,488	July, 2023	2,274	2,113	48,084	2,279	2,109	5,68,116	August, 2023	2,230	2,040	38,054	2,225	2,044	4,87,293	September, 2023	2,320	2,153	31,405	2,319	2,144	5,15,966	October, 2023	2,350	2,040	26,747	2,347	2,040	3,34,007	November, 2023	2,466	2,227	28,397	2,460	2,250	4,11,965	December, 2023	2,378	2,125	33,337	2,398	2,124	5,21,403	January, 2024	2,249	1,994	38,161	2,257	1,982	5,46,421	February, 2024	2,071	1,875	43,974	2,071	1,880	4,59,377	March, 2024	2,043	1,742	54,219	2,040	1,742	4,61,105
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The performance of the company's scrip on BSE and NSE as compared to the BSE AUTO and NIFTY AUTO during the year 2023-24 are as under: -

(Amount in Rupees)

Months	AAL Share Price on BSE		S & P BSE AUTO		AAL Share Price NSE		NSE NIFTY AUTO	
	High	Low	High	Low	High	Low	High	Low
Apr-2023	2,550	2,301	30,370	28,384	2,555	2,302	13,209	12,313
May2023	2,690	2,152	33,004	30,236	2,693	2,162	14,315	13,307
Jun-2023	2,341	2,142	35,005	32,653	2,320	2,142	15,182	14,169
Jul-2023	2,274	2,113	36,455	34,530	2,279	2,109	15,912	15,010
Aug-2023	2,230	2,040	36,263	34,498	2,225	2,044	15,814	15,123
Sep-2023	2,320	2,153	37,684	35,490	2,319	2,144	16,647	15,667
Oct-2023	2,350	2,040	37,824	35,608	2,347	2,040	16,665	15,716
Nov-2023	2,466	2,227	40,128	35,917	2,460	2,250	17,589	15,808
Dec-2023	2,378	2,125	42,463	39,428	2,398	2,124	18,719	17,294
Jan-2024	2,249	1,994	44,047	41,263	2,257	1,982	19,257	18,142
Feb-2024	2,071	1,875	47,818	44,076	2,071	1,880	20,830	19,236
Mar-2024	2,043	1,742	49,535	46,083	2,040	1,742	21,608	20,067

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, 4 <sup>th</sup> 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.
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**Shareholding pattern as on March 31, 2024:**

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 %
<b>Promoters</b>	10,735,226	71.04	=/< 500	29,513	13,03,252	8.62
<b>Non-Promoter (Public)</b>			501-1000	308	2,32,767	1.54
Bodies Corporate	1,52,490	1.01	1001-2000	170	2,53,431	1.68
FI/ Foreign Portfolio Investor's & Bank	78,075	0.52	2001-3000	40	98,994	0.66
NRI's	98,346	0.65	3001-4000	15	55,213	0.37
Mutual Funds	17,74,049	11.74	4001-5000	14	62,968	0.42
Others	22,73,789	15.04	5001-10000	29	2,08,057	1.38
<b>Total</b>	<b>1,51,11,975</b>	<b>100.00</b>	> 10000	19	1,28,97,293	85.34
			<b>Total</b>	<b>30,108</b>	<b>1,51,11,975</b>	<b>100.00</b>
Dematerialization	The Company's Equity Shares are under compulsory demat trading. As on March 31, 2024, dematerialized shares accounted for 99.74% of total equity.					
Audit Qualification	There is no audit qualification in the financial Statements of the Company for the year ended March 31, 2024					

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

Instrument	Rating Action
Long Term / Short Term Rating :	[ICRA]AA- (stable) / [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](mailto:sec@autoaxle.com)

**Share Transfer Agents**

Integrated Registry Management Services Pvt. Ltd  
No.30, Ramana Residency, 4<sup>th</sup> Cross  
Sampige Road, Malleswaram  
Bangalore – 560 003  
Phone : 080-23460815-818  
Fax : 080-23460819  
E-mail : [irg@integratedindia.in](mailto: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 [https://www.autoaxle.com/Investor\\_Policy.aspx](https://www.autoaxle.com/Investor_Policy.aspx)

No personnel have been denied access to the 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 have been reported during the year under review.

Further there were 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 the 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 ₹ 4.63 million (including reimbursement of expenses) for the Financial Year 2023-24.

### 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.

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

### Disclosures with respect to Demat suspense account/ unclaimed suspense account:

- aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: NIL
- number of shareholders who approached listed entity for transfer of shares from suspense account during the year : NIL
- number of shareholders to whom shares were transferred from suspense account during the year: NIL
- aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: One Shareholder holding 25 No. of Shares

There were 25 no. of shares which were transferred to Automotive Axles Limited – Suspense Escrow Demat Account during the year under review Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

### 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.

### Online Dispute Resolution (ODR) Portal

SEBI has issued a Circular SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/131 dated July 31, 2023, to streamline the existing dispute resolution mechanism in the Indian securities market by establishing a common Online Dispute Resolution Portal which harnesses online conciliation and online arbitration for resolution of disputes.



The Disputes between Investors/Clients and Listed companies, including their Registrar and Share Transfer Agents (RTAs) will be resolved in accordance with this circular.

The information can be accessed from the Website of the Company at [https://www.autoaxle.com/Important\\_Investor\\_Updates.aspx](https://www.autoaxle.com/Important_Investor_Updates.aspx)

### 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 June 6, 2023 during the year.

Reminder letters to furnishing of PAN, KYC and Nomination details by holders of Physical Securities as per SEBI Circular SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 has been sent on May 22, 2023

Intimation to physical security holders with respect to electronic payment of dividend / interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024 has been intimated on February 19, 2024.

### 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.

### Other disclosures

- The Company has complied with the corporate governance requirements as per Regulation 17 to 27 and website disclosure requirements as per Regulation 46(2) of the Listing Regulations.
- The securities of the Company were not suspended from trading anytime during fiscal year 2023-24.
- There are no 'Loans and advances' given to any firms or companies in which the directors are interested.

### DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, Nagaraja 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, 2024 compliance with the Code of Conduct of the Company laid down for them.

**Nagaraja Gargeshwari**

President & Whole time Director

Place: Pune  
Date: May 27, 2024

## TO THE BOARD OF DIRECTORS OF AUTOMOTIVE AXLES LIMITED

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

We, Nagaraja 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, 2024 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 Gargeshwari**  
President & Whole time Director

**Ranganathan S**  
Chief Financial Officer

Place: Pune  
Date: May 27, 2024



**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 March 31, 2024, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as LODR Regulations).

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

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

For **Pracheta and Associates**  
Company Secretaries

**Pracheta M.**

Proprietrix

FCS No.: F9323

C P No.: 9838

Peer Review Certificate No.:

1173/2021

UDIN: F009323F000452260

Place: Mysuru  
Date: May 27, 2024



## 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, 2024, pursuant to the provisions of Clause 10(i) of Para C of Schedule V of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations")**.
2. It is neither an audit nor an expression of opinion regarding the legality of debarring or disqualification by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs (MCA) or any such statutory authority.
3. Our examination was limited to a review of the relevant records of the Company and website of MCA, stock exchange(s), SEBI and other relevant statutory authority(ies) and it is solemnly the responsibility of Directors to submit relevant declarations and disclosures with complete and accurate information in compliance with the relevant provisions.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the declarations and disclosures made by the Directors, we certify that none of the directors on the board of AUTOMOTIVE AXLES LIMITED have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority during the year ended at March 31, 2024.

For **Pracheta and Associates**  
Company Secretaries

**Pracheta M.**

Proprietrix

FCS No.: F9323

C P No.: 9838

Peer Review Certificate No.:

1173/2021

UDIN: F009323F000452251

Place: Mysuru

Date: May 27, 2024



# 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, 2024, 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 material 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, 2024, 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, 2024. 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 this matter. 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 matter	How our audit addressed the key audit matter
(a) Valuation of Inventories (as described in Notes	2.2 (i) and 8 of the financial statements)
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.	Our audit procedures in relation to identification of slow moving/ non-moving and obsolete inventory included the following:
The balance of inventories as at March 31, 2024 is ₹ 2502.34 million, net of provision amounting to ₹ 126.86 million was made. Inventories comprise raw material, work in progress, finished products and stores and spares.	<ul style="list-style-type: none"> <li>Understood Company's internal control environment over receipts, consumption and dispatch of inventories and controls over valuation of inventories and determination of provision required for slow and non-moving inventories.</li> <li>We understood and evaluated the basis of identification of the obsolete and slow-moving / non-moving inventories.</li> <li>We tested the accuracy of the report on aged inventories on a sample basis.</li> <li>We evaluated the historical accuracy of allowance for inventories by comparing the actual loss on account of write off of obsolete and slow-moving/ non-moving inventories to the historical allowance recognized.</li> <li>We assessed the realizable value, on a sample basis, by comparing the inventory value with the subsequent sales prices of the finished goods.</li> </ul>
The determination of provision in respect of inventories requires Management to exercise judgement in identifying the obsolete and slow-moving/ non-moving inventories and make estimates of the appropriate level of provision required.	

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, 2024 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 except for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g);
  - 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g).
  - g) 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;
- h) In our opinion, the managerial remuneration for the year ended March 31, 2024 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;
- i) 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. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and

the same has operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature is not enabled for certain changes made, if any, using privileged/administrative access rights, as described in note 46 to the financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software where audit trail has been enabled.

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

per **Sunil Gaggar**  
Partner  
Membership Number: 104315  
UDIN: 24104315BKEXIC7532

Place of Signature: Bengaluru  
Date: May 27, 2024



## 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 3.1 to the financial statements included in Property, Plant and Equipment are held in the name of the Company.
- (iii) (a) During the year the Company has provided loans as stated follows.

	Loans (₹ In Millions)
Aggregate amount granted/ provided during the year- Others	4.50
Balance outstanding as at balance sheet date in respect of above cases- Others	4.50

During the year the Company has not provided advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties.

- (b) During the year the investments made and the terms and conditions of the grant of all loans and investments made are not prejudicial to the Company's interest. During the year the Company has not provided guarantees, provided security and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.
- (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	0.32	Various date	20 - 365

- (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	Nil	0.31	0.31

- (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, 2013 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 generally 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 (₹ in millions)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	0.21	AY 2018-19	CIT (Appeals)
		5.88	AY 2019-20	Assessing Officer
		82.85	AY 2020-21	
		3.37	AY 2022-23	
Goods and Service Tax Act	Goods and Services Tax	29.44	FY 2017-18 to FY 2023-24	Appellate Authority

- (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 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) All amounts that are unspent under Sub-section (5) of Section 135 of Companies Act, 2013, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of Sub-section (6) of Section 135 of the said 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 Gagar**

Partner

Membership Number: 104315

UDIN: 24104315BKEXIC7532

Place of Signature: Bengaluru

Date: May 27, 2024



## 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, 2024 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, 2024, 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: 24104315BKEXIC7532

Place of Signature: Bengaluru

Date: May 27, 2024

# Balance Sheet

as at March 31, 2024

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

	Notes	March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	2,000.46	2,155.19
Capital-work-in-progress	3.2	57.09	64.70
Intangible assets	4	7.31	11.49
Right-of-use assets	34	264.62	287.68
Financial assets			
Loans	5	2.57	2.50
Other financial assets	6	159.96	158.07
Income tax assets, (net)		31.36	-
Deferred tax assets (net)	21	33.51	48.96
Other non-current assets	7	40.53	23.67
		<b>2,597.41</b>	<b>2,752.26</b>
<b>Current assets</b>			
Inventories	8	2,502.34	2,307.11
Financial assets			
Investments	9	209.93	-
Trade receivables	10	3,644.95	4,985.97
Cash and cash equivalents	11	329.57	111.79
Other bank balances	12	503.21	352.98
Loans	5	2.25	9.47
Other financial assets	6	2,093.42	668.73
Other current assets	7	414.21	377.39
		<b>9,699.88</b>	<b>8,813.44</b>
		<b>12,297.29</b>	<b>11,565.70</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	151.12	151.12
Other equity	14	8,608.26	7,442.11
<b>Total equity</b>		<b>8,759.38</b>	<b>7,593.23</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	15	20.83	62.50
Lease liabilities	34	146.37	155.33
Provisions	16	53.11	39.12
		<b>220.31</b>	<b>256.95</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	15	41.67	41.67
Lease liabilities	34	8.96	21.08
Trade payables	17		
(A) Total outstanding dues of micro enterprises and small enterprises		191.81	207.07
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,625.02	2,953.87
Other financial liabilities	18	159.82	184.58
Other current liabilities	19	210.52	214.38
Provisions	16	72.94	81.66
Current tax liabilities (net)	20	6.86	11.21
		<b>3,317.60</b>	<b>3,715.52</b>
		<b>3,537.91</b>	<b>3,972.47</b>
		<b>12,297.29</b>	<b>11,565.70</b>
<b>Total equity and liabilities</b>			
Summary of material 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 27, 2024

For and on behalf of the Board of Directors of

**Automotive Axles Limited**

CIN: L51909KA1981PLC004198

**Nagaraja Gargeshwari**

Whole Time Director

DIN: 00839616

Place : Pune

Date : May 27, 2024

**Ranganathan S**

Chief Financial Officer

Place : Pune

Date : May 27, 2024

**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 27, 2024

**Debadass Panda**

Company Secretary

Membership No.: 16898

Place : Pune

Date : May 27, 2024



# Statement of Profit and Loss

for the year ended March 31, 2024

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

	Notes	Year ended March 31, 2024	Year ended March 31, 2023
<b>Income</b>			
Revenue from operations	22	22,291.74	23,237.01
Other income	23	157.09	49.19
<b>Total income</b>		<b>22,448.83</b>	<b>23,286.20</b>
<b>Expenses</b>			
Cost of raw material consumed	24	15,966.19	16,751.45
Changes in inventories of finished goods and work-in-progress	25	(98.10)	(64.03)
Employee benefits expense	26	1,332.15	1,270.12
Finance costs	27	26.54	29.15
Depreciation and amortisation expense	28	363.75	413.72
Other expenses	29	2,628.65	2,704.84
<b>Total expenses</b>		<b>20,219.18</b>	<b>21,105.25</b>
<b>Profit before tax</b>		<b>2,229.65</b>	<b>2,180.95</b>
<b>Tax expense</b>			
Current tax	21	548.67	527.31
Deferred tax	21	19.43	33.35
<b>Total tax expense</b>		<b>568.10</b>	<b>560.66</b>
<b>Profit for the year</b>		<b>1,661.55</b>	<b>1,620.29</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/ (losses) on defined benefit plan	37	(15.80)	(14.68)
Tax on remeasurements of the defined benefit plan	21	3.98	3.69
<b>Other comprehensive income for the year, net of tax</b>		<b>(11.82)</b>	<b>(10.99)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>1,649.73</b>	<b>1,609.30</b>
Earnings per equity share [nominal value of share INR 10 (March 31, 2023: INR 10)]			
Basic and diluted (in Rupees)	30	109.95	107.22
Summary of material 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 27, 2024

For and on behalf of the Board of Directors of

**Automotive Axles Limited**

CIN: L51909KA1981PLC004198

**Nagaraja Gargeshwari**

Whole Time Director

DIN: 00839616

Place : Pune

Date : May 27, 2024

**Ranganathan S**

Chief Financial Officer

Place : Pune

Date : May 27, 2024

**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 27, 2024

**Debadas Panda**

Company Secretary

Membership No: 16898

Place : Pune

Date : May 27, 2024

# Cash flow statement

for the year ended March 31, 2024

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

	Notes	Year ended March 31, 2024	Year ended March 31, 2023
<b>I Cash flow from operating activities</b>			
<b>Profit before tax</b>		2,229.65	2,180.95
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation and amortisation expense	28	363.75	413.72
(Profit) on sale of property, plant and equipment	23	(0.77)	(1.09)
Reversal of impairment losses on financial instrument	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	(8.18)	(2.11)
Fair value changes in mutual funds	23	(9.93)	-
Provision for warranties	29	82.24	118.56
Finance costs	27	20.75	22.99
Interest income	23	(133.65)	(39.51)
<b>Operating profit before working capital adjustments</b>		<b>2,543.86</b>	<b>2,692.25</b>
<b>Working capital adjustments :</b>			
Decrease / (Increase) in trade receivables		1,341.02	(1,091.77)
Decrease in loans		-	7.35
Decrease / (Increase) in other financial assets		2.27	(12.07)
(Increase) / Decrease in other assets		(38.53)	204.33
(Increase) in inventories		(195.23)	(314.77)
(Decrease) in trade payables		(344.09)	(166.78)
(Decrease) in other liabilities		(3.86)	(35.97)
(Decrease) / Increase in other financial liabilities		(24.66)	19.40
(Decrease) in provisions		(94.85)	(257.68)
		<b>3,185.93</b>	<b>1,044.29</b>
Income tax paid (net of refund)		(584.38)	(528.23)
<b>Net cash flows from operating activities</b>		<b>2,601.55</b>	<b>516.06</b>
<b>II Cash flow from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(189.91)	(160.02)
Proceeds from sale of property, plant and equipment		1.02	2.34
Purchase of mutual funds		(15,610.00)	-
Proceeds from sale of mutual funds		15,418.18	168.70
Loans given to suppliers		(4.50)	-
Loans repaid by suppliers		11.64	59.50
Investment in fixed deposits		(1,510.50)	(930.09)
Interest received		65.30	22.27
<b>Net cash flows used in investing activities</b>		<b>(1,818.77)</b>	<b>(837.30)</b>
<b>III Cash flow from financing activities</b>			
Repayment of borrowings		(41.67)	(41.66)



# Cash flow statement

for the year ended March 31, 2024

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

	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Interest paid		(18.67)	(23.00)
Payment of principal portion of lease liabilities		(21.08)	(17.73)
Dividend paid to equity holders	14.2	(483.58)	(226.56)
<b>Net cash flows used in financing activities</b>		<b>(565.00)</b>	<b>(308.95)</b>
<b>IV Net (decrease) / increase in cash and cash equivalents (I + II + III)</b>		217.78	(630.19)
Cash and cash equivalents at the beginning of the year	11	111.79	741.98
<b>V Cash and cash equivalents at the end of the year</b>	11	<b>329.57</b>	<b>111.79</b>
<b>VI Components of cash and cash equivalents as at the end of the year</b>	11		
Cash on hand		0.06	0.03
Balances with banks			
- in current accounts		129.50	111.76
- in deposit accounts with original maturity of less than three months		200.01	-
<b>Total cash and cash equivalents</b>		<b>329.57</b>	<b>111.79</b>
Refer Note 11.1 for change in liabilities arising from financing activities			
<b>Summary of material accounting policies</b>	<b>2</b>		

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 Gagar**

Partner

Membership No.: 104315

Place: Bengaluru

Date: May 27, 2024

For and on behalf of the Board of Directors of

**Automotive Axles Limited**

CIN: L51909KA1981PLC004198

**Nagaraja Gargeshwari**

Whole Time Director

DIN: 00839616

Place : Pune

Date : May 27, 2024

**Ranganathan S**

Chief Financial Officer

Place : Pune

Date : May 27, 2024

**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 27, 2024

**Debadas Panda**

Company Secretary

Membership No: 16898

Place : Pune

Date : May 27, 2024

# Statement of Changes in Equity

for the year ended March 31, 2024

(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
<b>As at April 01, 2022</b>	1,51,11,975	151.12
Issued during the year	-	-
<b>As at March 31, 2023</b>	1,51,11,975	151.12
Issued during the year	-	-
<b>As at March 31, 2024</b>	1,51,11,975	151.12

## b) Other equity

	Reserves and Surplus			Total
	Securities premium	General reserve	Retained earnings	
Balance as at April 01, 2022	115.59	458.82	5,485.08	6,059.49
Profit for the year	-	-	1,620.29	1,620.29
Other comprehensive income, net of tax	-	-	(10.99)	(10.99)
Dividend paid (refer note 14.2)	-	-	(226.68)	(226.68)
<b>Balance as at March 31, 2023</b>	115.59	458.82	6,867.70	7,442.11
Balance as at April 01, 2023	115.59	458.82	6,867.70	7,442.11
Profit for the year	-	-	1,661.55	1,661.55
Other comprehensive income, net of tax	-	-	(11.82)	(11.82)
Dividend paid (refer note 14.2)	-	-	(483.58)	(483.58)
<b>Balance as at March 31, 2024</b>	115.59	458.82	8,033.85	8,608.26

Summary of material accounting policies Note 2

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

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 27, 2024

For and on behalf of the Board of Directors of

**Automotive Axles Limited**

CIN: L51909KA1981PLC004198

**Nagaraja Gargeshwari**

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**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 27, 2024

**Debadas Panda**

Company Secretary

Membership No: 16898

Place : Pune

Date : May 27, 2024



# Notes to the Financial Statements

for the year ended March 31, 2024

## 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 approved for issue in accordance with a resolution of the Company's Board of Directors on May 27, 2024.

## 2. Material 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) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to financial statement.

The financial statements have been prepared on a historical cost basis, except for the following assets which have been measured at fair value:

- ▶▶ Certain financial assets at fair value (refer accounting policy regarding financial instruments), and
- ▶▶ Defined benefit plans-plan assets measured at fair value.

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.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

### 2.2. Summary of material accounting policies

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

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) 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.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, the risks of loss has been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. Sale of products include related ancillary services, if any. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognised when such freight services are rendered.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.



# Notes to the Financial Statements

for the year ended March 31, 2024

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (I) Financial instruments – initial recognition and subsequent measurement.

The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

## Warranty provisions

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

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 32.

## (c) Foreign currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's at their functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical

reasons, the Company uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. 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.

## (d) Taxes

Tax expense comprises current tax expense and deferred tax.

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

### 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. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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 the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.



# Notes to the Financial Statements

for the year ended March 31, 2024

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## (e) Property, plant and equipment

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

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.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The Company reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

## (f) Intangible assets

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

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.

## (g) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company's lease assets class primarily consist of lease of land, building and premises.

### Company as a lessee

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

# Notes to the Financial Statements

for the year ended March 31, 2024

## 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.

## 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).

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.

## 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 are classified as finance leases when the transfer of substantially all risks and rewards of ownership occurs from the Company to the lessee. Amounts receivable from lessees under finance leases are recorded as receivables at a net basis, representing the Company's net investment in the leases and when the Company combines two or more contracts executed at or near the same time with the same counterparty (or related parties of the counterparty) and these contracts are treated as a single contract for accounting purposes. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## (h) Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## (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.



# Notes to the Financial Statements

for the year ended March 31, 2024

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) 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.

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.

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.

Provisions, contingent liabilities are reviewed at each Balance Sheet date.

## (k) 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.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises 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
- ▶▶ Net interest expense or 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

# Notes to the Financial Statements

for the year ended March 31, 2024

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.

## (I) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contract that gives rise to financial assets and financial liabilities. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

#### Financial Assets

##### Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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. The Company's financial assets at amortised cost includes trade receivables, Cash and cash equivalents, other bank balances and Net investment in leases and Security deposits included under other current and non-current financial assets.

##### Financial assets at fair value through OCI (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model 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.

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

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. This category includes investment in mutual fund.

##### Impairment of financial assets:

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recorded is recognized as an impairment loss or gain in statement of profit and loss.

#### Financial liabilities

##### Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.



# Notes to the Financial Statements

for the year ended March 31, 2024

The Company enters into deferred payment arrangements (acceptances) whereby overseas lenders such as banks and other financial institutions make payments to supplier's banks for purchase of raw materials and others. The banks and financial institutions are subsequently repaid by the Company at a later date providing working capital benefits. These arrangements are in the nature of credit extended in normal operating cycle and these arrangements for raw materials are recognised as Acceptances (under trade payables).

## Derecognition of financial instruments

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 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 and loss.

### (m) Fair value measurement

The Company measures financial instruments, such as, mutual funds at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 prices (unadjusted) in active market or Net Asset Value (NAV) 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.

### (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.

### (o) Dividend

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.

### (p) Borrowing costs

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.

# Notes to the Financial Statements

for the year ended March 31, 2024

## (q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

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

## 2.3.Changes in accounting policies and disclosures

New and amended standards.

The 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 for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

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

The amendments clarify the distinction between changes in accounting estimates, 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 had no 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 have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

### (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 such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

## 2.4.Standards notified but not yet effective.

There are no standards that are notified and not yet effective as on the date.



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 3.1 Property, plant and equipment

	Freehold land	Building	Roads	Plant & machinery	Furniture & fixtures	Office equipment & electricals	Computers & servers	Vehicles	Total
<b>Cost*</b>									
<b>At April 01, 2022</b>	3.83	564.02	53.75	3,574.10	16.02	57.11	76.59	5.57	4,350.99
Additions	-	0.55	-	145.58	3.40	9.19	7.41	1.59	167.72
Disposals/Retirement	-	-	-	(50.67)	-	(0.07)	(13.88)	(1.05)	(65.67)
<b>At March 31, 2023</b>	3.83	564.57	53.75	3,669.01	19.42	66.23	70.12	6.11	4,453.04
Additions	-	5.19	-	139.71	0.22	23.97	7.44	0.65	177.18
Disposals/Retirement	-	-	-	(46.63)	-	-	(3.49)	-	(50.12)
Other adjustment **	-	2.27	-	152.32	3.52	4.57	5.23	2.58	170.49
<b>At March 31, 2024</b>	3.83	572.03	53.75	3,914.41	23.16	94.77	79.30	9.34	4,750.59
Depreciation									
<b>At April 01, 2022</b>	-	111.06	12.63	1,746.12	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)
<b>At March 31, 2023</b>	-	133.89	15.98	2,028.47	16.32	36.89	60.95	5.35	2,297.85
Charge for the year	-	21.72	2.00	272.65	1.32	23.66	9.27	1.04	331.66
Disposals/Retirement	-	-	-	(46.47)	-	-	(3.40)	-	(49.87)
Other adjustment **	-	2.27	-	152.32	3.52	4.57	5.23	2.58	170.49
<b>At March 31, 2024</b>	-	157.88	17.98	2,406.97	21.16	65.12	72.05	8.97	2,750.13
Net book value									
<b>At March 31, 2023</b>	3.83	430.68	37.77	1,640.54	3.10	29.34	9.17	0.76	2,155.19
<b>At March 31, 2024</b>	3.83	414.15	35.77	1,507.44	2.00	29.65	7.25	0.37	2,000.46

\* The Company had elected to consider the carrying value of all its PPE appearing in the Financial Statements and used the same as deemed cost in the opening Ind AS Balance Sheet prepared on 1<sup>st</sup> April, 2016.

\*\* Pertains to adjustment of equal amounts in gross block and accumulated depreciation to adjust the earlier deduction from gross block and accumulated depreciation with respect to PPE recorded at deemed cost of net book value on implementation of Ind AS on April 01, 2016. This does not have any impact on net book value of PPE as at March 31, 2024 and March 31, 2023.

## 3.2 Capital work in progress

	Total
<b>At April 01, 2022</b>	32.73
Additions	207.33
Capitalisation	(175.36)
<b>At March 31, 2023</b>	64.70
Additions	169.57
Capitalisation	(177.18)
<b>At March 31, 2024</b>	57.09



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## Capital work-in-progress ageing schedule

Particulars	As at 31 March 2024					At March 31, 2023				
	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	39.89	17.20	-	-	57.09	63.38	1.32	-	-	64.70
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

Capital work-in-progress includes general plant and machinery and tooling. 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.

## 4 Intangible assets

	Software	Total
<b>Cost</b>		
<b>At April 01, 2022</b>	33.47	33.47
Additions	7.63	7.63
<b>At March 31, 2023</b>	41.10	41.10
Additions	4.85	4.85
<b>At March 31, 2024</b>	45.95	45.95
Amortisation		
<b>At April 01, 2022</b>	18.55	18.55
Charge for the year	11.06	11.06
<b>At March 31, 2023</b>	29.61	29.61
Charge for the year	9.03	9.03
<b>At March 31, 2024</b>	38.64	38.64
Net book value		
<b>At March 31, 2023</b>	11.49	11.49
<b>At March 31, 2024</b>	7.31	7.31

## 5 Loans

	Non-current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Unsecured, considered good</b>				
Loans to suppliers (refer note 38)	2.57	2.50	2.25	9.47
	2.57	2.50	2.25	9.47

## 6 Other financial assets

	Non-current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Unsecured, considered good</b>				
Net investment in leases (refer note 34(b))	112.21	113.07	0.72	0.18
Investment in Parola Renewable Pvt. Ltd (refer note 6.1)	9.37	9.46	0.97	-
Investment in Torrent Saurya Urja 3 Pvt Ltd (refer note 6.2)	2.80	-	-	-
Security deposits	34.49	34.33	-	-
Term deposits with bank for more than twelve months of original maturity	-	-	2,000.59	640.09
Advance to employees	1.09	1.21	5.54	5.48
Interest receivable on bank deposits	-	-	85.60	17.24
<b>Others</b>	-	-	-	5.74
	159.96	158.07	2,093.42	668.73



# Notes to the Financial Statements

for the year ended March 31, 2024

(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 total solar power to be 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 power expenses being amortised over the term of the agreement.

**6.2** Pursuant to requirements of Electricity Act, the Company has agreed to subscribe and pay for 4,146,559 equity shares\* of INR 10 each of Torrent Saurya Urja 3 Private Limited ("Torrent ") for a purchase consideration of INR 41.47 million ("Subscription Price"). As at March 31, 2024, the Company has made investment of INR 2.8 million. Further, pursuant to Power Supply and Offtake Agreement, the Company has agreed to purchase total solar power to be generated from solar plant having installed capacity i.e., 12 MWDC. As per the Share Subscription and Shareholders Agreement ("SSSA") between the Company, Torrent and Torrent Power 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 being carried at amortised cost as financial assets.

\* in full figures

## 7 Other assets

	Non-current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Unsecured, considered good</b>				
Capital advances	27.14	11.99	-	-
Others				
Advance to suppliers	-	-	218.93	270.88
Prepaid expenses	13.25	11.54	35.41	41.06
Balance with statutory/ government authorities	0.14	0.14	159.87	65.45
	<b>40.53</b>	<b>23.67</b>	<b>414.21</b>	<b>377.39</b>

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

	March 31, 2024	March 31, 2023
Raw materials (Includes INR 193.40 million (March 31, 2023: INR 143.01 million) in transit)	928.08	801.40
Work-in-progress	927.73	840.26
Finished goods (Includes INR 10.81 million (March 31, 2023: INR 15.41 million) in transit)	564.16	553.53
Stores and spares	82.37	111.92
<b>Total inventories at the lower of cost and net realisable value</b>	<b>2,502.34</b>	<b>2,307.11</b>

During the year ended March 31, 2024, INR 15.42 millions (31 March 2023: INR 21.55 millions) was recognised as an expense for slow moving/ non-moving and obsolete inventory.

## 9 Investments

	Current	
	March 31, 2024	March 31, 2023
Investments at fair value through profit & loss	209.93	-
Investment in mutual funds (unquoted)	209.93	-
Aggregate amount of unquoted investments	209.93	-
Aggregate amount of impairment in value of investments	-	-

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 10 Trade receivables

	March 31, 2024	March 31, 2023
Trade receivables	300.12	372.10
Receivables from related parties (refer note 36)	3,344.83	4,613.87
<b>Total trade receivables</b>	<b>3,644.95</b>	<b>4,985.97</b>
<b>Break-up for security details:</b>		
<b>Current</b>		
Secured, considered good	-	-
Unsecured, considered good	3,644.95	4,985.97
Trade Receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	2.85	2.85
	3,647.80	4,988.82
<b>Impairment allowance (allowance for bad and doubtful debts)</b>		
Unsecured, considered good	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	(2.85)	(2.85)
	<b>3,644.95</b>	<b>4,985.97</b>

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.

For terms and conditions relating to related party receivables, refer note 36.

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

Movement of impairment allowance (allowance for bad and doubtful debts)

	March 31, 2024	March 31, 2023
Opening provision	2.85	6.11
Provision reversal	-	(3.26)
Closing provision	2.85	2.85

## As at 31 March 2024

	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	3,631.36	13.59	-	-	3,644.95
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	2.85	2.85
Disputed Trade Receivables considered good	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-
<b>Sub-Total</b>	<b>3,631.36</b>	<b>13.59</b>	<b>-</b>	<b>2.85</b>	<b>3,647.80</b>
<b>Less: Impairment allowance</b>					<b>2.85</b>
<b>Total</b>	<b>3,631.36</b>	<b>13.59</b>	<b>-</b>	<b>2.85</b>	<b>3,644.95</b>



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## As at 31 March 2023

Particulars	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	-	-	-	-	-
<b>Sub-Total</b>	<b>4,414.19</b>	<b>571.55</b>	<b>1.59</b>	<b>1.49</b>	<b>4,988.82</b>
<b>Less: Impairment allowance</b>					<b>2.85</b>
<b>Total</b>	<b>4,414.19</b>	<b>571.55</b>	<b>1.59</b>	<b>1.49</b>	<b>4,985.97</b>

## 11 Cash and cash equivalents

	March 31, 2024	March 31, 2023
Cash on hand	0.06	0.03
<b>Balances with banks:</b>		
Current accounts	129.50	111.76
Deposits with original maturity of less than three months	200.01	-
	<b>329.57</b>	<b>111.79</b>

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)	Borrowings (note 15)
As at April 01, 2023	176.41	104.17
Repayment of financing activities	(21.08)	(41.67)
<b>As at March 31, 2024</b>	<b>155.33</b>	<b>62.50</b>
As at April 01, 2022	88.69	145.83
New Leases (net of deletion)	105.45	-
Repayment of financing activities	(17.73)	(41.66)
<b>As at March 31, 2023</b>	<b>176.41</b>	<b>104.17</b>

### Non-cash investing activities

	March 31, 2024	March 31, 2023
Acquisition of Right-of-use assets	-	105.45

**11.2** 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 .

## 12 Other bank balances

	March 31, 2024	March 31, 2023
Earmarked balance- unpaid dividend	3.21	2.98
Balance with banks on deposits with original maturity more than 3 months but less than 12 months	500.00	350.00
	<b>503.21</b>	<b>352.98</b>

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 12 Other bank balances (contd.)

### Break up of financial assets carried at amortised cost

	Note	March 31, 2024	March 31, 2023
<b>Financial assets measured at amortised cost:</b>			
Loans	5	4.82	11.97
Trade receivables	10	3,644.95	4,985.97
Cash and cash equivalents	11	329.57	111.79
Other bank balances	12	503.21	352.98
Other financial assets	6	2,253.38	826.80
<b>Total financial assets carried at amortised cost</b>		<b>6,735.93</b>	<b>6,289.51</b>
Break up of financial assets carried at FVTPL			
<b>Investment in mutual funds (unquoted)</b>	9	<b>209.93</b>	<b>-</b>

## 13 Share capital

	Equity shares		Preference shares	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital</b>				
<b>At April 01, 2022</b>	2,30,00,000	230.00	20,00,000	20.00
Increase/ (decrease) during the year	-	-	-	-
<b>At March 31, 2023</b>	<b>2,30,00,000</b>	<b>230.00</b>	<b>20,00,000</b>	<b>20.00</b>
Increase/ (decrease) during the year	-	-	-	-
<b>At March 31, 2024</b>	<b>2,30,00,000</b>	<b>230.00</b>	<b>20,00,000</b>	<b>20.00</b>

### Terms/right attached to equity shares

The Company has issued only one class of equity share having par value of 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
<b>Equity shares of INR 10 each issued, subscribed and fully paid</b>		
<b>Issued equity capital</b>		
<b>At April 01, 2022</b>	1,51,11,975	151.12
Increase/ (decrease) during the year	-	-
<b>At March 31, 2023</b>	<b>1,51,11,975</b>	<b>151.12</b>
Increase/ (decrease) during the year	-	-
<b>At March 31, 2024</b>	<b>1,51,11,975</b>	<b>151.12</b>



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 13 Share capital (contd.)

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

Equity Shares with voting rights	March 31, 2024		March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares</b>				
At the commencement of the year	1,51,11,975	151.12	1,51,11,975	151.12
<b>At the end of the year</b>	<b>1,51,11,975</b>	<b>151.12</b>	<b>1,51,11,975</b>	<b>151.12</b>

### (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, 2024		March 31, 2023	
	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.)	13,40,069	8.87%	12,85,886	8.51%

### (c) During the period of five years immediately preceding the reporting date, the Company has -

- not bought back any shares;
- not issued any bonus shares; and
- not issued any shares for consideration other than cash

### (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, 2024

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%	-
<b>Total</b>		<b>1,07,35,081</b>	<b>-</b>	<b>1,07,35,081</b>	<b>71.04%</b>	<b>-</b>

#### 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%	-
<b>Total</b>		<b>1,07,35,081</b>	<b>-</b>	<b>1,07,35,081</b>	<b>71.04%</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 14 Other equity

	March 31, 2024	March 31, 2023
<b>Securities premium account [refer note 14.1(a)]</b>		
Balance at the beginning of the year	115.59	115.59
Add : Additions during the year	-	-
<b>Closing balance (a)</b>	<b>115.59</b>	<b>115.59</b>
<b>Retained earnings [refer note 14.1(b)]</b>		
Balance at the beginning of the year	6,867.70	5,485.08
Add: Profit for the year	1,661.55	1,620.29
(Less): OCI - re-measurement gain/ (loss) on defined benefit obligation (net of tax)	(11.82)	(10.99)
(Less): Dividend paid (refer note 14.2)	(483.58)	(226.68)
Closing balance (b)	<b>8,033.85</b>	<b>6,867.70</b>
<b>General reserves [refer note 14.1(c)]</b>		
Balance at the beginning of the year	458.82	458.82
Closing balance (c)	<b>458.82</b>	<b>458.82</b>
<b>Total (a+b+c)</b>	<b>8,608.26</b>	<b>7,442.11</b>

### 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. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. 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. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

### 14.2 Dividend distribution made and proposed

	March 31, 2024	March 31, 2023
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended March 31, 2023: INR 32 per share (March 31, 2022: INR 15 per share)	483.58	226.68
	<b>483.58</b>	<b>226.68</b>
<b>Proposed dividends on equity shares*</b>		
Final dividend for the year ended March 31, 2024: INR 32 per share (March 31, 2023: INR 32 per share)	483.58	483.58
	<b>483.58</b>	<b>483.58</b>

\*Proposed dividends on equity shares are subject to approval at the annual general meeting and hence not recognised as a liability as at March 31, 2024 and March 31, 2023.



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 15 Financial liabilities

Borrowings	Current		Non Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Term loan</b>				
Indian rupee term loan from a bank (secured)*	41.67	41.67	62.50	104.17
Less: amount disclosed under the head 'current borrowings'	-	-	(41.67)	(41.67)
	<b>41.67</b>	<b>41.67</b>	<b>20.83</b>	<b>62.50</b>

	Effective interest rate	Security	Terms of repayment	Maturity
*Terms of Indian rupee term loan from a bank (secured)	3 month MCLR (with a quarterly reset) plus 5 bps	The loan is secured by hypothecation of plant and machinery and other movable assets procured out of the said term loan at all locations.	Quarterly equal instalments	September 2025

## 16 Provisions

	Non-current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 37)	-	-	0.11	3.71
Provision for compensated absences	-	-	0.19	5.66
<b>Others</b>				
Provision for warranty (refer note below)	53.11	39.12	72.64	72.29
	<b>53.11</b>	<b>39.12</b>	<b>72.94</b>	<b>81.66</b>

### Warranty

Provision for warranty A provision is recognised for expected warranty claims on products sold during the years, based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

	March 31, 2024	March 31, 2023
<b>Opening balance</b>	111.41	231.52
Additions during the year	84.32	118.56
Utilised during the year	(69.98)	(238.67)
<b>Closing balance</b>	<b>125.75</b>	<b>111.41</b>

## 17 Trade payables

	March 31, 2024	March 31, 2023
<b>Trade payables (including acceptances)*</b>		
Total outstanding dues of micro enterprises and small enterprises (refer 17.2)	191.81	207.07
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,625.02	2,953.87
	<b>2,816.83</b>	<b>3,160.94</b>

\*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 30 to 60 days amounting to INR 351.62 million (March 31, 2023 - INR 484.94 million).

	March 31, 2024	March 31, 2023
Trade payables	2,688.05	2,978.57
Trade payables to related parties (refer note 36)	128.78	182.37
	<b>2,816.83</b>	<b>3,160.94</b>



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 17.1 Trade payables ageing schedule:

### As at March 31, 2024

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	7.14	176.59	8.08	-	-	-	191.81
Total outstanding dues of creditors other than micro enterprises and small enterprises	790.46	1,618.68	215.88	-	-	-	2,625.02
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>797.60</b>	<b>1,795.27</b>	<b>223.96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,816.83</b>

### 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	-	-	-	-	-	-	-
<b>Total</b>	<b>701.60</b>	<b>2,316.11</b>	<b>143.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,160.94</b>

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, 2024 and March 31, 2023. The details in respect of such dues are as follows:

Particulars	March 31, 2024	March 31, 2023
Principal amount remaining unpaid to any supplier as at the end of the accounting year	191.81	207.07
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 17.2 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (contd.)

Particulars	March 31, 2024	March 31, 2023
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, 2024	March 31, 2023
Interest accrued and not due	0.56	0.86
Payable towards capital expenditure*	36.01	36.35
Employee related liabilities	120.04	119.30
Unclaimed dividend	3.21	2.98
Book overdraft	-	25.09
	<b>159.82</b>	<b>184.58</b>

\* 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, 2024	March 31, 2023
Borrowings	15	62.50	104.17
Lease liabilities	34	155.33	176.41
Trade payables	17	2,816.83	3,160.94
Others financial liabilities	18	159.82	184.58
Total financial liabilities carried at amortised cost		<b>3,194.48</b>	<b>3,626.10</b>

## 19 Other liabilities

	Current	
	March 31, 2024	March 31, 2023
Statutory liabilities*	62.91	211.49
Contract liabilities**	144.26	2.89
Liability Towards corporate social responsibility	3.35	-
	<b>210.52</b>	<b>214.38</b>

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

\*\*Contract liabilities represent short-term advances received to deliver goods of INR 144.26 million (March 31, 2023: INR 2.89 millions).

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 20 Liabilities for current tax (net)

	March 31, 2024	March 31, 2023
Provision for income tax (net of advance income tax)	6.86	11.21
	<b>6.86</b>	<b>11.21</b>

## 21 Deferred tax

Deferred tax relates to the following:	Balance Sheet		Statement of profit and loss	
	March 31, 2024	March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Property, plant and equipment and intangible assets	49.86	57.08	7.22	26.11
Employee benefit expenses	10.86	16.64	9.76	6.90
Leases liabilities	39.09	44.40	5.30	(22.08)
ROU	(33.93)	(39.56)	(5.63)	21.72
Net investment in lease	(28.60)	(28.50)	0.10	0.07
Others	(3.77)	(1.09)	2.68	0.63
<b>Deferred tax expense/(income)</b>			<b>19.43</b>	<b>33.35</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>33.51</b>	<b>48.96</b>		

Reconciliation of deferred tax liabilities (net):	March 31, 2024	March 31, 2023
<b>Opening balance as of 1 April</b>	48.96	78.62
Tax income/(expense) during the period recognised in profit or loss	(19.43)	(33.35)
Tax income/(expense) during the period recognised in OCI	3.98	3.69
<b>Closing balance as at 31 March</b>	<b>33.51</b>	<b>48.96</b>

## Income taxes

### Components of income tax expense

(a) The major components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are:

	March 31, 2024	March 31, 2023
<b>(i) Statement of Profit and loss</b>		
Current tax	548.67	527.31
Deferred tax	19.43	33.35
<b>Tax expenses reported in the Statement of Profit and Loss.</b>	<b>568.10</b>	<b>560.66</b>
<b>(ii) OCI section</b>		
Deferred tax related to items recognized in OCI during the year		
Net actuarial loss on remeasurement of defined benefit plans	3.98	3.69
<b>Income tax credit to OCI</b>	<b>3.98</b>	<b>3.69</b>

(b) Reconciliation of tax expense and accounting profit for the year ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
<b>Accounting profit before income tax</b>	2,229.65	2,180.95
Enacted tax rates in India	25.168%	25.168%
Computed expected tax expense	<b>561.16</b>	<b>548.90</b>
Tax effect on permanent non-deductible expenses	5.89	3.28
Others	1.05	8.48
<b>At the effective income tax rate of 25.48% (March 31, 2023: 25.71%)</b>	<b>568.10</b>	<b>560.66</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>568.10</b>	<b>560.66</b>



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 22 Revenue from operations

	March 31, 2024	March 31, 2023
Revenue from contract with customer - Sale of products (including shipping services)	21,774.86	22,565.85
	<b>21,774.86</b>	<b>22,565.85</b>
<b>Other operating revenue</b>		
Sale of scrap	506.36	652.41
Tooling income	1.50	10.16
Income from wind power generation	9.02	8.59
	<b>516.88</b>	<b>671.16</b>
Revenue from operations	<b>22,291.74</b>	<b>23,237.01</b>

### 22.1 Disaggregated revenue information

	March 31, 2024	March 31, 2023
India	22,291.74	23,235.91
Outside India	-	1.10
<b>Total</b>	<b>22,291.74</b>	<b>23,237.01</b>
<b>Type of goods or service</b>		
Sale of Axles	12,534.63	12,649.90
Sale of Brakes	5,404.12	5,275.95
Others (Includes after market, suspension, scrap sales, freight recovery, windmill, etc)	4,352.99	5,311.16
<b>Total</b>	<b>22,291.74</b>	<b>23,237.01</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	22,282.72	23,228.42
Services transferred over time	9.02	8.59
<b>Total</b>	<b>22,291.74</b>	<b>23,237.01</b>

### 22.2 Contract balances

	March 31, 2024	March 31, 2023	April 01, 2022
Trade receivables (refer note 10)	3,644.95	4,985.97	3,894.20
Contract liabilities (refer note 19)	144.26	2.89	30.50

(a) Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. During the year ended March 31, 2024, INR 2.85 (March 31, 2023: INR 2.85 million) was recognised as provision for expected credit losses on trade receivables.

(b) Contract liabilities represents short-term advances received to deliver goods.

### 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 2.89 million (March 2023: INR 30.50 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

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 23 Other income

	March 31, 2024	March 31, 2023
Interest income		
On deposits with banks	122.14	23.08
Others	11.51	16.43
Other non-operating income		
Fair value gain on financial instruments at fair value through profit or loss	9.93	-
Profit on sale of property, plant and equipment	0.77	1.09
Profit on sale of mutual funds	8.18	2.11
Gain on termination of lease	-	1.26
Miscellaneous income	4.56	5.22
	<b>157.09</b>	<b>49.19</b>

## 24 Cost of raw material consumed

	March 31, 2024	March 31, 2023
Inventory at the beginning of the year	801.40	559.42
Add: purchases	16,092.87	16,993.43
Less: inventory at the end of the year	(928.08)	(801.40)
<b>Cost of raw material consumed</b>	<b>15,966.19</b>	<b>16,751.45</b>

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

	March 31, 2024	March 31, 2023
<b>Closing stock</b>		
Finished goods	564.16	553.53
Work-in-progress	927.73	840.26
<b>Total</b>	<b>1,491.89</b>	<b>1,393.79</b>
<b>Opening stock</b>		
Finished goods	553.53	656.76
Work-in-progress	840.26	673.00
<b>Total</b>	<b>1,393.79</b>	<b>1,329.76</b>
<b>Changes in inventories of finished goods and work-in-progress</b>	<b>(98.10)</b>	<b>(64.03)</b>

## 26 Employee benefits expenses

	March 31, 2024	March 31, 2023
Salaries, wages and bonus	1,117.67	1,070.24
Contribution to provident and other funds (refer note 37)	65.99	63.64
Gratuity expense (refer note 37)	10.72	10.02
Compensated absences	31.18	25.89
Staff welfare expenses	106.59	100.33
	<b>1,332.15</b>	<b>1,270.12</b>

'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.



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 27 Finance costs

	March 31, 2024	March 31, 2023
Interest expense		
on borrowings from banks	7.51	9.72
on lease liabilities (refer note 34)	13.24	13.28
on others	2.08	4.82
Bank charges	3.71	1.33
	<b>26.54</b>	<b>29.15</b>

## 28 Depreciation and amortisation expense

	March 31, 2024	March 31, 2023
Depreciation of property, plant and equipment (refer note 3)	331.66	380.88
Amortisation of intangible assets (refer note 4)	9.03	11.06
Depreciation of right-of-use assets (refer note 34)	23.06	21.78
	<b>363.75</b>	<b>413.72</b>

## 29 Other expenses

	March 31, 2024	March 31, 2023
Consumption of stores and spares	439.00	461.12
Power and fuel	334.46	326.51
Travelling expenses	21.02	18.28
Rent	45.91	44.32
Repairs and maintenance		
Buildings	14.86	16.60
Plant and machinery	213.44	199.66
Others	58.28	61.86
Rates and taxes	19.49	26.68
Insurance charges	21.74	28.16
Postage, telephone and telegram	1.98	1.75
Vehicle running expenses	0.95	0.68
Directors' commission (refer note 36)	4.20	-
Directors' sitting fees (refer note 36)	1.25	1.80
Legal and professional charges	24.24	31.89
Payment to auditor (refer note (i) below)	4.63	4.43
Provision for doubtful trade receivables (net of bad debt written of INR NIL (PY:3.26 million))	-	-
Technical fees	118.40	119.22
Outside processing charges	830.24	872.43
Provision for warranties (net)	82.24	118.56
Freight charges	306.42	299.32
Corporate social responsibility expenditure (refer note 31)	23.41	12.60
Miscellaneous expenses	62.49	58.97
	<b>2,628.65</b>	<b>2,704.84</b>

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 29 Other expenses (Contd.)

### Note:

#### (i) Payments to auditors:

	March 31, 2024	March 31, 2023
<b>As auditor</b> (excluding GST)		
Statutory audit fee (including limited review)	4.20	4.20
Reimbursement of expenses	0.43	0.23
	<b>4.63</b>	<b>4.43</b>

## 30 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares if any.

	March 31, 2024	March 31, 2023
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	1,661.55	1,620.29
Weighted average number of Equity shares for basic and diluted EPS (nos) *	1,51,11,975	1,51,11,975
<b>EPS (Basic and diluted)</b>	<b>109.95</b>	<b>107.22</b>
Face value per share(INR)	10.00	10.00

\* 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	March 31, 2024	March 31, 2023
a) Gross Amount required to be spent by the Company during the year	23.35	13.04
b) Amount approved by the Board to be spent during the year	23.41	12.60
c) Amount spent during the year ended		
(i) Construction/ acquisition of any assets	-	-
(ii) On purposes other than (i) above	20.00	12.60

#### e) Details related to spent / unspent obligations:

Particulars	March 31, 2024	March 31, 2023
(i) Contribution through public trust	6.54	10.66
(ii) Other expenditure*	13.46	1.94
(iii) Unspent amount in relation to:		
Ongoing project	3.35	-
Other than ongoing project	-	-
	<b>23.35</b>	<b>12.60</b>

\*CSR activities undertaken during the year pertain to promoting education and skill development; promoting healthcare including preventive healthcare etc.



# Notes to the Financial Statements

for the year ended March 31, 2024

(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.)

As at March 31, 2024

In case of Section 135(5) (Ongoing project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With company	In separate CSR unspent account		From company's bank account	From separate CSR unspent account	With company	In separate CSR unspent account*
-	-	3.35	-	-	-	3.35

\*The amount has been deposited on April 30, 2024, in separate bank account.

In case of Section 135(5) (Other than ongoing project)				
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
(0.06)	-	20.06	20.00	-

As at March 31, 2023

In case of Section 135(5) (Ongoing project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With company	In separate CSR unspent account		From company's bank account	From separate CSR unspent account	With company	In separate CSR unspent account
-	-	-	-	-	-	-

In case of Section 135(5) (Other than ongoing project)				
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, 2024

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

## 32.1 Judgements: (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). 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".

Furthermore, in accordance with the provisions of the Electricity Act applicable to a captive user, the Company will subscribe to and pay for 26% equity shares of Torrent Saurya Urja 3 Private Limited for a purchase consideration of INR 41.47 million. As at March 31, 2024, the Company has made investment of INR 2.80 million. However, the Company does not have significant influence over the operations of Torrent. 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, 2024

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

## 32.2 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.

### f) Useful lives of property, plant and equipment:

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. This reassessment may result in change in depreciation and amortisation expected in future periods.

## 33 Segment reporting

The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. 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.

Revenues from transactions with a single external customer amounting to 10 per cent or more of the Company's revenues is INR 17,497.32 million (March 31, 2023: INR 18,182.87 million).

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 (ROU) recognised and the movements during the year:

	Leasehold Building	Leasehold Land (refer note 6)	Total
<b>As at April 1, 2022</b>	<b>58.01</b>	<b>144.75</b>	<b>202.76</b>
Additions/ (deletions)	106.70	-	106.70
Depreciation expense	(20.28)	(1.50)	(21.78)
<b>As at March 31, 2023</b>	<b>144.43</b>	<b>143.25</b>	<b>287.68</b>
Additions/ (deletions)	-	-	-
Depreciation expense	(21.56)	(1.50)	(23.06)
<b>As at March 31, 2024</b>	<b>122.87</b>	<b>141.75</b>	<b>264.62</b>

# Notes to the Financial Statements

for the year ended March 31, 2024

(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	Total
<b>As at April 1, 2022</b>	<b>77.10</b>	<b>11.59</b>	<b>88.69</b>
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)	-	(17.73)
<b>As at March 31, 2023</b>	<b>164.82</b>	<b>11.59</b>	<b>176.41</b>
Additions/ (deletions)	-	-	-
Accretion of interest	12.32	0.93	13.24
Interest payments	(12.32)	(0.93)	(13.24)
Principal payments	(21.08)	-	(21.08)
<b>As at March 31, 2024</b>	<b>143.74</b>	<b>11.59</b>	<b>155.33</b>
		<b>March 31, 2024</b>	<b>March 31, 2023</b>
Current		8.96	21.08
Non-current		146.37	155.33
		<b>155.33</b>	<b>176.41</b>

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, 2024	March 31, 2023
Depreciation expense of right-of-use assets	23.06	21.78
Interest expense on lease liabilities	13.24	13.28
Expense relating to short-term leases (included in other expenses)	45.91	44.32
<b>Total amount recognised in statement of profit or loss</b>	<b>82.21</b>	<b>79.38</b>

The Company had total cash outflows for leases of INR 34.32 million (March 31, 2023: 31.01 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 112.93 million (March 31, 2023: 113.25 million). Net finance income on lease receivables recognised by the Company during the year is INR 9.83 million (March 31, 2023: INR 9.83 million).



# Notes to the Financial Statements

for the year ended March 31, 2024

(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, 2024	March 31, 2023
Within one year	10.51	10.01
Between 1 and 2 years	11.04	10.51
Between 2 and 3 years	11.59	11.04
Between 3 and 4 years	12.17	11.59
Between 4 and 5 years	12.78	12.17
More than five years	153.02	165.81
	<b>211.11</b>	<b>221.13</b>

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

	March 31, 2024	March 31, 2023
Total undiscounted lease receivables	211.11	221.13
Less: unearned finance income related to future years	(98.18)	(107.87)
Net investment in leases (refer note 6)	<b>112.93</b>	<b>113.25</b>

	March 31, 2024	March 31, 2023
Current	0.72	0.18
Non-current	112.21	113.07
	<b>112.93</b>	<b>113.25</b>

## 35 Commitments and contingencies

### a) Commitments

	March 31, 2024	March 31, 2023
Estimated amount of contracts remaining to be executed on capital account (net of advance)	125.05	54.86
Other commitments- refer note 6.1 and 6.2		

### b) Contingent liabilities

Claims against the Company not acknowledge as debts	March 31, 2024	March 31, 2023
Indirect tax matters for demands pending before various appellate authorities	22.30	-
Direct tax matters for under dispute/ pending before Income tax authorities	0.21	0.21

The Company is contesting the demands and the Management believe that its position is likely to be upheld in the appellate process. No expense has been accrued in the financial statements for the demand raised. The Management believe that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position.

# Notes to the Financial Statements

for the year ended March 31, 2024

(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

Meritor Heavy Vehicle System LLC

Meritor Inc, Troy

BF Investments Limited, Pune

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

##### 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 Monterrey Mexico

Axel Tech India Pvt Ltd

Synise Technologies Limited

##### Enterprises over which key management personnel of the Company or their relatives have significant influence

Bharat Forge Limited

##### Other related parties as per Companies Act, 2013\*\*

Parola Renewables Private Limited

Torrent Saurya Urja 3 Private Limited

##### Key Management Personnel:

Dr. B N Kalyani	Chairman, Director
Mr. Nagaraja Gargeshwari	President & Whole-Time Director
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 (Upto February 13, 2023)
Mr. Kenneth James Hogan	Director
Dr. Shalini Sarin	Independent Director (Upto February 11, 2024)
Ms. Bijal Tushar Ajinkya	Independent Director appointed w.e.f February 11, 2024

\*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, 2024

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

## 36 Related party transactions (Contd.)

### (ii) Related party disclosures

Particulars	March 31, 2024	March 31, 2023
<b>Purchase of raw materials (including store and spares)</b>		
Bharat Forge Limited	195.18	375.12
Meritor HVS AB., Sweden	45.25	36.81
Others	50.51	61.75
	<b>290.94</b>	<b>473.68</b>
<b>Sale of goods</b>		
Meritor HVS (India) Limited	17,495.82	18,182.87
Others	3.90	0.02
	<b>17,499.72</b>	<b>18,182.89</b>
<b>Purchase of property, plant and equipment</b>		
Bharat Forge Limited	10.00	39.70
Others	0.09	-
	<b>10.09</b>	<b>39.70</b>
<b>Tooling income</b>		
Meritor HVS (India) Limited	1.50	3.99
<b>Lease rental receipts*</b>		
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	15.25	18.23
<b>Lease rental payment*</b>		
Meritor HVS (India) Limited	5.08	4.63
Axel Tech India Pvt Ltd	10.13	8.10
	<b>15.21</b>	<b>12.73</b>
<b>Purchase of MEIS licences</b>		
Meritor HVS (India) Limited	-	3.28
	<b>-</b>	<b>3.28</b>
<b>Services received</b>		
Bharat Forge Limited (Outside processing charges)	201.43	182.43
Meritor HVS (India) Limited (Technical fees)	123.69	119.22
Others	39.34	15.28
	<b>364.46</b>	<b>316.93</b>
<b>Other financial assets</b>		
Parola Renewables Private Limited	10.34	9.46
Torrent Saurya Urja 3 Private Limited	2.80	-
	<b>13.14</b>	<b>9.46</b>
<b>Other assets</b>	13.04	13.04
Parola Renewables Private Limited	<b>13.04</b>	<b>13.04</b>
<b>Expenses incurred by the Company on behalf of related parties</b>		
Meritor HVS (India) Limited	47.11	192.06
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	19.53	20.92
	<b>66.64</b>	<b>212.98</b>

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 36 Related party transactions (Contd.)

Particulars	March 31, 2024	March 31, 2023
<b>Expenses incurred by related parties on behalf of the Company</b>		
Axel Tech India Pvt Ltd	2.49	0.94
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	0.87	0.81
	<b>3.36</b>	<b>1.75</b>
<b>Warranty claims</b>		
Meritor HVS (India) Limited	69.98	238.67
	<b>69.98</b>	<b>238.67</b>
<b>Reimbursement of expenses</b>		
Dr. N Muthukumar	-	0.32
Ranganathan S	0.02	0.16
Debadas Panda	0.09	0.10
Mr. Nagaraja Gargeshwari	1.55	0.79
	<b>1.66</b>	<b>1.37</b>
<b>Directors sitting fees</b>		
Dr. B N Kalyani	0.15	0.20
Bhalachandra B Hattarki	0.40	0.45
B C Prabhakar	0.35	0.45
Mr. Rakesh Kalra	-	0.45
Dr. Shalini Sarin	0.35	0.25
	<b>1.25</b>	<b>1.80</b>
<b>Directors commission</b>		
Mr. B.B. Hattarki	1.40	-
Mr. B.C Prabhakar	1.40	-
Ms. Shalini Sarin	1.31	-
Ms. Bijal Tushar Ajinkya	0.09	-
	<b>4.20</b>	<b>-</b>
<b>Dividend paid</b>		
Meritor Inc, Troy	171.75	80.51
BF Investments Limited	171.77	80.52
	<b>343.52</b>	<b>161.03</b>
<b>Compensation of key management personnel:</b>		
Short-term employee benefits	30.17	27.81
Post-employment benefits	2.90	2.72
	<b>33.07</b>	<b>30.53</b>
As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key management personnel are not included above.		
<b>Balance outstanding as at year end</b>		
<b>Trade receivables</b>		
Meritor HVS (India) Limited	3,343.08	4,607.64
Others	1.75	6.23
	<b>3,344.83</b>	<b>4,613.87</b>



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 36 Related party transactions (Contd.)

Particulars	March 31, 2024	March 31, 2023
<b>Lease receivables*</b>		
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	1.30	4.20
<b>Trade payables</b>		
Bharat Forge Limited	93.22	117.82
Meritor HVS (India) Limited	18.12	27.50
Others	17.44	37.05
<b>Total</b>	<b>128.78</b>	<b>182.37</b>
<b>Payable towards capital expenditure</b>		
Bharat Forge Limited	-	16.98
<b>Total</b>	<b>-</b>	<b>16.98</b>

\*\* 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 54.48 million (March 31, 2023: 52.71 million) towards contribution of provident fund and INR 4.48 million (March 31, 2023: INR 4.38 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, 2024 is INR 7.03 million (March 31, 2023: INR 6.55 million).

### Defined benefit plans

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

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



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 37 Employee benefits (Contd.)

	31 March 2024	31 March 2023
<b>Change in projected benefit obligations</b>		
Obligations at beginning of the year	287.37	268.91
Service cost	11.57	10.65
Interest cost	20.77	19.24
Benefits settled	(19.49)	(23.30)
Actuarial loss (through OCI)	13.12	11.87
<b>Obligations at end of the year</b>	<b>313.34</b>	<b>287.37</b>
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	283.66	264.90
Interest income	21.62	19.88
Actuarial gain/ (loss) (through OCI)	(2.68)	(2.81)
Contributions	30.12	25.00
Benefits settled	(19.49)	(23.30)
<b>Plan assets at end of the year</b>	<b>313.23</b>	<b>283.66</b>
Present value of defined benefit obligation at the end of the year	313.34	287.37
Less: Fair value of plan assets at the end of the year	313.23	283.66
<b>Net liability recognised in the balance sheet</b>	<b>0.11</b>	<b>3.71</b>
<b>Expenses recognised in statement of profit and loss</b>		
Service cost	11.57	10.65
Interest income (net)	(0.85)	(0.63)
<b>Net gratuity cost</b>	<b>10.72</b>	<b>10.02</b>
<b>Re-measurement (gains) / losses in OCI</b>		
Actuarial (Gain)/Losses due to demographic assumption changes in DBO	(1.57)	-
Actuarial (gain) / loss due to financial assumption changes	4.81	(5.68)
Actuarial loss due to experience adjustments	9.88	17.55
<b>Actuarial loss/(gain) on plan assets less/(greater) than discount rate</b>	<b>2.68</b>	<b>2.81</b>
<b>Total expenses routed through OCI</b>	<b>15.80</b>	<b>14.68</b>

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

	31 March 2024	31 March 2023
Investments with insurer	100%	100%

The principal plan asset consist of a scheme of insurance taken by the Company, which is a qualifying insurance policy.

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

	31 March 2024	31 March 2023
Discount rate	7.19%	7.48%
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	7.19%	7.48%



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 37 Employee benefits (Contd.)

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.

### AA quantitative sensitivity analysis for significant assumptions as at March 31, 2024 and March 31, 2023 is as shown below:

	Sensitivity Level	Defined benefit obligation	
		March 31, 2024	March 31, 2023
		Change in DBO	Change in DBO
Discount rate	1% increase	(15.17)	(14.22)
	1% decrease	16.58	15.50
Further salary increase	1% increase	17.04	15.81
	1% decrease	(15.81)	(14.71)
Attrition rate	1% increase	2.75	2.66
	1% decrease	(2.95)	(2.84)
Mortality rate	10% increase	0.13	0.13

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

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

	31 March 2024	31 March 2023
<b>Five Years pay-outs</b>		
Year 1	27.37	18.22
Year 2	20.35	25.79
Year 3	39.86	28.86
Year 4	31.67	35.17
Year 5	46.63	26.85
Next 5 years	106.06	117.55
Contributions likely to be made for the next one year	0.97	2.37

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.13 years (March 31, 2023: 8.59 years).

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 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 loan	Rate of interest	Due Date	Secured/ Unsecured	March 31, 2024	March 31, 2023
Adma Auto Components Private Limited	11.00%	Various Date	Secured	4.50	-
P D Forge Private Limited	11.00%	Various Date	Secured	-	10.00
AB Auto Brakes (P) Ltd.	11.50%	Various Date	Unsecured	0.32	1.97
				<b>4.82</b>	<b>11.97</b>

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 0.32 million is overdue for 20 to 365 days as on March 31, 2024.

## 39 Fair values

	31 March 2024	31 March 2023
<b>Financial assets measured at FVTPL:</b>		
Investments	209.93	-
	<b>209.93</b>	<b>-</b>

The carrying amount of financial assets and financial liabilities measured at amortised cost in the Financial Statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

## 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, 2024	209.93	-	-
March 31, 2023	-	-	-

## 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, 2024 and March 31, 2023. 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.



# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 41 Financial risk management objectives and policies (Contd.)

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, 2024 and March 31, 2023.

### 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. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely. 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
<b>March 31, 2024</b>	50	(0.31)	(0.23)
	(50)	0.31	0.23
<b>March 31, 2023</b>	50	(0.52)	(0.39)
	(50)	0.52	0.39

### 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). The Company manages its foreign exchange fluctuation risk by monitoring the movements in the exchange rate in the market closely. As on March 31, 2024, the Company has following foreign currency exposures:

	Currency	March 31, 2024		March 31, 2023	
		in foreign currency	INR	in foreign currency	INR
Trade payables	USD	0.04	3.03	0.60	49.40
	EURO	-	-	0.12	10.60
	SEK	0.13	0.98	-	-

### 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 and decrease in foreign exchange rates will have the following impact on profit before tax and equity are as follow:

	Change in USD	Effect on profit before tax	Effect on Equity
March 31, 2024	5%	(0.15)	(0.11)
	-5%	0.15	0.11
March 31, 2023	5%	(2.47)	(1.85)
	-5%	2.47	1.85

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 41 Financial risk management objectives and policies (Contd.)

	Change in EURO	Effect on profit before tax	Effect on Equity
March 31, 2024	5%	-	-
	-5%	-	-
March 31, 2023	5%	0.53	0.40
	-5%	(0.53)	(0.40)
	Change in SEK	Effect on profit before tax	Effect on Equity
March 31, 2024	5%	(0.05)	(0.04)
	-5%	0.05	0.04
March 31, 2023	5%	-	-
	-5%	-	-

### C. Commodity price risk

Commodity price risk results from changes in market prices for raw materials, mainly steel, forgings and casting which forms the largest portion of Company's cost of sales.

The principal raw materials for the Company products are steel, forgings and casting which are purchased by the Company from the approved list of suppliers. Most of the input materials are procured from domestic vendors. Further, a significant portion of the Company's volume is sold based on price adjustment mechanism which allows for recovery of the changed raw material cost from its customers. The Company is affected by the price volatility of certain commodities. However the Company is able to pass on price fluctuations to its customers resulting from changes in commodity prices, thereby neutralizing the impact on profit due to commodity price risk.

### 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, 2024, receivable from Company's top 3 customers accounted for approximately 99% (March 31, 2023: 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. Bank Balance and other Financial Assets

Credit risk from balances with banks is managed by the Company in accordance with its policy. Investments of surplus funds of INR 209.93 millions (March 31, 2023: Nil) are made only with approved counterparties and within credit limits assigned to each counterparty. Further other financial assets include net investment of lease of INR 112.93 millions, (March 31, 2023: INR 113.25 millions) receivables from related party. Based on historical experience, the Company does not have any material bad debts.



# Notes to the Financial Statements

for the year ended March 31, 2024

(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
<b>March 31, 2024</b>				
Borrowings	41.67	20.83	-	62.50
Lease liabilities	20.91	79.33	215.39	315.63
Other financial liabilities	159.82	-	-	159.82
Trade payables	2,816.83	-	-	2,816.83
	<b>3,039.23</b>	<b>100.16</b>	<b>215.39</b>	<b>3,354.78</b>
<b>March 31, 2023</b>				
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
	<b>3,421.51</b>	<b>146.63</b>	<b>231.49</b>	<b>3,799.63</b>

## 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 2024	31 March 2023
Borrowings (Note 15)	62.50	104.17
Less: Cash and cash equivalents (Note 11)	329.57	111.79
<b>Net debt-A</b>	<b>(267.07)</b>	<b>(7.62)</b>
Equity	8,759.38	7,593.23
<b>Total equity - B</b>	<b>8,759.38</b>	<b>7,593.23</b>
<b>Total capital employed - C= (A+B)</b>	<b>8,492.31</b>	<b>7,585.61</b>
<b>Gearing ratio D = (A/C)</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended March 31, 2024

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

## 43 Ratio Analysis and its elements

Ratio	Numerator	Denominator	As At March 31, 2024	As at March 31, 2023	% change	Reason for variance where the change is more than 25%
Current ratio	Current assets	Current liabilities	2.92	2.37	23%	-
Debt- equity ratio	Total debt	Shareholder's equity	0.01	0.01	0%	-
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	24.27	25.87	-6%	-
Return on equity ratio	Net profits after taxes	Average shareholder's equity	0.20	0.23	-14%	-
Inventory turnover ratio	Cost of goods sold	Average inventory	6.60	7.76	-15%	-
Trade receivable turnover ratio	Net Credit sales	Average trade receivable	5.17	5.23	-1%	-
Trade payable turnover ratio	Net credit purchases	Average trade payables	6.23	5.94	5%	-
Net capital turnover ratio	Revenue from operations	Working capital = Current assets – current liabilities	3.49	4.56	-23%	-
Net profit ratio	Net profit	Revenue from operations	0.07	0.07	5%	-
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + total debt + deferred tax liability	0.25	0.29	-13%	-
Return on investment (mutual funds)	Profit and fair value gain on mutual funds	Investment	6.86%	NA	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.
- (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



# Notes to the Financial Statements

for the year ended March 31, 2024

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

- (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 has not been declared as wilful defaulter by any bank or financial institution or other lender.

## 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 2023 - 2024 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 Audit trail

The Company has used accounting software (SAP S/4 Hana) for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for certain changes made, if any, using privileged/ administrative access rights to the SAP application and the underlying Hana database. Further no instance of audit trail feature being tampered with was noted in respect of the software.

## 47 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.

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 27, 2024

For and on behalf of the Board of Directors of

**Automotive Axles Limited**

CIN: L51909KA1981PLC004198

**Nagaraja Gargeshwari**

Whole Time Director

DIN: 00839616

Place : Pune

Date : May 27, 2024

**Ranganathan S**

Chief Financial Officer

Place : Pune

Date : May 27, 2024

**Dr. B. N. Kalyani**

Chairman

DIN: 00089380

Place : Pune

Date : May 27, 2024

**Debadas Panda**

Company Secretary

Membership No: 16898

Place : Pune

Date : May 27, 2024



## NOTICE OF 43<sup>rd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting (AGM) of the Members of Automotive Axles Limited ("the Company"), will be held on **Monday, August 5, 2024 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 March 31, 2024 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 2023-24.

#### **Item No. 3 – Re-appointment of a Director.**

To appoint a director in place of Mr. Nagaraja Gargeshwari (DIN: 00839616), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment.

By Order of the Board of Directors  
For **Automotive Axles Limited**

**Debadas Panda**  
Company Secretary

Place: Mysuru  
Date: May 27, 2024

#### **Registered Office:**

Hootagalli Industrial Area  
Off. Hunsur Road, Mysuru - 570 018  
Karnataka  
CIN : L51909KA1981PLC004198  
Phone No. : 0821-7197500  
Email: [sec@autoaxle.com](mailto:sec@autoaxle.com)  
Website: [www.autoaxle.com](http://www.autoaxle.com)



## Notes:

1. Pursuant to the General Circular No. 09/2023 dated September 25, 2023, issued by the Ministry of Corporate Affairs (“(hereinafter referred to as “the MCA Circular”)”) and Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 issued by SEBI (hereinafter referred to as “the SEBI Circulars”), the AGM of the Company is being held through Video Conferencing (VC) facility/Other Audio Visual Means (OAVM) on Monday, August 5, 2024 at 3.00 p.m. (IST). The deemed venue for the 43<sup>rd</sup> AGM will be at the registered office of the Company situated at Hootagalli Industrial Area, Off. Hunsur Road, Mysuru – 570 018, Karnataka.
2. **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.**
3. Since the meeting is proposed to be held through VC/OAVM attendance slip and route map of AGM are not annexed to this notice.
4. National Securities Depository Limited (“NSDL”) will be providing the facility for voting through remote e-Voting, for participation in the 43<sup>rd</sup> AGM through VC/OAVM Facility and e-Voting during the 43<sup>rd</sup> AGM.
5. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the 43<sup>rd</sup> AGM through VC/OAVM facility. Corporate Members intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case maybe, to attend the AGM through VC/OAVM or to vote through remote e-Voting are requested to send a certified copy of the Board Resolution to the Scrutinizer by e-mail at [cscapracheta@gmail.com](mailto:cscapracheta@gmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com). 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.
6. 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.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings by logging into the NSDL’s e-Voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
9. In line with the MCA General Circulars read with the SEBI Circulars, the Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 43<sup>rd</sup> AGM has been uploaded on the website of the Company at <https://www.autoaxle.com> under ‘Investor Relations’ section and may also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
10. Further, in order to receive the dividend in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means are requested to 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.

11. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company's Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited, for assistance in this regard.
12. 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 November 3, 2021 and SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023. The Company has already sent letters to the physical shareholders to furnish the required details.

Type of holder	Process to be followed
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 <a href="mailto:irg@integratedindia.in">irg@integratedindia.in</a> or by post to No.30, Ramana Residency, 4 <sup>th</sup> 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	Form ISR-1
Update of signature of securities holder	Form ISR-2
For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014	Form SH-13
Declaration to opt out of Nomination Declaration to opt out of Nomination	Form ISR-3
Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee	Form SH-14
Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form	ISR - 4
The forms for updating the above details are available at the Company's website: <a href="https://www.autoaxle.com/Important_Investor_Updates.aspx">https://www.autoaxle.com/Important_Investor_Updates.aspx</a>	

13. The register of Members and Share Transfer Books will remain closed from Tuesday, July 30, 2024 to Monday, August 5, 2024 (both days inclusive) for determining the names of the members eligible for final dividend on equity shares, if declared at the meeting.
14. Dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid to the members whose names appear –
- 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 Monday, July 29, 2024 and
  - As Members on the Register of Members of the Company as on Monday, July 29, 2024 after giving effect to all valid shares transfer in physical form which would be received by the Company end of the business hours on July 29, 2024.
15. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders with effect from April 1, 2020 and the Company is required to deduct TDS from dividend paid to the Members at prescribed rates under the Income Tax Act, 1961 ('IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, Permanent Account Number ('PAN'), category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company by sending documents through e-mail by Friday, July 26, 2024.
- 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.integratedregistry.in/TaxExemptionRegistration.aspx> by July 26, 2024. Please click the below links to download blank Form 15G and Form15H: <https://www.integratedregistry.in/TaxExemptionRegistration.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.
  - 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.integratedregistry.in/TaxExemptionRegistration.aspx>. The aforesaid declarations and documents shall be self-attested and submitted by the shareholders by July 29, 2024.

- 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.

16. Norms for furnishing of PAN, KYC, Bank details and Nomination:

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 (subsequently amended by Circular Nos. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021,

SEBI/HO/MIRSD/MIRSD-POD-1/P/CIR/2023/37 March 16, 2023 and SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 November 17, 2023) has mandated

Year	Particulars	Date of Declaration	Due date of Transfer
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
2022-23	320% Dividend	03-Aug-2023	06-Sep-2030

18. The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall despatch the dividend warrant/ bankers' cheque/demand draft to such Members.
19. Members will be provided with the facility for voting through electronic voting system during the VC/OAVM proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote during such proceedings of the AGM. Members who have cast their vote by remote e-Voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again.

that with effect from April 1, 2024, dividend to security holders (holding securities in physical form), shall be paid only through electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination, contact details including mobile number, bank account details and specimen signature. [https://www.autoaxle.com/Important\\_Investor\\_Updates.aspx](https://www.autoaxle.com/Important_Investor_Updates.aspx)

Further, relevant FAQs published by SEBI on its website can be viewed at the following link: [https://www.sebi.gov.in/sebi\\_data/faqfiles/jan-2024/1704433843359.pdf](https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf)

17. Those Members who have so far not encashed their Dividend Warrants for the below mentioned Financial Years, may claim or approach the Company's Registrar & Share Transfer Agents for the payment thereof, as the same will be transferred to the Investor Education and protection Fund ('IEPF') of the Central Government, pursuant to Section 124 of the Companies Act, 2013, on the respective due date(s) mentioned there against. Kindly note that after such date, the members will not be entitled to claim such dividend from the Company. The members may also note that as per the new provisions, the shares on which dividend remains unclaimed for a continuous period of 7 years, shall also be transferred to IEPF.

20. 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.

21. 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. July 29, 2024, may obtain the login ID and password by sending a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) 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](http://www.evoting.nsdl.com) or call on toll free no. 022 - 4886 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., July 29, 2024 may follow steps mentioned in the Notice of the AGM under "How do I vote electronically using NSDL e-Voting system".
22. Ms. Pracheta M., Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.
23. The Chairman shall, after 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.
24. The Scrutinizer will submit her report to the Chairman or to any other person authorised by the Chairman after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting), not later than three days of conclusion of the AGM. The results declared along with the Scrutinizer's report shall be communicated to the Stock Exchanges on which the Company's shares are listed, NSDL and RTA and will also be displayed on the Company's website at <https://www.autoaxle.com>
25. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE IAD-1/P/ CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/135 dated August 4, 2023, read with Master Circular No. SEBI/HO/OIAE/OIAE\_IAD-1/P/ CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>) and the same can also be accessed through the Company's website [https://www.autoaxle.com/Important\\_Investor\\_Updates.aspx](https://www.autoaxle.com/Important_Investor_Updates.aspx).

26. Members may also note that the Notice of the AGM and the Annual Report for 2024 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](mailto:sec@autoaxle.com).

### **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 July 29, 2024 may cast their vote by remote e-Voting. The remote e-Voting period commences on **Friday, August 2, 2024 at 9.00 a.m. (IST) and ends on Sunday, August 4, 2024 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 Monday, July 29, 2024.

#### **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"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> 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 &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol>

**NSDL Mobile App is available on**



Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>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 <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>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 &amp; 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.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; 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.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

### Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> or call at 022 - 4886 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

### 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 101456 then user ID is 101456001***.

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf

file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on <https://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.com](mailto:evoting@nsdl.com) 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](mailto:cscapracheta@gmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com). 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](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on.: 022 - 4886 7000 or send a request to Mr. Falguni Chakraborti at [evoting@nsdl.com](mailto:evoting@nsdl.com)

### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [irg@integratedindia.in](mailto:irg@integratedindia.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [irg@integratedindia.in](mailto:irg@integratedindia.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.com](mailto:evoting@nsdl.com) 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](mailto:sec@autoaxle.com) before 3.00 p.m. (IST) on Friday, August 2, 2024. 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](mailto:sec@autoaxle.com) from Saturday, July 27, 2024 (9:00 A.M. IST) to Friday, August 2, 2024 (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.

**Details of Director seeking re-appointment at the Annual General Meeting:**

(In pursuance of Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard – 2 on General Meetings)

<b>Name</b>	<b>Mr. Nagaraja Gargeshwari</b>
Director Identification Number (DIN)	00839616
Designation and Category of Director	President & Wholetime Director Executive Director
No. of years of Experience	33 years
Nature of expertise:	Expertise in Operation Management of Automotive Sector, Project Management, Technical Skill, Economy & Finance, Governance & Risk Management
Age	54 years
Educational Qualification	BS in Engineering Technology from BITS, Pilani MBA in International Management from ICFAI university Diploma in Mechanical engineering from C.P.C Polytechnical college, Mysore
Brief Profile	Nagaraja has rich experience of more than 33 years in the Automobile and Computer Electronics industries.
Listed entities (other than Automotive Axles Limited) in which Nagaraja holds Directorships and Committee Membership as on 1 <sup>st</sup> April 2024	Nil
Listed entities from which Nagaraja has resigned as Director in past 3 years as on 1 <sup>st</sup> April 2024	Nil
Terms of appointment/re-appointment	As per the policies of the Company
Remuneration sought to be paid	No change in the structure of his remuneration.
Remuneration last drawn	N.A.
Date of first appointment at the Board	April 7, 2022
Shareholding in the Company	Nil
Relationship with other directors and Key Managerial Personnel	No relationship
Number of Board meetings attended during the financial year ending March 31, 2024.	4 (Four)

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If undelivered please return to

**Automotive Axles Limited**

Hootagalli Industrial Area

Mysuru - 570 018

Karnataka

**[www.autoaxle.com](http://www.autoaxle.com)**