AUTOMOTIVE AXLES LIMITED

18th July, 2019

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

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

Attn: Listing Department

Dear Sir/Madam,

Sub: Submission of Annual Report for the FY 2018-19 along with the notice of 38th Annual General Meeting.

Pursuant to Regulation 34(1)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 please find herewith enclose a soft copy of the Annual Report for the FY 2018-19 along with the notice of 38th Annual General Meeting.

Further please note that the copy of the Annual Report FY 2018-19 to be sent to the shareholders has been commenced on 18.07.2019 (today). E-mail as received form CDSL informing on the same is as enclosed.

Kindly take the same on your record.

Thanking you,

Yours truly,
For Automotive Axles Limited

Debadas Panda
Company Secretary

Encl:

1. Annual Report for FY 2018-19
2. E-mail informing on the commencement of sending Annual Report FY 208-19 mail to shareholders from CDSL

Regd. Office & Mysuru Unit :
Hootagalli Industrial Area, Off Hunsur Road, Mysuru - 570 018, Karnataka, India.
Telephone : 91 - 821 - 719 7500, Fax : 91 - 821 - 240 2451
Email : info@autoaxle.com, Website : www.autoaxle.com
CIN : L51909KA1981PLC004198
ISO 9001 : 2015 / IATF 16949 : 2016, EMS ISO 14001 : 2015 & BS OHSAS 18001 : 2007

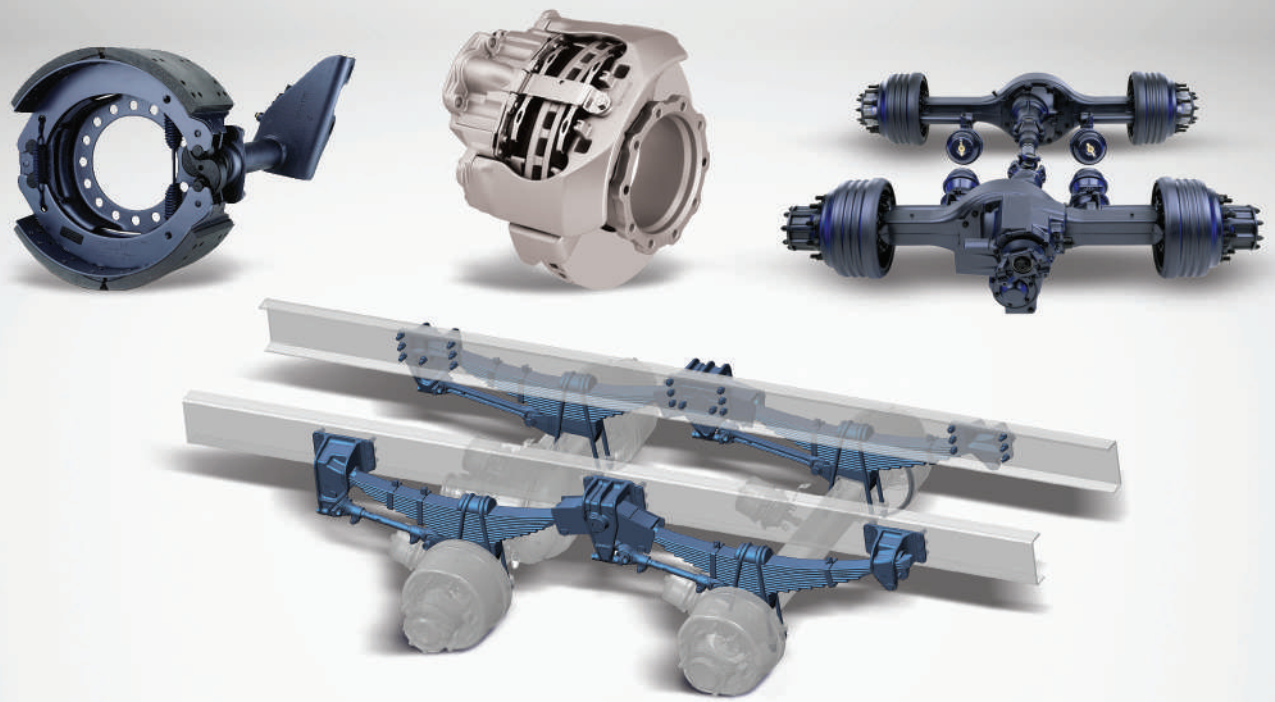
KALYANI

MERITOR®

Growth and Sustainability

THROUGH TECHNOLOGY AND TEAMWORK

38th Annual Report 2018-19



KALYANI

Automotive Axles Limited

MERITOR

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Corporate Information

Board of Directors
Dr. Babasaheb N Kalyani, Chairman
Mr. Chrishan Anton Sebastian Villavarayan, Director
Mr. Bhalachandra B Hattarki, Independent Director
Mr. B C Prabhakar, Independent Director
Mr. Rakesh Kalra, Independent Director
Dr. Shalini Sarin, Independent Director
Dr. N. Muthukumar, Whole-time Director

Key Managerial Personnel
Dr. N. Muthukumar, 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
PricewaterhouseCoopers Pvt Ltd., Bengaluru

Bankers
HDFC Bank Limited
Kotak Mahindra Bank Limited
State Bank of India
Axis Bank Limited

Registrar & Share Transfer Agents (RTA)
Integrated Registry Management Services Private Limited*
#30, Ramana Residency, 4th cross
Sampige Road, Malleshwaram
Bangalore – 560 003
Ph: 080-23460815-818;
E-mail: irg@integratedindia.in
* RTA: Earlier name: Integrated Enterprises (India) Limited

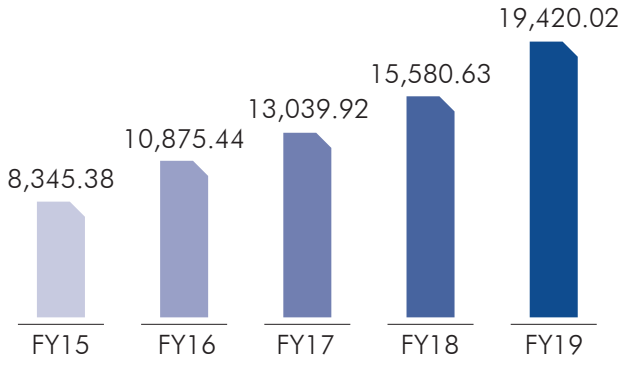
Registered Office
Hootagalli Industrial Area, Off Hunsur Road,
Mysuru, Karnataka - 570018
Ph: 0821-7197500
Website: www.autoaxle.com
Email: sec@autoaxle.com

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

Financial Performance

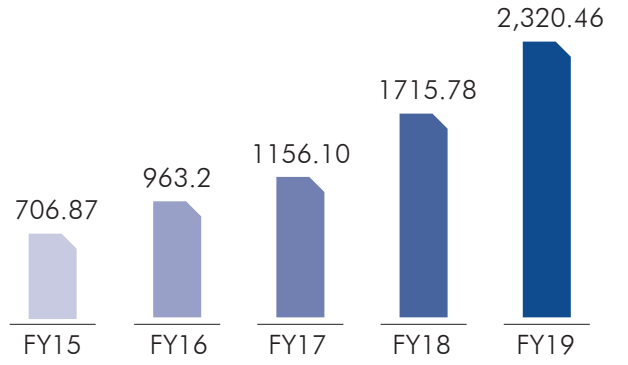
Total Revenue

(₹ in mn)



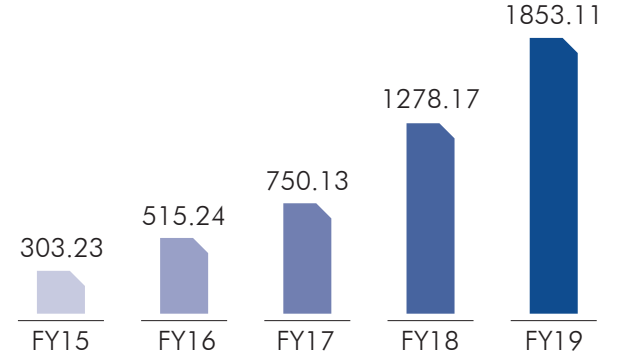
EBIDTA

(₹ in mn)



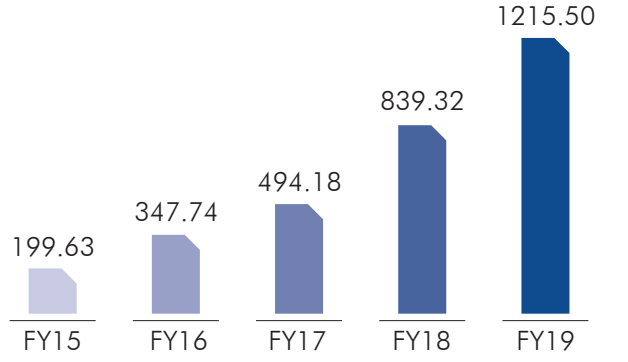
PBT

(₹ in mn)



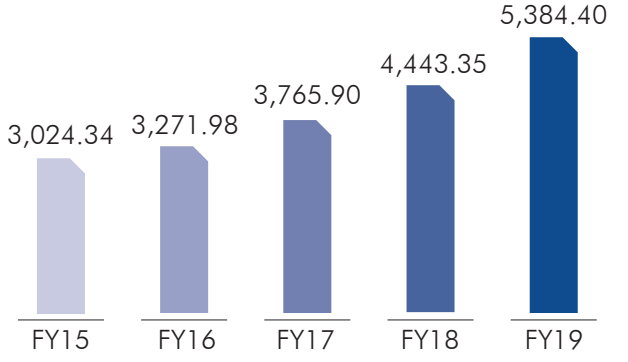
PAT

(₹ in mn)



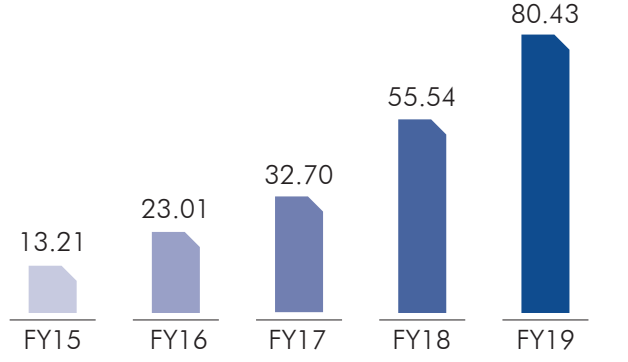
Networth

(₹ in mn)



EPS

(₹ in mn)



Note: (1) All the figures in the above bar charts are pertaining to the period from 1st April to 31st March.
(2) The figures for FY 17 onward are as per the applicability of Indian Accounting Standards.

Chairman's Review

Dear Shareholders,

Global growth, which was close to 4% in 2017, decelerated to 3.6% in 2018. The escalation of US–China trade uncertainties, disruptions in the auto sector in Germany, and financial tightening alongside the normalisation of monetary policy in the advanced economies have all contributed to a significantly weakened global expansion, especially in the second half of 2018.

India continues to remain the shining star in the global economic landscape. The nation maintains its position as the fastest growing major economy, registering 6.8% growth in FY 2018-19. Rising consumer demand, waning Goods and Services Tax (GST) implementation impact, growing infrastructure investments and strong policy reforms is helping maintain a consistent growth trajectory. The Government of India's 'Make in India' programme is also enabling the country to emerge as a powerful manufacturing hub in the global grandstand.

During the year under review, the Indian automotive industry grew over 6% with a production of 3.09 crore vehicles in FY 2018-19 as against 2.9 crore in FY 2017-18. The passenger vehicles segment grew marginally by 2.7%, but the overall commercial vehicle segment reported significant growth of 17.55% in FY 2018-19 vis-à-vis the previous fiscal. In step with the automobile sector, the domestic auto components industry saw healthy growth. Auto component manufacturers from the organised sector are poised to see sustainable growth on account of high quality and reliability of their products.

I am happy to report another year of steady and satisfactory performance for your Company. Our sale of products (net of excise duty) grew 27% to ₹18,795.37 million in FY 2018-19 vis-à-vis ₹14,788.02 million in FY 2017-18 driven by capacity ramp up and expanded scale. The EBIDTA grew 35% to ₹2,320.46 million in FY 2018-19 vis-à-vis ₹1715.78 million in FY 2017-18. Commodity price volatility exerted pressure on EBIDTA, but continuous improvement in productivity and operational efficiencies helped minimise the impact. Our focus on continuous monitoring and control of fixed cost helped us rationalise our overall cost structure. Our profit after tax increased 45% to ₹1215.50 million in FY 2018-19 vis-à-vis ₹839.32 million in FY 2017-18 and earning per share rose 45% to ₹80.43 per Equity Share in FY 2018-19 vis-à-vis ₹55.54 per Equity Share in FY 2017-18.

Our sale of products (net of excise duty) grew 27% to ₹18,795.37 million in FY 2018-19 vis-à-vis ₹14,788.02 million in FY 2017-18 driven by capacity ramp up and expanded scale. The EBIDTA grew 35% to ₹2,320.46 million in FY 2018-19 vis-à-vis ₹1715.78 million in FY 2017-18.

We have further diversified our product range with new launches, offering the most comprehensive range of axle and brake across light, medium, heavy and extra heavy vehicle categories. During the year under review, we reported several new business wins and expanded our footprint in India and globally. We forayed into suspension products with the launch of new products and more are in the pipeline. We are working to expand and improve our revenue share from off highway and defence segments.

We also commenced our planned capacity expansion of axle from the existing capacity of 16,500 to 20,000 per month and brakes from existing capacity of 83,000 to 120,000 per month. Our expansions will be complete in mid of FY 2019-20.

We strengthened our operational mechanism with the introduction of best-in-class technologies and equipment. Besides, we installed a new drive head test rig that facilitates data-driven approach towards optimising and improving performance. I am happy to share that we commissioned a new assembly with robotic painting, enabling paperless shop-floor with assembly value additions, which can be digitally tracked. This is in line with the prevailing trend (Industry 4.0) of automation and data exchange in manufacturing technologies.

We have improved our IT systems capabilities by migrating to the new upgraded HANA version of SAP. We are working on various IT projects focusing on automation in Human Resource Management System, vendor portal, e-way bill automation and digital signature in alignment to Industry 4.0 initiatives.

The energy behind our momentum is that of our proactive go-getters, who continue to play a pivotal role in all aspects of our business with technology and teamwork. We have implemented several people engagement initiatives and are continuously investing in upskilling our human assets.

We are glad that our increased focus on employee engagement activities, successful adoption of e-learning systems and implementing the learnings in day-to-day operations have strengthened our team. We have also launched our new online human resource management system 'Darwin Box', enabling greater efficiencies in people processes.

We have improved our IT systems capabilities by migrating to the new upgraded HANA version of SAP. We are working on various IT projects focusing on automation in Human Resource Management System, vendor portal, e-way bill automation and digital signature in alignment to Industry 4.0 initiatives.

In the coming years, our priority areas comprise:

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

On behalf of the Board of Directors, I thank all our stakeholders for their continued trust and support. We will continue to balance growth and sustainability through our continued customer focus and a prudent mix of technology and teamwork.

Warm regards,

Dr. B N Kalyani
Chairman

Board's Report

To the Members,

Your Directors have the pleasure in presenting the 38th Annual Report on the business and operations of your Company together with the Audited Statements of Accounts for the financial period ended March 31, 2019:

Financial Highlights:

(₹ in million)

Particulars	2018-2019	2017-2018
Total Revenue	19,420.02	15,580.63
Profit before depreciation & tax	2,314.97	1,710.30
Less : Depreciation, amortization & Loss on assets discarded	461.86	432.13
Tax expenses	637.61	438.85
Profit for the year after tax	1,215.50	839.32
Other comprehensive income for the year, net of tax	(28.51)	(16.35)
Total comprehensive income for the year	**1,186.99**	**822.97**
Balance of Profit from Previous Year	**3,717.82**	**3,040.37**
Less: Dividend	204.00	120.90
Dividend Distribution tax on Dividend	41.94	24.62
Profit available for appropriation	**4,658.87**	**3,717.82**

Dividend

The Board, at its meeting held on May 13, 2019, is pleased to recommend a dividend of ₹19.50/- per Equity Share of the face value of ₹10/- each for the financial year ended March 31, 2019 subject to the approval of shareholders at the ensuing Annual General Meeting to be held on Wednesday, 14th August, 2019.

The total amount of Dividend aggregates to ₹294.68 million, excluding Dividend Distribution Tax.

The register of members and share transfer books will remain closed from 9th August 2019 to 14th August, 2019 (both days inclusive) for the payment of final dividend to the shareholders of the Company, for the year ended on March 31, 2019.

The Dividend will be paid to members within 30 days from the date of declaration of dividend to the Members whose names appear in the Register of Members as on 8th August, 2019.

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 ₹7,08,480/- which is unpaid/unclaimed dividends pertaining to the FY 2010-11 was transferred to the Investor Education and Protection Fund during the year.

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

Performance of the Company

The total income for the financial year under review was ₹19,420.02 Million as against ₹15,580.63 Million for the previous financial year. The Profit before tax (PBT) was

₹1853.11 Million for the financial year under review, as against ₹1278.17 Million for the previous financial year.

Share Capital

The paid up Equity Share Capital as on March 31, 2019 stood at ₹151.12 Million. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options nor sweat equity.

Deposits

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

Transfer to Reserve

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

Listing

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

Directors & Key Managerial Personnel:

As on March 31, 2019 there were seven (7) Directors on the Board of your Company, consisting of four (4) Independent Directors, one (1) Executive Director and two (2) Non-Executive Directors of whom one is the Chairman.

Ms. Supriti Bhandary (DIN: 07233024) has resigned from directorship with effect from February 12, 2019. The Company has, on the recommendation of Nomination & Remuneration Committee and in accordance with provisions of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, appointed Dr. Shalini Sarin (DIN: 06604529) as Additional and Independent Director, for a tenure of 5 years on February 12, 2019, subject to approval of Members at the forth coming Annual General Meeting (AGM) of the Company. She shall hold office as Additional Director upto the date of the AGM and is eligible for appointment as Director.

In terms of the provisions of the Companies Act, 2013 Mr. Chrishan Anton Sebastian Villavarayan, 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 January 3, 2019;

1. Approval for continuation of Mr. Bhalachandra Basappa Hattarki (DIN: 00145710) as a Director (Category-Non Executive , Independent) of the Company, not liable to retire by rotation, who has already attained the age of seventy-five (75) years beyond April 1, 2019 on the existing terms and condition of appointment , till cessation as Independent Director of the Company.

2. Approval for continuation of Mr. Bhoopalam Chandrashekharaiah Prabhakar (DIN: 00040052) as a Director (Category- Non Executive , Independent) of the Company, not liable to retire by rotation, on attaining the age of seventy-five (75) years, beyond April 1, 2019 on the existing terms and condition of appointment , till cessation as Independent Director of the Company.

   The term of appointment of Mr. Bhalachandra Basappa Hattarki (DIN: 00145710) and Mr. Bhoopalam Chandrashekharaiah Prabhakar (DIN: 00040052) as Independent director of the company will expire on 4th February, 2020.

   Notice under section 160 of the Companies Act, 2013 received from a member of the company proposing candidature of Mr. Bhalachandra Basappa Hattarki and Mr. Bhoopalam Chandrashekharaiah Prabhakar. The company has received from Mr. Bhalachandra Basappa Hattarki and Mr. Bhoopalam Chandrashekharaiah Prabhakar i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified as per section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that they meets the criteria of independence as provided under Section 149 of the Companies Act, 2013.

   The Nomination and Remuneration Committee at their meeting held on May 13, 2019 and the Board of Directors at their meeting held on May 13, 2019 have recommended the re-appointment of Mr. Bhalachandra Basappa Hattarki and Mr. Bhoopalam

Chandrashekharaiah Prabhakar as Independent Director for further period from February 5, 2020 upto February 4, 2025.

Declaration by Independent Directors

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

Board Evaluation:

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

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

During the year 2018-19, Independent Directors met on February 12, 2019, discussed and reviewed the below:

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

Familiarization programme for the Board Members

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

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

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

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

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts for the year ended March 31, 2019, 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, 2019 and of the profit of the company for the year ended on that date;

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

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

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

(f) we have devised proper systems to ensure compliance

with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Auditors & Auditors' Report

a. Statutory Auditors

At the 37th Annual General Meeting of the Company held on 13th August, 2018, shareholders ratified the appointment of M/s. S R Batliboi & Associates LLP, Chartered Accountants [Firm Registration No.: 101049W/E300004] to hold office for a period of four years commencing from the conclusion of 37th AGM, till the conclusion of 41st AGM, without seeking any further ratification of their appointment from the shareholders of the company for their appointment as statutory auditors till the conclusion of their tenure.

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

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

b. Internal Auditor

The Audit Committee and the Board of Directors recommend for the appointment of M/s. PwC Services LLP as Internal Auditors of the Company for the Financial Year 2019-20.

c. Secretarial Auditor

Pursuant to the provisions of the Section 204 of the Companies Act, 2013 and the rules made there under and based on the recommendations of the Audit Committee, CS Pracheta M, Practicing Company Secretary has been appointed to conduct Secretarial Audit of the Company's secretarial and other related records for the Financial year 2018-19.

The Secretarial Audit Report for the financial year ended March 31, 2019 in form MR-3 is appended to this report under **Annexure – A**

Explanation for observations made under Secretarial Audit Report:

Company has good systems and practices for compliances under the Companies Act, 2013 and the Secretarial Standards. During the year Company has met with all the compliance requirements and its process except for few suggestions on improvement on current procedural requirements and henceforth which would be taken care with.

Internal Financial Control

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

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

Corporate Governance

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

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

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

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

Meetings of the Board

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

Committees of the Board

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

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

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

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

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

Particulars of Remuneration of Directors & certain specified employees:

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

Extract of Annual Return 2018-19

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

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

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

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

Policy on Directors' Appointment & Remuneration

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. On March 31, 2019, the Board consisted of seven members, one of whom is executive or whole-time director, two are non executive directors and four are independent directors out of whom one is Independent Woman Director.

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

The Nomination and Remuneration policy is appended as Annexure - E to this report and is also available on Company's website at www.autoaxle.com/Policy.aspx.

Particulars of contracts or arrangements with Related Parties (RPT)

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

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

basis for the transactions, which are foreseen and of repetitive nature.

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

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

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

Related Party disclosures as per Indian Accounting Standards (Ind AS) -24 have been provided in Note 34 to the financial statement.

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

Risk Management System

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

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

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

Corporate Social Responsibility (CSR):

The Company has been carrying out various Corporate Social Responsibility (CSR) activities. These activities are in terms of section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. During the year the Company has spent ₹22.79 Million on various CSR activities.

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

State of Company's Affairs

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

Management Discussion and Analysis Report

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

Vigil Mechanism

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

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

Your Company has always believed in providing a safe workplace for every individual working in Company's

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

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

Significant or Material Orders

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

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

There were no adverse material changes or commitments occurred after March 31, 2019 which may affect the financial position of the Company or may require disclosure.

Subsidiaries, Joint Ventures and Associates

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

Change in the nature of business

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

Secretarial Standards:

The Company has complied with the applicable secretarial standards.

Awards and Recognition

During the year 2018-19, your Company was conferred with awards and recognition as listed below:

1. The company recognized with Gold Award by Ashok Leyland for its excellent performance in New Product development.

2. During Chapter Convention on Quality Concept (CCQC-2018) held on May, 2018 at Mysuru, AAL Teams bagged 8 gold awards and 2 silver award.

3. Won Gold Award, during International convention on quality control circles held at Singapore in the month of October, 2018.

4. Got Certified by Union of Japanese Scientists & Engineers (JUSE) through Quality Circle Forum of India (QCFI) for implementing best 5S practices which was recertified by QCFI in the month of December, 2018.

5. Won 1 excellence award and 1 Par excellence Awards during National Convention on Quality Concepts-at Gwalior held during the month of Dec 2018.

Maintenance of Cost records

Company has maintain cost records as per the requirement under the Companies Act, 2013

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 : 13th May 2019

B. N. Kalyani
Chairman

Annexure A

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

To,
The Members,
Automotive Axles Limited
CIN: L51909KA1981PLC004198

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

Based on my verification of the Automotive Axles Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Automotive Axles Limited for the financial year ended on 31st March 2019 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

(vi) No laws are specifically applicable to the Company

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

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to certain improvements which are suggested for the certain procedural aspects under the Secretarial Standards, which are not material in nature.

I further report that

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

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

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

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

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

CS. Pracheta M.
Practicing Company Secretary

Place: Mysuru
Date: 13th May 2019

FCS No.: 9323
C P No.: 9838

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

Annexure A

To,
The Members of
Automotive Axles Limited

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

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

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

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

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

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

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

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

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

CS. Pracheta M.
Practicing Company Secretary

Place: Mysuru
Date: 13th May 2019

FCS No.: 9323
C P No.: 9838

Annexure B

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

A. Conservation of Energy :

(a)	The steps taken or impact on conservation of energy	1. Installation & commissioning of Energy efficient Air compressors for new Gear cutting machines 2. Installation and commissioning of Inverter type Eco friendly air conditioners for admin blocks 3. Installation of Energy efficient Air compressors with VFD across the plant 4. Replacing 400W focus lamp with 120W LED lamp for Peripheral area to reduce Power Consumption with standard illumination. 5. Canteen Peripheral Lighting are illuminated with Solar Power and 9W LED Lights 6. Online monitoring and management (vigilant) system 7. Installation of high Volume low speed (HVLS) Fan for shop floor 8. Installation of IGBT(Insulated gate bipolar transistor) based static VAR(voltage current resistance) correction panel resulting in avoid 5 % power transmission loss and improved quality of power. 9. 2 lamp one switch control for shop floor Lighting – to reduce needless load 10. Compressor automation across the plant 11. Installation & Commissioning of new PCC panel for Line wise distribution
(b)	The steps taken by the company for utilizing alternate sources of energy	1. Green Power Purchase under Group captive mechanism 2. Perpetuation of Power purchase through Indian energy exchange 3. Installation of Auto Power Factor Correction Relay Panel (APFCR) panel for Power Factor Improvement across the plant 4. Installation of 120W LED lights for peripheral area to reduce energy and improve life 5. Additional 1000kVA Compact substation for VMI area 6. Installation of LED lights for shop office area in place of Compact Fluorescent lamps to reduce energy and improve life 7. Installation of 120W LED lights for peripheral area to reduce energy and improve life 8. Installation of Variable Frequency Drive (VFD) panel for Heat treatment cooling Tower 9. Endo gas generator 10. Air Compressor Automation for reduction of power Consumption 11. Installation Compressor & Blower settings optimized using Six Sigma methodology 12. Air Compressor Automation for reduction of power Consumption 13. Additional 5MVA transformer bay for feeding power to new expansion Plant 14. Solar hot water for component washing machines 15. EHT Transmission line (66/11kV) extending to VMI area to avoid frequent interruption. 16. Installation of VRF type Air conditioners for office block 17. Installation of HVLS fan for assembly area

(c)	The Capital investment on energy conservation equipment's.	Your Company made capital investments amounting to ₹24.70 Mn approximately during the financial year 2018-19 on energy conservation equipment

B. Technology absorption:

1.	The efforts made towards technology absorption:	• Rig Level validation plan is in progress for the TLB axle • MT846 axle is the medium duty hub reduction axle. Approach is to have a modular design with existing carrier assembly designs and new design wheel ends. Rig level design validation plan is in progress for the MT846. Various application analysis is in progress with various OEM. • MT 15I design is designed to more reliable and efficient axle. MT15I design is complete and validation is in progress. • Validation is complete on the Slipper Suspension. The advantages of this suspension are the low cost of maintenance, reduced vehicle downtime, lower weight compared to other suspension currently used, ease of adjustment of wheel alignment and the improvement tire life. • Development of higher capable axle MS177 for 41 to 45t has been initiated. Higher capable axle is needed for the axle load increase regulation changes. • Development of higher capable axle MS185 for 46 to 55t has been initiated. Higher capable axle is needed for the axle load increase regulation changes.
2.	The benefits derived like product improvement, cost reduction, product development or import substitution	• Development and optimization of cast housing for machining time reduction. • MT15I design improvement upto 30% more gear life tn current MT1497. • Normalization elimination of brake flange to avoid reheating of parts. • MS160(VOLVO) pinion cage joint leak elimination improvement by using perforated shims and robust joint. • Axle shaft control cooling post forging, eliminating re-heating of shafts.
3.	In case of imported technology (imported during the last 3 years reckoned from the beginning of financial year) : a. Details of technology imported b. The year of import c. Whether the technology been fully absorbed d. If not fully absorbed, areas where absorption has no taken place, and the reasons thereof	NIL
4.	Expenditure on R & D a. Capital b. Recurring c. Total d. Total R & D expenditure as a percentage to total turnover	NIL

C. Foreign Exchange Earnings and Outgo:

a.	Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans	NIL
b.	Total Foreign Exchange used and Earned: Used Earned	 ₹1074.37 Million (includes remittance of dividend for the FY 2017-18) Nil, as all the sales for export are routed through Meritor HVS (India) Ltd., Mysuru

For and on behalf of the Board of Directors

Place : Pune
Date : 13th May 2019

B. N. Kalyani
Chairman

Annexure C

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

I.

(i)	the ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year;	Refer below table
(ii)	the percentage increase in remuneration of : (a) Director (b) Chief Financial Officer (c) Company Secretary	 Refer below table 9% 9%
(iii)	the percentage increase in the median remuneration of employees in the financial year	8%
(iv)	the number of permanent employees on the rolls of company as on March 31 2019;	1050
(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. 2018-19 was 8.7% whereas the increase in the managerial remuneration for 2018-19 was 9.3%.
	It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.	

II. 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	0.09:1	(67%)
2	Mr. B B Hattarki	Independent Director	0.72:1	0%
3	Mr. B C Prabhakar	Independent Director	0.72:1	33%
4	Ms. Supriti Bhandary	Independent Director	0.09:1	(67%)
5	Mr. Rakesh Kalra	Independent Director	0.54:1	500%
6	Dr. Shalini Sarin	Independent Director	0.09:1	NA
7	Dr. N. Muthukumar	Whole Time Director	24.30:1	10%

*Note:
Percentage increase in the remuneration i.e (sitting fees) of Directors, apart from Dr. N. Muthukumar has been arrived by comparing the actual sitting fee paid during the last Financial Year.

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

Sl. No	Name	Age	Designation	Remuneration (In ₹)	Qualification	Experience (years)	Date of employment	Last employment	Related to any Director
1	Dr. N. Muthukumar	54	President & Whole Time Director	135,26,719/-	M. Sc., MBA, Phd	31	16-Apr-08	T.T.K Ltd	No
2	Mr. Ranganathan S	52	Chief Financial Officer	66,83,621/-	B.com, CA, Cost & Works Accountancy	25	6-May-15	Circor Flow Technologies India Pvt Ltd	No
3	Mr. Satyendra O Devarkonde	53	Vice President - Operations	56,36,157/-	Diploma(Tool & Die making)	32	10-May-17	Rane Madras Ltd	No
4	Mr. Shivakumar R	56	Vice President	61,32,531/-	BE (Mech), MS (Engineering Business Management)	34	4-Jan-85	NA	No
5	Mr. Muthusamy E	58	General Manager– Capex & Projects	50,05,330/-	Dip(Electrical), B. Sc. (Engineering Technology), MS(Mfg.Mgt)	38	2-May-08	TVS Motor Company Ltd	No
6	Mr. Muraleekrishnan V	50	General Manager - Sales administration, Customer Support & MPS	48,69,019/-	B. Tech, M.Tech	25	13-Oct-08	M & M	No
7	Mr. Satish K S	54	General Manager- Quality, Service & Metallurgy	41,31,843/-	Dip (Mech) PGDMS (Warwick)	32	22-Nov-00	Gleason Works India Pvt Ltd	No
8	Mr. Abdul Kareem	53	General Manager – Brakes Manufacturing & Speciality Axles (Plant 2)	33,77,930/-	Dip (Mech)	32	17-Jan-87	NA	No
9	Mr. Murali Barki B	57	General Manager - Strategic Sourcing	33,00,326/-	BE(Mech)	29	1-Jul-94	Beaver Automotive(P) Ltd	No
10	Mr. Manjunatha S	58	Dy.General Manager-ER/IR	32,00,010/-	MSW, LLB	32	3-Sep-12	BOSCH Ltd	No
11	Mr. CNS Srinivas	45	Asst. General Manager - Customer Contact Zero KM & Field Service	30,41,654/-	Dip (Automobile Engineering), BA, MBA	25	2-May-13	Casper Industries Pvt Ltd	No

Notes:

1. The nature of the employment is permanent and the terms of remuneration in the case of President and Wholetime Director is governed under the Board's and members' resolution.
2. None of the above employee hold any shares in the Company except Mr. Ranganathan S who holds 102 no. of shares as on March 31, 2019.
3. Gross Remuneration includes Salary, Allowances and other perks like Leave Travel Allowance, Medical reimbursement and Company's contribution towards Provident Fund, Gratuity and Superannuation.
4. Mr. Satyendra O Devarkonde ceased to be employee of the organization with effect from January 31, 2019

For and on behalf of the Board of Directors

Place : Pune
Date : 13th May 2019

B. N. Kalyani
Chairman

Annexure D

Form No. MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH, 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Rear Drive Axles	29301	66.57%
2	Brakes	29301	22.62%
3	Other Parts	29301	10.81%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2018				No. of Shares held at the end of the year - 31.03.2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	5367806	-	5367806	35.52	5367806	-	5367806	35.52	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	5367806	-	5367806	35.52	5367806	-	5367806	35.52	-
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	5367275	-	5367275	35.52	5367275	-	5367275	35.52	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	5367275	-	5367275	35.52	5367275	-	5367275	35.52	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	10735081	-	10735081	71.04	10735081	-	10735081	71.04	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	1713984	588	1714572	11.35	1407880	588	1408468	9.32	-2.03
b) Banks/FI	8401		8401	0.06	15923	-	15923	0.11	0.05
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Investment Funds	-	-	-	-	3185	-	3185	0.02	0.02
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	320483		320483	2.12	192914		192914	1.28	-0.84
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	2042868	588	2043456	13.52	1619902	588	1620490	10.72	-2.80

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2018				No. of Shares held at the end of the year - 31.03.2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	754692	88	754780	4.99	921838	88	921926	6.10	1.11
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	1203786	86301	1290087	8.54	1486763	70667	1557430	10.31	1.77
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	151006	-	151006	1.00	104335	-	104335	0.69	-0.31
c) Others (specify)									
NRI	81526	100	81626	0.54	99796	100	99896	0.66	0.12
Clearing Member	28473	-	28473	0.19	41281	-	41281	0.27	0.08
Trusts	350	-	350	0.00	-	-	-	-	0.00
IEPF	27116	-	27116	0.18	31536	-	31536	0.21	0.03
SUB TOTAL (B)(2):	2246949	86489	2333438	15.44	2685549	70855	2756404	18.24	2.80
Total Public Shareholding (B)= (B)(1)+(B)(2)	4289817	87077	4376894	28.96	4305451	71443	4376894	28.96	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	15024898	87077	15111975	100.00	15040532	71443	15111975	100.00	0.00

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in share holding during the year
		No. of Shares	% of total Shares of the Co.	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Co.	% of Shares Pledged / encumbered to total shares	
1.	BF Investment Limited	5,367,806	35.52	-	5,367,806	35.52	-	No Change
2.	Meritor Heavy Vehicle Systems LLC, USA	5,367,275	35.52	-	5,367,275	35.52	-	No Change
	Total	**10,735,081**	**71.04**	**-**	**10,735,081**	**71.04**	**-**	

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

Particulars	Shareholding at the beginning of the year 01.04.2018		Shareholding at the end of the year 31.03.2019	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	10,735,081	71.04	10,735,081	71.04
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease	No change			
At the End of the year	10,735,081	71.04	10,735,081	71.04

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

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2018		Date	Increase/ Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019	
		No. of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
1	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE TAX SAVER (ELSS) FUND	342819	2.27	01.04.2018	0	-	342819	2.27
				20.07.2018	-917	Transfer	341902	2.26
				27.07.2018	-2996	Transfer	338906	2.24
				03.08.2018	-10604	Transfer	328302	2.17
				10.08.2018	-14507	Transfer	313795	2.08
				24.08.2018	121737	Transfer	435532	2.88
				21.01.2018	1866	Transfer	437398	2.89
				16.11.2018	21428	Transfer	458826	3.04
				23.11.2018	236808	Transfer	695634	4.60
				30.11.2018	24174	Transfer	719808	4.76
				07.12.2018	9192	Transfer	729000	4.82
				31.12.2018	27000	Transfer	756000	5.00
				18.01.2019	87505	Transfer	843505	5.58
				15.02.2019	47495	Transfer	891000	5.90
				31.03.2019			**891000**	**5.90**
2	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	546180	3.61	01.04.2018	0	-	546180	3.61
				15.06.2018	5000	Transfer	551180	3.65
				24.08.2018	52800	Transfer	603980	4.00
				29.09.2018	12200	Transfer	616180	4.08
				12.10.2018	5300	Transfer	621480	4.11
				19.10.2018	2384	Transfer	623864	4.13
				02.11.2018	11000	Transfer	634864	4.20
				16.11.2018	-17014	Transfer	617850	4.09
				23.11.2018	-50000	Transfer	567850	3.76
				30.11.2018	2143	Transfer	569993	3.77
				07.12.2018	5000	Transfer	574993	3.80
				14.12.2018	5320	Transfer	580313	3.84
				21.12.2018	6900	Transfer	587213	3.89
				31.12.2018	10000	Transfer	597213	3.95
				04.01.2019	5000	Transfer	602213	3.99
				11.01.2019	1000	Transfer	603213	3.99

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2018		Date	Increase/ Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019	
		No. of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
				01.02.2019	1900	Transfer	605113	4.00
				08.02.2019	-1700	Transfer	603413	3.99
				22.02.2019	-12000	Transfer	591413	3.91
				01.03.2019	-1000	Transfer	590413	3.91
				08.03.2019	-11000	Transfer	579413	3.83
				15.03.2019	-5700	Transfer	573713	3.80
				22.03.2019	5000	Transfer	578713	3.83
				31.03.2019	**19000**	**Transfer**	**597713**	**3.96**
3	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCESMALL	0	0	01.04.2018	0		0	0.00
				22.02.2019	400000	Transfer	400000	2.65
				31.03.2019	**0**		**400000**	**2.65**
4	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO)	21122	0.14	01.04.2018	0	-	21122	0.14
				20.04.2018	687	Transfer	21809	0.14
				27.04.2018	1094	Transfer	22903	0.15
				04.05.2018	2483	Transfer	25386	0.17
				11.05.2018	530	Transfer	25916	0.17
				18.05.2018	1237	Transfer	27153	0.18
				25.05.2018	2224	Transfer	29377	0.19
				01.06.2018	1643	Transfer	31020	0.21
				15.06.2018	3135	Transfer	34155	0.23
				22.06.2018	3145	Transfer	37300	0.25
				06.07.2018	700	Transfer	38000	0.25
				13.07.2018	2935	Transfer	40935	0.27
				20.07.2018	2576	Transfer	43511	0.29
				27.07.2018	1542	Transfer	45053	0.30
				03.08.2018	2786	Transfer	47839	0.32
				10.08.2018	590	Transfer	48429	0.32
				17.08.2018	724	Transfer	49153	0.33
				24.08.2018	1871	Transfer	51024	0.34
				12.10.2018	1311	Transfer	52335	0.35
				08.02.2019	646	Transfer	52981	0.35
				15.02.2019	1313	Transfer	54294	0.36
				22.02.2019	763	Transfer	55057	0.36
				31.03.2019			**55057**	**0.36**

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2018		Date	Increase/ Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019	
		No. of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
5	INDIA INFOLINE LIMITED	0	0	01.04.2018	0		0	0.00
				15.06.2018	100	Transfer	100	0.00
				30.06.2018	-100	Transfer	0	0.00
				17.08.2018	45	Transfer	45	0.00
				24.08.2018	-45	Transfer	0	0.00
				07.09.2018	80	Transfer	80	0.00
				14.09.2018	-10	Transfer	70	0.00
				29.09.2018	-19	Transfer	51	0.00
				12.10.2018	-51	Transfer	0	0.00
				23.11.2018	300	Transfer	300	0.00
				30.11.2018	-300	Transfer	0	0.00
				11.01.2019	100	Transfer	100	0.00
				18.01.2019	-100	Transfer	0	0.00
				22.02.2019	100	Transfer	100	0.00
				01.03.2019	-100	Transfer	0	0.00
				31.03.2019	**47611**	Transfer	**47611**	**0.32**
6	RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE CAPITAL	0	0	01.04.2018	0		0	0.00
				30.11.2018	8879	Transfer	8879	0.06
				14.12.2018	6452	Transfer	15331	0.10
				22.02.2019	23436	Transfer	38767	0.26
				22.03.2019	6233	Transfer	45000	0.30
				31.03.2019			**45000**	**0.30**
7	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO SMALL	0	0	01.04.2018	0		0	0.00
				01.03.2019	22000	Transfer	22000	0.15
				15.03.2019	11000	Transfer	33000	0.22
				22.03.2019	4806	Transfer	37806	0.25
				31.03.2019			**37806**	**0.25**
8	ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND LLC	45378	0.30	01.04.2018	0		45378	0.30
				19.10.2018	-1263	Transfer	44115	0.29
				02.11.2018	-2553	Transfer	41562	0.28
				15.03.2019	-2838	Transfer	38724	0.26
				31.03.2019	-1681	Transfer	**37043**	**0.25**

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2018		Date	Increase/ Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019	
		No. of Shares	% of Total Shares of the Company				No of Shares	% of Total Shares of the Company
9	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMP	31492	0.21	01.04.2018	0		31492	0.21
				18.05.2018	717	Transfer	32209	0.21
				01.06.2018	550	Transfer	32759	0.22
				18.01.2019	589	Transfer	33348	0.22
				25.01.2019	1342	Transfer	34690	0.23
				01.02.2019	690	Transfer	35380	0.23
				08.02.2019	582	Transfer	35962	0.24
				08.03.2019	133	Transfer	36095	0.24
				15.03.2019	705	Transfer	36800	0.24
				31.03.2019	**0**		**36800**	**0.24**
10	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	27106	0.18	01.04.2018	0		27106	0.18
				06.04.2018	10	Transfer	27116	0.18
				31.03.2019	**4420**	Transfer	**31536**	**0.21**
11	UTI TRANSPORTATION AND LOGISTICS FUND	156921	1.04	01.04.2018	0		156921	1.04
				06.04.2018	-698	Transfer	156223	1.03
				27.04.2018	-25074	Transfer	131149	0.87
				04.05.2018	-1186	Transfer	129963	0.86
				11.05.2018	-18263	Transfer	111700	0.74
				24.08.2018	-12195	Transfer	99505	0.66
				31.08.2018	-21278	Transfer	78227	0.52
				15.02.2019	-50000	Transfer	28227	0.19
				31.03.2019	**0**		**28227**	**0.19**

*Reasons for Change

1 Bought from Secondary Market

2 Sold in Secondary Market

3 No Change

V. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars of each Director & KMP	Shareholdings at the beginning of the year 01.04.2018		Cumulative holding during the year (01.04.2018 - 31.03.2019)	
		No. of shares	% of total shares	No. of shares	% of total shares
1	**Dr. B N Kalyani (DIN - 00089380)**				
	At the beginning of the year	126	-	126	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	126	-	126	-
2	**B C Prabhakar (DIN - 00040052)**				
	At the beginning of the year	575	-	575	-
	Increase / Decrease during the year	-	-	-	-
	At the End of the year	575	-	575	-
3	**Ranganathan S. (Chief Financial Officer)**				
	At the beginning of the year	152	-	152	-
	Increase / Decrease during the year	-50	-	-50	-
	At the End of the year	102	-	102	-
4	**Debadas Panda (Company Secretary)**				
	At the beginning of the year	1	-	1	-
	Increase / Decrease during the year	Nil	-	Nil	-
	At the End of the year	1	-	1	-

VI. Indebtedness:

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

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness				
Indebtedness at the beginning of Financial Year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change during the Financial Year				
- Addition	730.00	NIL	NIL	730.00
- Reduction	NIL	NIL	NIL	NIL
Net Change	730.00	NIL	NIL	730.00
Indebtedness at the end of the Financial Year				
i) Principal Amount	730.00	NIL	NIL	730.00
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	5.27	NIL	NIL	5.27
Total (i+ii+iii)	**735.27**	**NIL**	**NIL**	**735.27**

VI. Remuneration of Directors & Key Managerial Personnel :

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

Sl. No.	Particulars of Remuneration	Dr. N. Muthukumar, Whole Time Director (In ₹)
1.	**Gross salary**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,19,18,502
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	16,08,217
5.	**Total**	**1,35,26,719**
	Ceiling as per the Act	9,32,35,058

B. Remuneration to other directors:

Particulars of Remuneration	Name of Director					Total Amount (In ₹)
Independent Directors	**B B Hattarki**	**BC Prabhakar**	**Rakesh Kalra**	**Supriti B**	**Shalini Sarin**	
Sitting Fee	4,00,000	4,00,000	3,00,000	50,000	50,000	12,00,000
Commission & others	-	-	-	-	-	-
Total (1)	**4,00,000**	**3,00,000**	**3,00,000**	**50,000**	**50,000**	**12,00,000**
Other Non-Executive Directors	B N Kalyani	Chrishan Villavarayan		-		-
Sitting Fee	50,000	Nil				50,000
Commission & others	-	-				
Total (2)	**50,000**	**-**				**50,000**
Total (B)=(1+2)						
Total Managerial Remuneration						12,50,000
Overall Ceiling as per the Act						* ₹1.00 Lac Per meeting of the Board or Committee thereof

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

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

	Particulars of Remuneration	Ranganathan S CFO (In ₹)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	62,18,941
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	4,64,680
5.	**Total**	**66,83,621**

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

	Particulars of Remuneration	Debadas Panda Company Secretary (In ₹)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,60,955
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission & Others	1,46,348
5.	**Total**	**22,07,303**

VII. Penalties/Punishment/Compounding of Offences:

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

Annexure E

NOMINATION AND REMUNERATION POLICY

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

1. OBJECTIVE

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

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

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

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

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

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

1.6. To devise a policy on Board diversity.

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

2. DEFINITIONS

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

2.2. Board means Board of Directors of the Company.

2.3. Directors mean Directors of the Company.

2.4. Key Managerial Personnel (KMP) means

2.4.1. Whole-time Directors;

2.4.2. Chief Financial Officer; and

2.4.3. Company Secretary;

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

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

3. ROLE OF COMMITTEE

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

The Committee shall:

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

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

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

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

3.2.1. Appointment criteria and qualifications

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

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

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

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

3.2.2. Term / Tenure

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

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

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

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

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

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

3.3.1. General:

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

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

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

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

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

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

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

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

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

3.3.3. Remuneration to Non- Executive / Independent Director:

a) **Remuneration / Commission**:
The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

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

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

4. MEMBERSHIP

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

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

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

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

5. CHAIRPERSON

5.1 Chairperson of the Committee shall be an Independent Director.

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

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

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

6. FREQUENCY OF MEETINGS

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

7. COMMITTEE MEMBERS' INTERESTS

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

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

8. SECRETARY

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

9. VOTING

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

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

10. NOMINATION DUTIES

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

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

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

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

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

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

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

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

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

10.9 Recommend any necessary changes to the Board; and

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

11. REMUNERATION DUTIES

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

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

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

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

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

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

12. MINUTES OF COMMITTEE MEETING

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

Annexure F

Form AOC – 2

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

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

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

a.	Name(s) of the related party and nature of relationship	Nil
b.	Nature of contracts/arrangements/transactions	Nil
c.	Duration of the contracts/arrangements/transactions	Nil
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
e.	Justification for entering into such contracts or arrangements or transactions	Nil
f.	Date(s) of approval by the Board	Nil
g.	Amount paid as advances, if any	Nil
h.	Date on which the special resolution was passed in general meeting as required under first proviso to section188	Nil

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

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

Annexure G

CORPORATE SOCIAL RESPONSIBILITY

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

1. Corporate Social Responsibility Policy

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

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

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

2. Composition of the CSR Committee

The Board Committee of CSR comprises of:

(a) Mr. B. C. Prabhakar, Chairman (Independent Director)
(b) Dr. Shalini Sarin, Member (Independent Director)
(c) Dr. N. Muthukumar, Member

3. Average net profit of the company for last three financial years: ₹842.42 Million

4. Prescribed CSR Expenditure (Two percent of the amount as in Item 3 above): ₹16.85 Million

5. Details of CSR spent during the financial year:

a) Total amount to be spent for the financial year: ₹16.85 Million
b) Amount unspent, if any: Nil
c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
S.No	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs at**	**Amount outlay (budget) (₹)**	**Amount spent on the projects (₹)**	**Cumulative expenditure upto the reporting period in ₹**	**Amount spent directly or through implementing agency**
*1	Swachh Bharat Abhiyaan	Environmental Sanitation	Mysuru,	3,646,457	3,646,457	3,646,457	Direct
*2				6,299,508	6,299,508	6,299,508	Direct
*3				2,644,231	2,644,231	2,644,231	Direct
*4				2,125,605	2,125,605	2,125,605	Direct
5	Skill Developments towards welding, robotics, & management studies	Promoting enhancement of vocation skills	Mysuru & Bengaluru	7,098,074	7,098,074	7,098,074	Direct
6	Promotion of cultural activities	Protection & promotion of Art & Culture	Mysuru,	410,000	410,000	410,000	Direct
7	Building Library to nearby govt. school	Promoting primary education	Mysuru,	400,000	400,000	400,000	Direct

1	2	3	4	5	6	7	8
S.No	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs at**	**Amount outlay (budget) (₹)**	**Amount spent on the projects (₹)**	**Cumulative expenditure upto the reporting period in ₹**	**Amount spent directly or through implementing agency**
8	Sponsorship towards training for Nationally recognized sports	Promote Nationally recognized Sports	Mysuru,	100,000	100,000	100,000	Direct
9	Provided relief material for floods hit victims	Livelihood enhancement project	Mysuru,	68,250	68,250	68,250	Direct
	Total					**22,792,125**	

*Note

(1) During the FY 2018-19, maintenance project was carried on to the public convenience facility at Chamundi Hills, Mysuru.

(2)) Development of nearby park

(3) Maintenance of lake revived during the previous year

(4) Construction & Maintenance of Public Convenience Facility at Mysuru Palace

6. CSR Committee Responsibility Statement:

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

For and on behalf of the Board of Directors

Place : Pune
Date : 13th May 2018

Dr. N. Muthukumar
President & Whole-time Director

B. C. Prabhakar
Chairman of the CSR Committee

Management Discussion and Analysis

Indian economy

Maintaining its steady position as the world's fastest growing major economy, India's GDP growth for 2018-19 grew by 6.8%, boosted by conducive policy reforms and a credit rebound. The nation is currently experiencing a favourable phase of growth based on strong macro fundamentals of the economy, making growth prospects sustainable.

Fiscal deficit has been brought down to 3.4% in the government's revised estimate of 2018-19. The Current Account Deficit (CAD), against a high of 5.6% six years ago, is around 2.5% of the GDP in 2018-19. India's exports are projected to touch an all-time high of US$ 330 billion in the current fiscal. India has also moved up by 23 places to rank 77 in the World Bank's Ease of Doing Business 2019 report. All these changes have taken place on the back of the recent structural reforms initiated by the Indian Government, such as a formalised tax structure, enhanced focus on infrastructure creation and the declining short-term adverse impact of demonetisation, all of which have strengthened the economy, catalysed domestic demand and improved growth prospects.

India is expected to retain its tag as the fastest growing nation in 2019-20. The government's policy measures to boost the investment climate and public consumption will help the country continue steadily upon its growth trajectory. Income support to farmers, hikes in the purchasing price of food grains and relief to taxpayers earning less than ₹5 lakhs are all expected to boost the household income of the rural population.

India also has an opportunity to strengthen its recent economic gains by initiating more integration in the global value chain. Factors such as a young working population, improving business climate and renewed focus on export expansion would support this opportunity.

Annual GDP growth rate

2015-16	2016-17	2017-18	2018-19
8.2	7.1	6.7	6.8

Source: Central Statistics Office (CSO)

Inflation

Inflation has been steadily declining in 2018-19 on account of a sustained decline in prices of food since July 2018 along with softening of oil prices coupled with appreciation of the rupee. The headline inflation in February 2019 stood at 2.6% and the average inflation for the fiscal has been estimated to be 3.5%, which is well below the RBIs targeted mid-point of 4% according to the World Bank's report on South-Asia. Due to the low inflation level, the RBI reduced the policy rate by 25 bps to 6.5% in February 2019.

Despite the stabilisation of inflation, current account deficit widened in 2018-19. This was mainly due to the weak first half of the 2018-19 fiscal plagued by large portfolio outflows as a result of US monetary policy coupled with stress in some emerging market economies. These factors had resulted in a depreciation of nominal exchange rate and a decline of foreign reserves by 8% in the period between January to October 2018.

Fiscal deficit

In the interim Budget presented in February 2019, the fiscal deficit was presented to be 3.4% which is an upward revision from the earlier estimate of 3.3%. The government managed to meet this number with the assistance expenditure savings and rollover fuel subsidy which has made up for the shortfall in tax collection.

Approximately ₹25,000-30,000 crores worth of subsidies which were due to PSU oil companies for selling LPG and kerosene oil below the cost during 2018-19 have been rolled over to the 2019-20 fiscal. The government has exceeded its disinvestment target for 2018-19 by ₹5000 crores, taking the total proceeds to ₹85,000. Besides, the non-tax revenue was boosted by the second interim dividend collection from various Public sector Undertakings (PSUs).

Trade deficit

India's trade deficit reached a record high of US$ 176 billion in 2018-19 despite exports and imports growing at the same rate of 9%. According to data released by the Commerce and Industry Ministry in India, exports in March 2019 stood at US$ 32.55 billion, bringing total exports for 2018-19 to US$ 331 billion. Though this has been the first time that outbound trade has remained above US$ 300 billion, exports haven't been able to cross the government's target of US$ 350 billion. Imports on the other hand reached US$ 507.44 billion which is nearly US$ 42 billion more than the 2017-18 figure.

Recent reforms

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code (IBC) was launched in December 2016 with the objective of consolidating all laws related to insolvency and bankruptcy and to tackle Non-

Performing Assets (NPA) which have been pulling the Indian economy down for years. In 2017, the nation's NPA was higher than any other major emerging market and sectors such as energy and infrastructure, metals and mining, procurement, construction, among others were showing signs of weakness.

Post its implementation, this reform has provided a significant boost to the credit mechanism of the economy and according to the Reserve Bank of India's (RBI) "Report on Trend and Progress of Banking in India 2017-18", the projected amount that was recovered as a percentage of the total amount involved in the bankruptcy proceedings was at 49.6 percent for FY 2017-18.

Pradhan Mantri Jan Dhan Yojana

Pradhan Mantri Jan Dhan Yojana (PMJDY) was one of the biggest reforms undertaken in India for financial inclusion with an integrated approach to ensure comprehensive financial inclusion and provide banking services to all households in the country. This scheme ensured access to an array of financial services such as availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension. As of January 2019, there were 20.14 crore and 13.89 crore beneficiaries of the scheme in rural and urban India respectively, with a total deposit of ₹88,566.92 crore and of these, 18.06 crore are total women beneficiaries.

Goods and Service Tax (GST)

The GST has been one of the biggest tax reforms implemented in India to streamline the nation's indirect taxation system to bring in a more unified domestic system of indirect taxes. This reform has eliminated the cascading effects of indirect taxes, increased the threshold limit for businesses eligible for taxes with small traders and service providers with a turnover of less than ₹20 lakh being exempt and online registering for GST filings has made procedures and their compliance simple.

FAME II scheme

Trends suggest that there will be an eventual shift towards electronic vehicles in the future which has led to the announcement of the FAME II scheme by the government. The government has announced an outlay of ₹10,000 crores for Phase 2 of the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles, or FAME 2. The scheme is being implemented from April 1st, 2019 for a span of three years till 2022. It is the expanded version of the present scheme FAME India I (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles) which was launched in April 2015, with a total outlay of ₹895 crore.

Govt lowers import duty on components for electric vehicles

The Central Board of Indirect Taxes and Customs (CBIC) has carved out a distinct category for the parts and components of electric vehicle for which customs duty has been lowered to 10-15%. This measure has been undertaken to encourage domestic assembling of electric vehicles. Until now, vehicle parts and components imported for assembly in India attracted import duty of 15-30%. The CBIC has also removed customs duty exemption to battery packs for electric vehicles but doubled the duty on battery packs for mobile phones. Going forward, import of battery packs for electric vehicles will attract 5% tax while duty on battery packs for mobile phone has been doubled to 20%.

Indian automobiles industry

The Indian automotive industry produced a total 3.09 crore vehicles during April to March 2019 as against 2.9 crore in the corresponding period of previous year, marking a growth of 6.26% according to the Society of Indian Automobile Manufacturers (SIAM). Passengers vehicles grew at 2.7% and the overall commercial vehicle segment registered a growth of 17.55% in 2018-19 as compared to the previous fiscal. According to SIAM, the overall automobile exports have grown by 14.5% in 2018-19.

Segment	FY 2017-18	FY 2018-19	YoY (%)
Passenger vehicles	32,88,581	33,77,436	2.70
Commercial vehicles	8,56,916	10,07,319	17.55
Three wheelers	6,35,698	7,01,011	10.27
Two wheelers	2,02,00,117	2,11,81,390	4.86
Quadricycles	41,13,135	46,48,264	13.01
Grand total (including the above mentioned five categories)	2,90,94,447	3,09,15,420	6.26

(Source: SIAM)

The industry provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour and the auto and auto components sector contribute

to approximately 7% to the nation's GDP which is expected to rise to 12% as per the Automotive Mission Plan.
(Source: Automotive Mission Plan: 2016-26)

Growth drivers

- Rising per capita incomes
- India's young working population
- Increased availability of skilled labour at low costs
- India's strong research and development capabilities
- Low cost of steel production
- The growing impetus towards the 'Make in India' initiative is giving a huge boost to the sector

Government initiatives

- With an aim of developing India as a global manufacturing centre and an R&D hub, the Government of India is planning to set up R&D centres to enable the industry to be on par with global standards

- The Ministry of Heavy Industries has shortlisted 11 cities in India for the introduction of electric vehicles (EVs) in their public transport systems under the FAME scheme

- The government extended the FAME scheme in February 2019 with a fund requirement of ₹10,000 crore for FY20-22.

- The Automotive Mission Plan 2016-26 (AMP 2026) is an ambition of the Indian government and the Indian Automotive Industry to bring the nation's automotive sector in the global top three for engineering, manufacturing and export of vehicles. It will encompass safe, efficient and environment friendly conditions for affordable mobility by 2026.

Commercial vehicle segment

Rapidly growing middle-class population and rising consumption is driving the growth of the commercial vehicles in India and the fastest growing in the segment are the light commercial vehicles. In the end of the year 2018, the commercial vehicles saw a slight drop in sales due to rise in inputs costs. BSVI emission regulations expected to be implemented from April, 2020 and this change will also witness commercial vehicle manufacturers work on new models that they would introduce post the implementation of BSVI.

Passenger vehicle segment

It took seven years for the nation's passenger vehicle segment to achieve an annual production of 4 million units. This sector had produced and sold a record four million vehicles (cars, utility vehicles and vans) in the year ended March 31, 2018. Between the period between March 2013 to March 2018, domestic passenger vehicles grew at a CAGR of 4.42%. According to the data by SIAM, in 2018-19, passenger vehicles grew at a rate of 2.7% over the previous fiscal to reach 3,377,436 units. This growth has been slowest in the last five years due to factors such as tightening of liquidity in the market and tightening of consumer sentiments due to the upcoming elections.

SIAM expects passenger vehicles to grow at a rate of 3-5% in 2019-20 backed by new launches, improvement in the GDP forecast and the pre-buying activity before implementation of BSVI emission norms, expected to make vehicles expensive by 10-15% from April 1, 2020. (Source: SIAM)

Tractors

Agriculture and its allied sectors being the primary source of livelihood in India, tractors have a large role to play in the nation's increasing agricultural output. The tractor market is among the biggest segments in the category of farm equipment in the country. Economic development has led to a rise in the purchasing power, stabilised incomes and the government's plans of doubling average farming incomes by 2022 are all expected to drive the growth of the nation's tractor industry in the coming years. However, the growth in the fiscal under review has been slower as compared to FY2017-18 due to lack of optimum financing, poor Rabi crop sowing and weak crop prices. The growth is expected to pick up and some of the key elements which will influence the demand for tractors will be financing availability, loan waivers in some cases, government's push towards successful implementation of a system to warrant minimum support prices to the country's farmers, and improving the overall infrastructure including warehousing and cold storage facilities among others.

Indian auto component industry

Increasing presence of global automobile original equipment manufacturers (OEMs) in India has led to the localisation of their components in the nation. India is gradually emerging as the preferred designing and manufacturing base for

most global auto OEMs for local sourcing and exports. The Indian auto-components industry can be classified as organised and unorganised sectors and the industry's turnover is expected to reach $200 billion by 2026. Exports are expected to grow by 5 times in the next 10 years with USA, Germany, Turkey, UK, and Italy emerging as the top export destinations. (Source: ACMA)

Growth drivers

- India is expanding its research and development capabilities and is increasingly being perceived a growing R&D hub
- Proximity to markets such as ASEAN, Europe, Japan and Korea
- Excise duty reduction in vehicles will spur the demand for auto components
- Allowance of 100% FDI with no restrictions on import-export

Outlook

For the upcoming fiscal 2019-20, SIAM has forecasted a single digit growth for the overall automobile sector owing to a rise in the price of commodities, elections and below normal monsoons. Among individual classifications of automobiles, the commercial vehicle segment is expected to grow at most at 10-12%. Passenger vehicles are expected to witness a moderate growth of 3-5%. Two and three wheelers will grow at 5-7% and 7-9% respectively.

Driving this growth will be the favourable Indian economy and pre-buying of BS-IV vehicles in FY20 before BS-VI implementation. According to India Ratings and Research, improvement in the liquidity situation of non-bank financial companies which will aid in fund availability is also expected to be a major driver of growth.

World of Automotive Axles Limited

Established in 1981 as a joint venture company between Bharat Forge Limited, Pune, India and Meritor Heavy Vehicle Systems LLC, USA, Automotive Axles Limited (AAL) is India's largest independent manufacturer of Rear Drive Axle Assemblies. We also manufacture S-Cam actuated quick change air brakes and trailer axles for 10 tonnes to 13 tonnes Gross Vehicle Weight (GVW) and slipper type suspension.

We enjoy a robust presence in India, as well as international markets and have manufacturing footprint in Mysuru, Rudrapur and Jamshedpur. We underpin the principle of 'Don't Accept. Don't Produce. Don't Release.' defective products to promote the concept of built-in quality that reinforces our world-class manufacturing standards.

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.

Pillars of success

Achieving excellence is a way of life at AAL as we consistently endeavour to deliver the best products, in quality and reliability, to our customers. We believe the following drive our growth and propel our success:

Customer demand insight: With over 35 years of experience in axle-production, we can perceive client requirements. We consistently work towards delivering innovative products at reasonable prices for our customers that serves their requirements.

Skilled team and technical advantage: Our team has vast technical knowledge that provides us with a competitive edge in the market to manufacture reliable and durable products. Additionally, our joint venture with Meritor Heavy Vehicle Systems LLC, USA provides us technology leadership to deliver bespoke products and services to our customers.

Stringent quality checks: We are consistently strengthening our quality standards by ensuring that we do not accept, produce or release defective products.

Large product basket: We produce a wide array of products, which includes drive axles, front steer axles, defence axles, off-highway axles, non-drive axles, light duty drive axles, suspension systems drum brake and disc brake, among others. We design efficient engineering modules or systems comprising high-efficiency gearing, integral brake to axle design, weight option designs and driver-operated differential locks.

Production features

We have state-of-the-art manufacturing processes that help us produce durable products. Our operations include

- Friction welding
- Argon CO2 welding
- Robotic welding
- CNC machining
- Gear and pinion dry cutting
- Robotic gear quenching
- Specialty axles manufacturing unit
- Robotic brake web hot forming
- Robotic welding of housing halves
- Automated inside welding machines for housing manufacturing
- Special purpose multi-spindle high productive machines
- Flexible machining centres and specially built machines for producing axles and brakes
- Metallurgy, chemical and metrology lab with CMM
- New assembly line with robotic painting line

Operational highlights FY 2018-19

We use sophisticated gear manufacturing equipment, reinforced by a modern heat treatment shop, including continuous carburising and sealed quench furnaces. During the year under review, we improved our productivity with the following steps:

- Added four state-of-the-art Face Hob machines to enhance the capacity and capability to build quite ride gear sets for our customers who follow BS-VI emission norms; these machines use latest technology spiron cutters to improve the product quality and reliability

- Witnessed an increased demand for hub reduction axles for both off-highway and on-highway needs, and enhanced our capacity to meet this demand through internal productivity improvement

- Installed a state-of-the-art production, assembly and testing facility for forward integration by incorporating Brake Setting and Oil Filling operations that enhance value for our customers

- Introduced Robotic welding for Housing Half Seam welding, Ring & Cover welding, inside welding and brake shoe welding to improve productivity, eliminate the need for manual work and enhance quality

- Introduced high productive Double Spindle Cam Pad Milling machine, which can combine three machines output into one to increase production and meet quality standards

Technology

We have always adopted latest cutting-edge technology to deliver world-class products to our customer. During FY 2018-19, we implemented the following new equipment to enhance production and quality:

New Drive Head Test Rig: This rig measures the assembly for key functional characteristics like assembled transmission error, vibration/noise, tooth contact pattern under partial load, run-outs. The testing provides data-driven approach towards optimising and improving performance.

New Assembly with Robotic painting: This new assembly line is industry v4.0 enabled and offers paperless shop-floor with assembly value additions digitally tracked. The assemblies are painted using painting robots with 2K electrostatic painting under controlled environment and baked to meet stringent paint adherence standards.

Housing line equipment: Housing line capacity has been enhanced by improving existing processes and infusing high technology machines. The approach is to adopt robotic solutions for welding, concurrent operations in machining embedded with low-cost automation.

Gear Manufacturing equipment: Gear Set capacity has been enhanced by adding the cutting machines with latest technology machines with close loop system. Added to this the automation for the Gear cutting machines with Robo is installed for better machine utilisation and to improve the productivity.

New Product

Company has launched the new product "Slipper based Suspension" as part of its New Product Development (NPD) initiative. This product is already tested and accepted by our major customers. We are also working on to enhance the use of this product by other customers.

Esteemed customers

We enjoy a wide client base, including large companies like Ashok Leyland, Daimler India, Man Trucks, Mahindra & Mahindra, Tata Motors, Volvo Eicher, Volvo Thailand and Asia Motor Works, among others. Additionally, we are also growing our presence in the markets of China, USA, France, Italy, and Brazil, among others.

Major certifications

- Environmental Management System certified with ISO 14001:2015
- Occupational Health and Safety Management System certified with BS OHSAS 18001:2007
- 5S certification through QCFI-JUSE
- Quality Management System certified with IATF 16949:2016
- Heat Treatment Process certified with CQI 9
- Welding processes certified with CQI 15

Awards and Recognitions

During FY 2018-19, we received recognitions from the following bodies for our consistent efforts to improve work conditions at AAL and deliver better quality products:

- Gold Award by Ashok Leyland for its excellent performance in New Product development.
- Got certified by Union of Japanese Scientists & Engineers (JUSE) through Quality Circle Forum of India (QCFI) for Implementing best 5S practices, which was re-certified by QCFI in December 2018
- Bagged eight gold awards and two silver awards during Chapter Convention on Quality Concept (CCQC-2018) in May 2018
- Won Excellence and Par Excellence Awards during National Convention on Quality Concepts-at Gwalior in December 2018
- Received Gold Award, during International Convention on Quality Control Circles held at Singapore in the month of October 2018

FINANCIAL PERFORMANCE

(₹ in Million)

Key highlights	2018-19	2017-18	*2016-17	2015-16	2014-15
Total Revenue	19,420.02	15580.63	13039.92	10,875.44	4,617.04
Profit before Depreciation & Tax	2,314.97	1710.30	1143.77	909.66	338.03
Profit After Tax	1,215.50	839.32	494.18	347.74	105.42
Earnings Per Share (₹)	80.43	55.54	32.70	23.01	6.98

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

Key financial ratios	2018-19	2017-18	If there is change of 25% or more as compared to the immediately previous financial year detail with explanation
Debtors Turnover	5.6	4.6	
Inventory Turnover	7.3	7.8	
Interest Coverage Ratio	98.3	356.5	Interest cost is insignificant when compared to the business volumes and has no material impact on the reported numbers
Current Ratio	2.0	2.0	
Debt Equity Ratio	0.1	0.0	There was no long term borrowing during the year 2017-18
Operating Profit Margin (%)	20.7%	21.7%	
Net Profit Margin (%)	6.1%	5.3%	
Return on Capital employed	29.7%	28.3%	
Return on Net Worth	22%	18.5%	There is a significant increase in the net profit compared to previous year

Human resource

At AAL, our people are our key differentiators. It's their determination, dedication and dependability that provide us a competitive advantage. We focus on bringing talented people on-board, hone their skills through training and motivate them to collaborate and innovate with experts to upgrade their skills. Our team is dynamic and diverse; and we value the suggestions of every individual.

We encourage a progressive, high performing and inclusive culture that recognises and rewards merit, promotes empowerment, improves communication and reduces conflict. We also have a diversity and inclusion awareness programme, where our people discuss inclusion and how it impacts their day-to-day work. We identify, develop and support high calibre individuals to develop our leadership pipeline.

During FY 2018-19, we successfully rolled out key HR initiatives and talent management practices that reinforced the principles of

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

Talent management

We focus on strategic development of our people through talent identification and succession process (TI & SP) and capability development programmes. TI & SP's primary objective is to identify successors for leadership positions, focus on talent across the organisation and identify career development opportunities for employees. We conduct periodic TI & SP talent reviews with the top management to ensure fast growth, stretch assignments and development opportunities for potential management staff.

As a part of TI & SP process and employee development, we focus on learning and development by rolling out various specific and customised training programmes. Moreover, we invest in high performing teams by facilitating robust awareness and implementing a performance management system with 80% weightage on performance and 20% weightage on leadership behaviour.

Percentage of training and learning programmes

Type of training and learning programme	Percentage
Technical programmes	75%
Behavioural programmes	15%
Common programmes	10%

Learning centre

We have a specialised learning centre for induction, on-the-job-training (OJT) and special trainings to all operators. The learning centre is fully equipped to give training on welding, CNC machine operation, material handling and tools identification, among others to our workforce. Additionally, we periodically conduct neuro-linguistic training programme (NLP) through an external trainer for our people.

Diversity and inclusive culture

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

Communication

We have a clear and transparent communication system across the organisation. This initiative includes quarterly and monthly Town hall gatherings, group meetings and meeting of women employees once a quarter. We also organise quality and customer feedback meetings, one-on-one discussions with key employees and group meetings to focus on top talent in the organisation.

5S

We have 5S workplace management system and have received 5S certification by Quality Circle Forum of India (QCFI) jointly with Japanese Union of Scientists and Engineers. An audit was performed by QCFI and it was found that all prerequisites are fulfilled.

Employee engagement

AAL is one team, despite the various locations it works from. We encourage this concept to build team spirit and promote collaborative approach. We launched employee satisfaction surveys and action plans to enhance the concern areas post the surveys. Additionally, we engage our team with various activities like family day, sports day, festival celebrations, summer camps, annual sports and cultural activities, among others. We inspire our people to participate in external events such as inter-company best safety worker competition,

cricket tournaments and so on. Various competitions like essay writing and slogan writing are organised on special occasion like National Safety Day or World Environment Day. We also celebrate International Women's Day every year at AAL.

Employee Development Program focusses on continuous education and development of high potential talent, leadership development and works towards exposing our team to latest management concepts and techniques.

Human Resource Management System (HRMS) implementation through Darwin Box is a web based initiative as part of IT automation strategy to standardise and improve the productivity of all key HR processes. This initiative helps to reduce the redundancy and thus improves the speed and productivity across the organization. This initiative also reduces huge paper use thus support EOHS initiatives.

Rewards and recognitions

We acknowledge employees every month for their innovative ideas and special achievements; and reward their children to encourage meritocracy.

Safety and emergency preparedness training

The safety of our people has always been crucial for us, prompting us to organise various safety trainings for our employees conducted by internal and external trainers. All our processes are covered under Hazard Identification and Risk Assessment (HIRA) that reduces risk factor from high to low and helps to diminish accidents and near misses at worksites. Besides, we have an on-site emergency plan prepared and approved from the Department of Factories and Boilers Office, Karnataka.

Additionally, we conduct periodic safety audits that address potential hazards and abnormalities immediately. We organise mock drills to prepare on-site emergency routines and keep a well-trained emergency unit ready during all shifts to attend any eventual emergencies.

Occupational Health Centre (OHC)

Our OHC has qualified doctors, paramedical staff and emergency medical equipment round-the-clock to deal with health issues specific to our industry. Doctors at OHC organise monthly health programmes for all employees that educates them on employment-related health hazards and work-life balance through renowned specialists.

Policy for female team members

We have a stringent policy in place to address issues pertaining to women at AAL. We regularly organise meetings with the female staff at AAL with the objective of providing a safe environment and ensure their safety at workplace.

The International Women's Day 2019 was celebrated by inviting a renowned gynaecologist who enlightened our female staff about the importance of women's health, hygiene and body strength. Post the session we had a short quiz stint where women were encouraged to think about the session and received spot awards on giving right answers.

Safety, health and environment

Our endeavour is towards better management of our sustainability drivers, including safety, health and environment of our assets. This includes several community initiatives that help develop our workforce and the communities around us. These communities include areas around the AAL facilities, consumers, investors and other stakeholders.

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

Safety

- Celebrated 48th National Safety Day 2019 in March
  - In the district Level Safety competitions, organised by the office of Dy. Director of Factories, Government of Karnataka, our teams bagged 3rd place each in safety quiz and safety skit competition.
  - We organised various competitions like internal safety quiz, safety essay and safety cartoons to create awareness, promote and propagate 'safety first' culture among our employees.
  - On Safety Day, we conducted safety walkathon in the shop floor across the factory and its peripherals. The Vice President & Factory Manager addressed the workforce on the importance of Safety Day and felicitated employees who won the safety competition.
  - A 30-employees team participated in District Level Safety Day celebration on 7th March 2019, along with Mysuru industries fraternity organised by the office of Dy. Director of Factories, Government of Karnataka.

- Tested all lifting tools, tackles, hoists, cranes, forklifts, electrical stackers, hand pallet truck, pressure vessels and received certification by competent person, according to statutory requirements
- Implemented Lock-out and Tag-out (LOTO) system for mechanical, electrical and hazardous chemical handling appliances
- Received Fire Safety Certificate (NOC) approval from the Office of the District Chief Fire Officer, Government of Karnataka
- Carried out hoist health check-up by OEM suppliers across the plant and have provided secondary safety wire rope for cross beams & hoist runners
- Conducted 4M (Men, Machine, Material and Methodology) Method Analysis for all machines across the plant
- Installed more smoke detection systems across the plants as a preventive measure after survey by external expert agency on fore potential
- Identified the potential fire hazards area and installed the standard flame proof chemical cabinets for all paint and thinner drums storage in shop floor at all paint booths
- Conducted on-site emergency mock drill at LPG Bullet storage area in the presence of Mutual Aid members on Chemical Disaster Prevention Day
- Implemented recommendations of fire adequacy survey by a competent agency in all our plants
- Organised safety lessons each month for all employees during the lunch hour at the canteen through video screening; all flexi-workers across shifts too receive this information

Health

- Conducted blood donation awareness programme by Dr. Anjali Arun, Blood Bank Officer
- Organised mega blood donation camp with the help of BGS Apollo Hospital, Mysuru at our premises on 7th January, 2019 where 300 employees participated and donated blood, which would have touched lives of about 1000+ people
- Celebrated World Health Day by conducting 'basic life support training' for all our employees
- Arranged periodic inspections by in-house doctors to identify health hazards in workplace
- Conducted Health Talk (about different organs of the body) on monthly basis through interactive sessions with renowned doctors in the City
- Organised trainings on team building, stress-free working, potential enhancement of efficiency at workplace
- Arranged pre-recruitment medical check-up for all recruits and annual check-up for all regular employees and trainees
- Equipped our Occupational Health Centre with all modern machines like ECG machine, automated external defibrillator machine and others

Environment

- Celebrated World Environment Day 2018 by planting more than 500 saplings in a residential layout
- Displayed video clippings in canteen and placed environment-related banners across the plant to promote environmental awareness
- Distributed eco-friendly Ganesha idols to all employees on Ganesha Chaturthi celebration to prevent water pollution and land contamination
- Completed successfully ISO14001:2015 EMS surveillance audit and BS:18001:2007 OSHAS re-certification audit, which is conducted by certifying body M/s DQS India
- Replaced LPG-Hydrocarbon fuel based fork lifts with battery-operated fork lifts for controlling emission of Ozone-depleting substance
- Changed to Variable Frequency Drive (VFD) compressor from Star Delta driven compressor to enhance resource conservation, resulting in power savings of 30%

Quality Management System (QMS) and Lean Management System (LMS)

Over the years, around 90% of our operations have matured through the built-in quality (BIQ) concept and ZERO COC (coolant, oil and chip) for manufacturing processes. Currently, most of our operations are synergised with the Automotive Axle Production Systems (APS). We significantly strengthened our processes through implementation of Gemba and 5S principle.

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

- Robust quality and environmental system supporting built-in quality: We are monitoring robust quality systems such as IATF 16949: 2016, CQI9 standard for heat treatment process, CQI15 for welding process standards and OHSAS for environmental occupational, health & safety management system. Besides, we are digitalising inspection records for improving traceability.
- Six Sigma: We have five engineers certified for level two Six Sigma black belt and 77 engineers accredited for level one black belt in various projects.
- Quality and reliability improvement: We initiated improvement in quality and reliability through Mission 22, focus on plant transformation, statistical process control (SPC), go green and go lean, critical to quality and gauge for customer fit form function.
- End-to-end product performance monitoring: We have a pool of engineers to support key customers, who are stationed at strategic locations to capture and improve end-to-end product performance and reliability.
- Product service training: We provide our customers and their end users with technical bulletins, service manuals, hands-on training on our products/performance to trouble shoot and reduce down time.

Risk management

At AAL, we recognise that effective risk management is critical for us to achieve our strategic objectives and sustainable development. Our endeavour is to mitigate all inherent and operational risks.

Industry risk: A slowdown in the automobile industry may impact growth of our business. The BS VI emission implementation norms from April, 2020 might have an impact in latter part of the financial year.

Mitigation:

- Regular review of market conditions
- Resilient business model

Cost inflation risk: The growing cost of key raw materials may impact revenues and net profitability

Mitigation:

- Develop cost-efficient manufacturing processes
- Consistent efforts to reduce costs

Technology risk: Failure to innovate and develop new technologies or products, or to adapt to changing customer behaviour could lead to our business being adversely impacted

Mitigation:

- Monitoring of emerging trends in automotive worldwide
- Continuous investment in technology

People risk: Failure to attract, recruit, retain and motivate our highly skilled workforce could result in the loss of key talent

Mitigation:

- Career development plans to retain and develop the next level of executives
- Strong value-led culture throughout recruitment, induction and training
- Employee engagement activities and incentive plans

Internal Control Systems

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

Report on Corporate Governance

Our Corporate Governance Philosophy

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

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

Automotive Axles Limited believes the 'Board of Directors' (the 'Board') is the core of the corporate governance practice, which oversees the management's functions and protects the long term interest of its stakeholders. As on March 31, 2019 the Board consists of seven members of which four are Independent Directors.

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

BOARD OF DIRECTORS

Size and Composition of the Board

Your Company recognizes and embraces the importance of diversity of board for its success. Your Company believes that a truly diverse board will leverage difference in thought, perspective, knowledge and skill, regional and industry experience, cultural and geographical background that will help the Company retain its competitive advantage. Accordingly, your board has the appropriate mix of executive and independent directors to maintain its independence and separate its functions of governance and management. On 31st March, 2019, Board comprised of seven (7) Directors.

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

Directors' Attendance Record and Directorships:

The name and categories of the Directors on the Board, their attendance at the Board Meetings held during the year 2018-19, the attendance at last Annual General Meeting held on Monday, August 13, 2018 and the number of Directorships and Committee Chairmanships/Memberships held by them in other Indian Companies as on March 31, 2019 are given herein below:

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

Director	Category	No. of Board meetings attended out of 4	Attendance in last AGM	Nos. of Directorships and Committee Memberships in Indian companies*		
				Directorships	Committee Memberships	Committee Chairmanships
Dr. B.N. Kalyani	Promoter, Non-Executive	1	No	10	3	Nil
Mr. Chrishan Anton Sebastian Villavarayan	Promoter, Non-Executive	3	No	2	Nil	Nil
Mr. B.B. Hattarki	Independent	4	Yes	11	4	5
Mr. B.C. Prabhakar	Independent	4	Yes	3	2	2
Mr. Rakesh Kalra	Independent	3	Yes	6	6	Nil
Mrs. Supriti Bhandary (Resigned w.e.f. 12.02.2019)	Independent	1	No	2	1	Nil
Dr. Shalini Sarin (Appointed w.e.f. 12.02.2019)	Independent	1	N.A.	3	2	Nil
Dr. N. Muthukumar	Executive	4	Yes	1	1	Nil

Notes:
(a) There are no inter-se relationship between our Board members.
(b) * Directorships includes directorship in Private Companies but do not include companies incorporated outside India. In accordance with Regulation 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships of only the Audit Committee and Stakeholders Relationship Committee in all public limited companies (including Automotive Axles Limited) have been considered.
(c) Leave of absence was granted to the Director(s) for the Board Meeting(s), which they did not attend and sought the leave of absence from the meeting.

Availability of information to the Board Members

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

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

Role of Board of Directors

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

Board Membership Criteria

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

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

Selection of New Director

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

Training of Board Members

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

A separate Independent Directors meeting was conducted during the year.

Board Meetings

In FY 2018-19 (Apr'18-Mar'19), the Board met four (4) times on 8th May 2018, 13th August 2018, 6th November 2018 and 12th February 2019. The maximum gap between any two Board Meetings was less than one hundred and twenty (120) days.

Attendance at Board meeting of the Directors during the FY 2018-19

Name of the Director	No. of meetings conducted and attended during the year				Total Attendance	Total No. of Meetings	% of attendance
	8th May 18	13th Aug 18	6th Nov 18	12th Feb 19			
Dr. B N Kalyani	LOA	Video Conference	LOA	✓	1	4	25
Mr. Chrishan Anton Sebastian Villavarayan	✓	Con Call	✓	✓	3	4	75
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100
Mr. Rakesh Kalra	✓	✓	LOA	✓	3	4	75
Mrs. Supriti Bhandary (Resigned w.e.f 12.02.2019)	✓	LOA	LOA	LOA	1	4	25
Dr. Shalini Sarin (Appointed w.e.f 12.02.2019)	N.A.	N.A.	N.A.	✓	1	1	100
Dr. N. Muthukumar	✓	✓	✓	✓	4	4	100

Code of Conduct

In compliance with the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has framed and adopted Code of Conduct (the Code). This is applicable to all Directors, Independent Directors and Senior Management of the Company. The Code gives guidance and support needed for ethical conduct of business and compliance of law. All members of the Board and Senior Management personnel have affirmed the compliance with the Code as on 31st March, 2019.

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

Prevention of Insider Trading

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

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

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

BOARD COMMITTEES

As on March 31, 2019, the Company has five committees namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board Committees are set up under the formal approval of the Board to carry out respective roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be

practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board meeting for perusal and noting. The Company Secretary acts as the secretary of all Committees.

Board and Committee composition as on March 31, 2019

Sl. No	Directors	Board	Audit Committee	Risk Management Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	Nomination & Remuneration Committee
1	Dr. B N Kalyani	✓					
2	Mr. Chrishan Anton Sebastian Villavarayan	✓					
3	Mr. B B Hattarki	✓	Chairman				
4	Mr. B C Prabhakar	✓	Member	Chairman	Chairman	Chairman	Chairman
5	Mr. Rakesh Kalra	✓	Member		Member		Member
6	Dr. Shalini Sarin (Appointed w.e.f 12.02.2019)	✓				Member	Member
7	Dr. N. Muthukumar	✓		Member	Member	Member	

Note:

1. Mrs. Supriti Bhandary resigned from the Board w.e.f 12.02.2019.
2. Dr. Shalini Sarin was appointed as Director to the Board w.e.f 12.02.2019 and also became the member of the CSR Committee and NRC Committee in place of Mrs. Supriti Bhandary

AUDIT COMMITTEE

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

Mr. B B Hattarki, Chairman
Mr. B C Prabhakar, Member
Mr. Rakesh Kalra, Members

During the year, there was no change in the members of the Audit Committee. All members of the Committee are financial literates and possess required expertise.The committee met four (4) times during the year on 8th May 2018, 13th August 2018, 6th November 2018 and 12th February 2019

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

Attendance record of Audit Committee members for 2018-19

Name of the Director	Audit Committee Meeting held during the year 2018-19				Total Attendance	Total No. of Meetings	% of attendance	Status
	8th May 18	13th Aug 18	6th Nov 18	12th Feb 19				
Mr. B B Hattarki	✓	✓	✓	✓	4	4	100	Chairman
Mr. B C Prabhakar	LOA	✓	✓	✓	3	4	75	Member
Mr. Rakesh Kalra	✓	✓	LOA	LOA	2	4	50	Member

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

Qualified and Independent Audit Committee

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

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

Powers of the Audit Committee

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

Role of the Audit Committee inter alia includes the following:

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

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

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Nomination and Remuneration Committee consists of three Independent Directors:

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

During the year the Nomination and Remuneration Committee has been reconstituted by replacing Mrs. Supriti Bhandary with Dr. Shalini Sarin.

The committee met two (2) times during the year on 13th August, 2018 and 12th February, 2019.

Attendance record of NRC members for 2018-19

Name of the Director	NRC meeting held during the year 2018-19		Total Attendance	Total No. of Meetings	Attendance %	Status
	13th Aug 18	12th Feb 19				
Mr. B C Prabhakar	✓	✓	2	2	100	Chairman
Mr. Rakesh Kalra	✓	✓	2	2	100	Member
Ms. Supriti Bhandary (Resigned w.e.f 12.02.2019)	LOA	LOA	-	-	-	Member

Terms of Reference

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

Independent Directors

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

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

Detail Reason for resignation of Independent Director: Ms. Supriti Bhandary (DIN: 07233024) has resigned from directorship with effect from February 12, 2019 due to her personal reason and there are no material reasons other than those provided.

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

During the year 2018-19, Independent Directors met on 12th February, 2019, discussed and reviewed the below:

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

Performance evaluation criteria for independent directors:

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

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

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

d) Interpersonal relations with other Directors & Management

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

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

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

Remuneration of Directors

The details of remuneration to Directors, their relationship with each other and Equity Shares held as on 31st March, 2019 are presented below:

Directors	Relationship with other Directors	Equity Shares held	Board Meeting Sitting Fees (In ₹)	Audit Committee Meetings Sitting Fees (In ₹)	Salaries, performance bonus and perquisites (In ₹)	Total (In ₹)
Dr. B.N. Kalyani	None	126	50,000	N.A.	Nil	50,000
Mr. Chrishan Anthon Sebastian Villavarayan*	None	Nil	N.A	N.A	Nil	NA
Mr. B B Hattarki	None	Nil	2,00,000	2,00,000	Nil	4,00,000
Mr. B C Prabhakar	None	575	2,00,000	2,00,000	Nil	4,00,000
Mr. Rakesh Kalra		Nil	1,50,000	1,50,000	Nil	3,00,000
Ms. Supriti Bhandary (Resigned w.e.f. 12.02.2019)	None	Nil	50,000	NA	Nil	50,000
Dr. N. Muthukumar**	None	Nil	NA	NA	1,35,26,719	1,35,26,719
Dr. Shalini Sarin (Appointed w.e.f. 12.02.2019)	None	Nil	50,000	NA	Nil	50,000

Note:

1. *Mr. Chrishan Anton Sebastian Villavarayan does not claim any sitting fee, being in conformity with Meritor's Policy for such nominees for attending the meetings.
2. ** During the year the Committee recommended the Board, for the re-appointment of Dr. N. Muthukumar, President & Whole Time Director for a period of five years effective from 01.10.2018.The Board on recommendation of the NRC Committee accorded their approval of re- appointment of Dr. N. Muthukumar subject to the approval of the shareholders in their meeting.
3. All the above elements are fixed component but for the Performance linked Bonus

Directors with materially significant pecuniary transaction or relationship with the Company

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

STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

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

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

There was no change in the composition of the committee during the quarter.

The Committee met four times during the year on 8th May, 2018, 13th August, 2018, 6th November, 2018 and 12th February, 2019.

Attendance record of SRC members for 2018-19

Name of the Director	SRC Meeting held during 2018-19				Total Attendance	Total No. of Meetings	Attendance %	Status
	8th May 18	13th Aug 18	6th Nov 18	12th Feb 19				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Mr. Rakesh Kalra	✓	✓	LOA	✓	3	4	75	Member
Dr. N. Muthukumar	✓	✓	✓	✓	4	4	100	Member

Compliance Officer

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

Terms of Reference of SRC inter alia include the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company
- To act in terms of any consequent statutory modification(s) / amendment(s) / revision(s) to any of the applicable provisions to the said Committee.

Number of Shareholders' complaint received during 2018-19	2
Number of complaints not solved to the satisfaction of the shareholders	Nil
Number of pending complaints	Nil

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Committee comprises of three members as on March 31, 2019:

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

The CSR committee met three times during the year on 8th May, 2018, 13th August, 2018, 12th February, 2019.

Attendance record of CSR members for 2018-19

Name of the Director	CSR Meeting held during the year 2018-19			Total Attendance	Total No. of Meetings	Attendance %	Status
	8th May 18	13th Aug 18	12th Feb 19				
Mr. B C Prabhakar	✓	✓	✓	3	3	100	Chairman
Mrs. Supriti Bhandary (Resigned w.e.f 12.02.2019)	✓	LOA	LOA	1	3	33.33	Member
Dr. N. Muthukumar	✓	✓	✓	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 recommend the amount of expenditure to be incurred on the CSR activities.
- To review the Corporate Social Responsibility Policy of the Company from time to time and
- To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

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

RISK MANAGEMENT COMMITTEE (RMS)

The Committee comprises of two members as on March 31, 2019:

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

The RMS committee met four times during the year on 8th May, 2018, 13th August, 2018, 6th November, 2018 and 12th February, 2019

Name of the Director	RMS meeting held during the year 2018-19				Total Attendance	Total No. of Meetings	Attendance %	Status
	8th May 18	13th Aug 18	6th Nov 18	12th Feb 19				
Mr. B C Prabhakar	✓	✓	✓	✓	4	4	100	Chairman
Dr. N. Muthukumar	✓	✓	✓	✓	4	4	100	Member

Terms of Reference inter alia include the following:

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

Your Company has voluntarily constituted the Risk Management Committee though it is not compulsorily required under the Securities and Exchange Board of India ((Listing Obligation and Disclosure Requirements) Regulations, 2015.

Names of the listed entities where the person is a director and the category of directorship

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

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

2. Chrishan Anthon Sebastian Villavarayan
(DIN: 03020467)

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

3. Bhalachandra Basappa Hattarki
(DIN: 00145710)

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

4. Bhoopalam Chandrashekharaiah Prabhakar
(DIN: 00040052)

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

5. Rakesh Kalra
(DIN: 00780354)

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

6. Dr. Shalini Sarin
(DIN: 06604529)

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

7. Dr. N. Muthukumar
(DIN: 06708535)

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

Skills/ Expertise/Competencies of the Board

	List of core skills/expertise/ competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively	Availability of the Identified skills/Expertise/ Competencies
1	Leadership Skill	Available
2	Operations Management of Automotive Sector	Available
3	Project Management	Available
4	Strategic Planning	Available
5	Expertise in forging industry	Available
6	Expertise in Industrial Law	Available
7	Human resource management	Available
8	Technical Skill	Available
9	Economy & Finance	Available
10	Marketing and sourcing	Available

Secretarial Audit for Reconciliation of Share Capital

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

General Body Meetings

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

Financial Year	Date	Time	Venue
2015-16	12th August 2016	12.30 p.m.	Regd. Office of the Company
2016-17	18th August 2017	12.30 p.m.	Regd. Office of the Company
2017-18	13th August 2018	12.30 p.m.	Regd. Office of the Company

No special resolutions were passed at the Annual General Meeting held on 12th August, 2016, 18th August, 2017 and 13th August, 2018

No Extraordinary General Meeting of the Members was held during the financial year 2018-19.

Resolution passed through Postal Ballot

During the year there were two special resolutions, passed through postal ballot:

Pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with the Companies (Management and Administration) Rules, 2014, (the 'Rules'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') approval of members has been sought vide Postal Ballot dated 6th November, 2018 for passing the following Special Resolution(s):

1. Approval for continuation of Mr. Bhalachandra Basappa Hattarki (DIN: 00145710) as a Director (Category- Non Executive , Independent) of the Company, not liable to retire by rotation, who has already attained the age of seventy-five (75) years beyond April 1, 2019 on the existing terms and condition of appointment , till cessation as Independent Director of the Company.

2. Approval for continuation of Mr. Bhoopalam Chandrashekharaiah Prabhakar (DIN: 00040052) as a Director (Category- Non Executive , Independent) of the Company, not liable to retire by rotation, on attaining the age of seventy-five (75) years, beyond April 1, 2019 on the existing terms and condition of appointment , till cessation as Independent Director of the Company.

The E-voting facility was also be made available to the Members of the Company through CDSL. The Board of Directors of the Company, appointed CS. Pracheta M, Practicing Company Secretary (Membership No. FCS 9323 & CP No. 9838), as Scrutinizer for conducting the Postal Ballot in a fair and transparent manner. The results of the Postal Ballot was announced on January 5, 2019 at the Registered Office of the Company as per the Scrutinizer's Report.

Procedure for Postal Ballot

Postal Ballot Notice ("Notice") containing the resolution(s) as mentioned, along with the explanatory statement pursuant to Section 102 and other applicable provisions, if any, of the Act, are sent electronically to all the members whose email address is registered with the Company/their Depository Participant. The Company also dispatches the Notices and Postal Ballot Form ("Form") along with postage prepaid envelope to its members whose email addresses are not registered through permitted mode of dispatch. Further, the Company also provided the members to cast their vote electronically instead of dispatching the Form. The Forms received upto the last day notified in the Notice and the votes cast on the e-voting platform within specified time are considered by the Scrutinizer. Scrutinizer submits her report to the Chairman or any other person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The results are displayed at the Registered Office of the Company and also displayed on the Company's website (www.autoaxles.com) besides being communicated to CDSL and the Stock Exchanges.

Special Resolution through Postal Ballot:

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special resolution conducted through Postal Ballot.

DISCLOSURES

Related Party Transactions:

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

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

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

Management Discussion & Analysis:

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

Whistle Blower Mechanism

The Board has formulated a Whistle Blower Policy for directors and employees of the Company. The policy comprehensively provides an opportunity for an employee/ Director to report the instances of unethical behavior, actual

or suspected fraud or any violation of the Code of Conduct and /or laws applicable to the Company and seek redressal. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been communicated to the employees and also posted on Company's website.

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

No personnel have been denied access to audit committee.

Compliances by the Company

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

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

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

Total fees for all services paid by the company to the statutory auditor M/s. S R Batliboi & Associates LLP, Chartered Accountants [Firm Registration No.: 101049W/E300004] and all entities in the network firm/network entity of which the statutory auditor is a part have been provided in Note 28 of the financial statement.

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

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

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

MEANS OF COMMUNICATION

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

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

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

COMPLIANCE WITH MANDATORY & NON MANDATORY REQUIREMENTS/ DISCRETIONARY REQUIREMENTS:

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

Modified Opinion(s) in Audit Report

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

Separate posts of Chairman and Chief Executive Officer (CEO)

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

Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

SEBI Complaints System (SCORES)

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

Reminders to Investors

Every year reminder letters for unpaid dividend are sent to the shareholders who have not claimed their dividend.

As per the SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, PAN and Bank details of the members has to be updated in Register of Members (ROM) and further as per SEBI notification SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 prohibited the transfer of shares in physical form w.e.f 5th December, 2018 and later the date was extended upto 1st April, 2019 through an amended circular.

Accordingly, the Company has sent three reminder letters to the shareholders dated 11th June, 2018, 3rd October, 2018 and on 22nd December, 2018 to enable them to comply with these notifications.

Presentations to Institutional Investor and Analyst:

Detailed presentations are made to the Institutional Investors and Financial Analysts on the un-audited quarterly financial results and other strategic initiatives taken up by the Company during November, 2018 and February, 2019.

GENERAL SHAREHOLDER INFORMATION

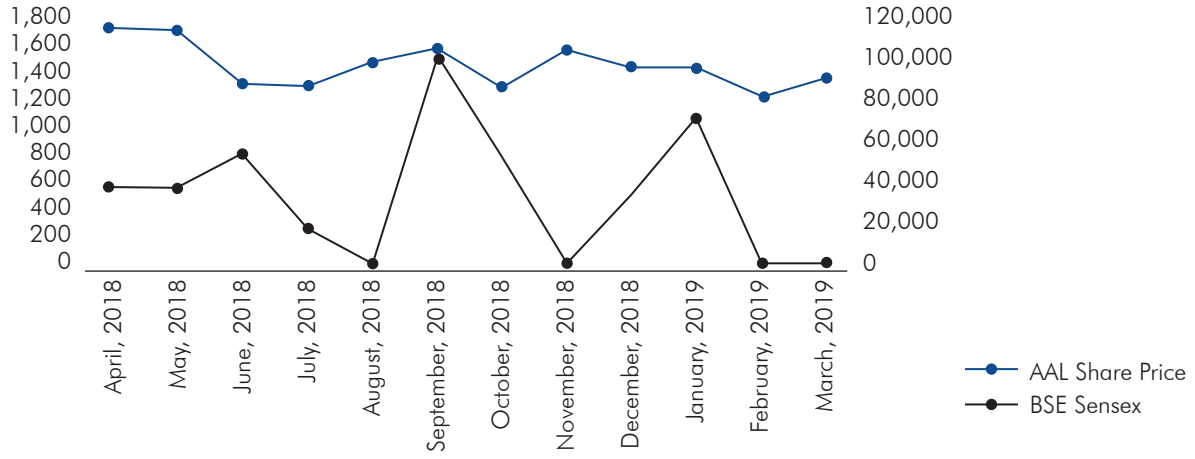
Annual General Meeting	Date & Time : 14th August 2019 at 3.15 p.m.
	Venue : Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur road, Mysuru, Karnataka – 570 0 18
CIN	L51909KA1981PLC004198
Financial Year	1st April, 2018 to 31st March, 2019
Book Closure Dates	9th August, 2019 to 14th August, 2019 (both days inclusive)
Dividend Payment Date	Expected on or before 12th September, 2019
Plant Locations	Mysuru Plant :
	Hootagalli Industrial Area
	Off Hunsur Road, Mysuru, Karnataka - 570018.
	Rudrapur Plant :
	Plot No. 3, ITBT Park, SIIDCL - IEE, Pant Nagar (NH-4),
	Dist. Udham Singh Nagar,Uttarakhand - 263150
	Jamshedpur Plant :
	Old Khakripara, Vill & Post – Chhota Govindpur,
	Jamshedpur, Dist. E. Singhbhum, Jharkhand - 831 015
Securities Listing	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
	National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai - 400 051
	The Company confirms that the annual listing fee for the year 2018-19 has been paid to both the stock exchanges.
Stock Codes	BSE – 505010
	NSE – AUTOAXLES
	Demat ISIN Number: INE449A01011

Stock Data

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

Month	BSE			NSE		
	High (In ₹)	Low (In ₹)	No. of Shares Traded	High (In ₹)	Low (In ₹)	No. of Shares Traded
April, 2018	1,688	1,460	36,081	1,690	1,449	2,65,221
May, 2018	1,683	1,250	35,815	1,690	1,246	4,33,898
June, 2018	1,321	1,058	51,968	1,333	1,063	7,55,431
July, 2018	1,293	1,112	16,178	1,294	1,114	2,15,548
August, 2018	1,458	1,188	1,45,817	1,458	1,186	13,08,276
September, 2018	1,552	1,184	98,325	1,555	1,180	7,77,687
October, 2018	1,285	991	51,841	1,290	987	4,41,549
November, 2018	1,540	1,132	1,50,644	1,506	1,124	8,67,959
December, 2018	1,416	1,265	32,595	1,405	1,260	2,86,084
January, 2019	1,420	1,070	69,454	1,424	1,067	3,15,623
February, 2019	1,222	1,100	2,29,084	1,230	1,101	5,68,478
March, 2019	1,340	1,183	1,03,098	1,341	1,182	3,69,897

AAL Share Price v/s BSE 500 Series



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

Shareholding pattern as on 31st March 2019 :

Pattern of Shareholding by ownership			**Pattern of shareholding by share class**			
Ownership	**No. of Shares held**	**Share holding**	**Category**	**No. of Shares holders**	**No. of Shares held**	**Share holding**
		%				%
Promoters	10,735,081	71.04	=/< 500	19,506	1,008,955	6.68
Non Promoter (Public)			501-1000	299	231,434	1.53
Bodies Corporate	949,836	6.28	1001-2000	153	219,056	1.44
FI/ Foreign Portfolio Investor's & Bank	218,271	1.45	2001-3000	51	122,997	0.81
NRI's	101,762	0.67	3001-4000	28	100,199	0.67
Mutual Funds	1,385,083	9.17	4001-5000	19	88,103	0.60
Others	1,721,942	11.40	5001-10000	26	176,145	1.16
Total	15,111,975	100	> 10000	26	13,165,086	87.11
			Total	20,108	15,111,975	100

Dematerialization	The Company's Equity Shares are under compulsory demat trading. As on 31st March 2019, dematerialized shares accounted for 99.53% of total equity.
Audit Qualification	There is no audit qualification in the financial Statements of the Company for the year ended 31st March, 2019

List of credit ratings obtained
Credit Rating Agency : ICRA Limited

Rating as on 01.04.2018

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

Revised Rating with effect from September 07, 2018

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

Investor Grievance Correspondence :

Company	**Share Transfer Agents**
Secretarial Dept.	Integrated Registry Management Services Pvt.Ltd
Automotive Axles Limited	No. 30 Ramana Residency, 4th Cross
Hootagalli Industrial Area,	Sampige Road, Malleswaram
Off Hunsur Road, Mysuru - 570 018	Bangalore – 560 003
Phone : 0821-7197500	Phone: 080-23460815-818
Fax : 0821-2402451	Fax : 080-23460819
Email : sec@autoaxle.com	E-mail : irg@integratedindia.in

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

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

Place: Pune
Date: 13th May, 2019

Dr. N. Muthukumar
President & Wholetime Director

TO THE BOARD OF DIRECTORS OF AUTOMOTIVE AXLES LIMITED

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

We, Dr. N. Muthukumar, President & Whole time Director and Ranganathan S., Chief Financial Officer of Automotive Axles Limited as required under the Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the best of our knowledge and belief, certify with respect the financial results for the financial year ending 31st March 2019 as follows:

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

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

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

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

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

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

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

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

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

Place: Mysuru
Date: 13th May, 2019

Dr. N. Muthukumar
President & Whole-time Director

Ranganathan S.
Chief Financial Officer

CERTIFICATE OF THE COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015

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

To,
The Members of
Automotive Axles Limited

I have examined the compliance of the conditions of Corporate Governance by Automotive Axles Limited (hereinafter referred to as 'Company'), for the financial year ended 31st March 2019, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with the Stock Exchanges.

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

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

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

Place: Mysuru
Date: 13th May, 2019

Independent Auditor's Report

To the Members of Automotive Axles Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Automotive Axles Limited ("the Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Provision for slow moving and obsolete inventories *(as described in note 7 of the Ind AS financial statements)*	
We have identified allowance of inventories as a key audit matter due to the critical judgement exercised by the Company's management in identifying the slow-moving and obsolete inventories and assessing the amount of allowance for inventories. The gross balance of inventories as at March 31, 2019 is INR 1,893.31 million, against which provision for slow moving and obsolete inventories amounting to INR 49.61 million was made. Inventories comprise Raw material, Work in progress, finished products and stores and spares. The determination of provision for slow-moving and obsolete inventories requires management to exercise judgment in identifying slow-moving and obsolete stocks and make estimates of the appropriate level of provision required.	Our procedures in relation to identification of slow moving inventories and evaluate the allowance of inventories included: • Understanding of how the Company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories; • Understanding and evaluating the basis of identification of the obsolete inventories and slow-moving inventories; • Testing the accuracy of the report on aged inventories, on a sample basis. • Evaluating the historical accuracy of allowance for inventories by comparing the actual loss of inventories/ write off of aged inventories to historical allowance recognized. • Assessing the realizable value, on a sample basis, by comparing the inventory value with the subsequent sales prices of the finished goods.

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

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

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

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

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

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing

our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

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

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

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the

operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 6 to the Ind AS financial statements;

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

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

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

per **Rajeev Kumar**
Partner
Membership Number: 213803

Place of Signature: Bengaluru
Date: May 13, 2019

Annexure 1

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Automotive Axles Limited ('the Company')

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

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been verified by the Company during the year end and no material discrepancies were noticed on such verifications.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of axles and brakes, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it. Refer Note 33(c) (i) to the financial statements relating to Supreme Court judgement on determination of salary components for the purpose of provident fund contribution.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to bank or dues to a financial institution. The Company did not have any outstanding dues to debenture holders or government during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per **Rajeev Kumar**
Partner
Membership Number: 213803

Place of Signature: Bengaluru
Date: May 13, 2019

Annexure 2

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Automotive Axles Limited

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

We have audited the internal financial controls over financial reporting of Automotive Axles Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

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

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Rajeev Kumar
Partner
Membership Number: 213803

Place of Signature: Bengaluru
Date: May 13, 2019

Balance Sheet

as at March 31 2019

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

	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,084.59	1,170.65
Capital work in progress		1,154.96	167.07
Intangible assets	4	3.86	5.56
Financial assets			
Loans	5	20.24	0.73
Other financial assets	5	38.77	31.81
Other non-current assets	6	445.52	176.55
Deferred tax assets (net)	20	147.98	58.88
		2,895.92	1,611.25
Current assets			
Inventories	7	1,843.70	1,370.94
Financial assets			
Loans	5	63.71	6.11
Trade receivables	8	3,463.28	3,346.24
Cash and cash equivalents	9	397.41	442.19
Other bank balances	10	2.47	2.48
Other financial assets	5	244.12	155.57
Other current assets	6	422.11	407.26
		6,436.80	5,730.79
Total assets		9,332.72	7,342.04
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	151.12	151.12
Other equity	12	5,233.28	4,292.23
Total equity		5,384.40	4,443.35
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	659.03	-
Other non-current liabilities	16	6.78	6.76
Provisions	17	70.01	45.70
		735.82	52.46
Current liabilities			
Financial liabilities			
Trade payables	18		
(A) Total outstanding dues of micro enterprises and small enterprises		119.18	31.47
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,460.35	2,530.53
Other financial liabilities	15	182.01	11.99
Other current liabilities	16	243.49	192.81
Provisions	17	169.78	56.51
Current tax liabilities (net)	19	37.69	22.92
		3,212.50	2,846.23
Total liabilities		3,948.32	2,898.69
Total equity and liabilities		9,332.72	7,342.04
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803

Place : Bengaluru
Date : May 13, 2019

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

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

Dr. B. N. Kalyani
Chairman
DIN: 00089380

Ranganathan S
Chief Financial Officer

Place : Pune
Date : May 13, 2019

Debadas Panda
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2019

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

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	21	19,390.42	15,535.42
Other income	22	29.60	45.21
Total income		19,420.02	15,580.63
Expenses			
Cost of materials consumed	23	13,796.11	10,789.51
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(347.53)	(161.24)
Excise duty on sale of goods		-	341.76
Employee benefits expense	25	1,235.14	993.04
Depreciation and amortisation expense	26	461.86	432.13
Finance costs	27	5.49	5.48
Other expenses	28	2,415.84	1,901.78
Total expense		17,566.91	14,302.46
Profit before tax		1,853.11	1,278.17
Tax expenses			
Current tax	20	711.40	500.20
Deferred tax	20	(73.79)	(61.35)
Total tax expenses		637.61	438.85
Profit for the year		1,215.50	839.32
Other comprehensive income/ (loss) (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain/(loss) on items that will not be reclassified to profit or loss on defined benefit plans	35	(43.82)	(25.00)
Income tax effect on above	20	15.31	8.65
Other comprehensive income for the year, net of tax		(28.51)	(16.35)
Total comprehensive income for the year		1,186.99	822.97
Earnings per equity share [nominal value of share ₹10 (March 31, 2018: ₹10)]			
Basic and diluted (in Rupees)	30	80.43	55.54
Summary of significant accounting policies	2		

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

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803

Place : Bengaluru
Date : May 13, 2019

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

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

Dr. B. N. Kalyani
Chairman
DIN: 00089380

Ranganathan S
Chief Financial Officer

Place : Pune
Date : May 13, 2019

Debadas Panda
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2019

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

a) Equity share capital

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

	Numbers	INR
As at April 1, 2017	15,111,975	151.12
Issued during the year	-	-
As at March 31, 2018	15,111,975	151.12
Issued during the year	-	-
As at March 31, 2019	15,111,975	151.12

b) Other equity

	Attributable to equity holders of the Company			
	Reserves & surplus			
	Securities premium	General reserves	Retained earnings	Total
Balance as at April 1, 2017	115.59	458.82	3,040.37	3,614.78
Profit for the year	-	-	839.32	839.32
Other comprehensive income/ (loss)	-	-	(16.35)	(16.35)
Dividend paid	-	-	(120.90)	(120.90)
Dividend distribution tax	-	-	(24.62)	(24.62)
Balance as at March 31, 2018	115.59	458.82	3,717.82	4,292.23
Balance as at April 1, 2018	115.59	458.82	3,717.82	4,292.23
Profit for the year	-	-	1,215.50	1,215.50
Other comprehensive income/ (loss)	-	-	(28.51)	(28.51)
Dividend paid (refer note 14)	-	-	(204.00)	(204.00)
Dividend distribution tax	-	-	(41.94)	(41.94)
Balance as at March 31, 2019	115.59	458.82	4,658.87	5,233.28

Summary of significant accounting policies (refer note 2)
The accompanying notes are an integral part of the financial statements.
As per our report of even date

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

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

per Rajeev Kumar
Partner
Membership No.: 213803

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

Dr. B. N. Kalyani
Chairman
DIN: 00089380

Ranganathan S
Chief Financial Officer

Place : Bengaluru
Date : May 13, 2019

Place : Pune
Date : May 13, 2019

Debadas Panda
Company Secretary

Cash Flow Statement

for the year ended March 31, 2019

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

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
I	**Operating activities**			
	Profit before tax		1,853.11	1,278.17
	Non-cash adjustments to reconcile profit before tax to net cash flows:			
	Depreciation of property, plant and equipment		460.16	429.48
	Amortisation of intangible assets		1.70	2.65
	(Gain)/ loss on disposal of property, plant and equipment, net		(1.52)	(2.57)
	Provision for doubtful trade receivables/advances (net)		0.44	(2.39)
	Provision for warranty		149.97	58.21
	Finance costs (including fair value changs in financial instruments)		4.03	4.74
	Finance income (including fair value changes in financial instruments)		(26.01)	(28.65)
	Operating profit before working capital adjustments		**2,441.88**	**1,739.64**
	Working capital adjustments :			
	(Increase)/ decrease in trade receivables		(117.48)	(1,029.89)
	(Increase)/ decrease in loans		(77.11)	0.84
	(Increase)/ decrease in other financial assets		(95.24)	(154.28)
	(Increase)/ decrease in other assets		(12.88)	(112.81)
	(Increase)/ decrease in inventories		(472.76)	(382.93)
	Increase/ (decrease) in trade payables		17.53	869.63
	Increase/ (decrease) in other liabilities		50.70	129.18
	Increase/ (decrease) in other financial liabilities		(0.43)	0.84
	Increase/ (decrease) in provisions		(60.23)	(40.47)
			1,673.98	**1,019.75**
	Income tax paid		(696.63)	(507.83)
	Net cash flows from operating activities		**977.35**	**511.92**
II	**Investing activities**			
	Purchase of property, plant and equipment		(1,524.62)	(307.88)
	Proceeds from sale of property, plant and equipment		6.53	7.75
	Interest received		25.74	28.11
	Net cash flows used in investing activities		**(1,492.35)**	**(272.02)**
III	**Financing activities**			
	Proceeds from borrowings		730.00	-
	Interest paid		(13.84)	(0.25)
	Dividend paid to equity holders		(204.00)	(121.11)
	Dividend distribution tax		(41.94)	(24.62)
	Net cash flows from/ (used in) financing activities		**470.22**	**(145.98)**

Cash Flow Statement

for the year ended March 31, 2019

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

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
IV Net increase in cash and cash equivalents (I + II + III)		(44.78)	93.92
Cash and cash equivalents at the beginning of the year	9	442.19	348.27
V Cash and cash equivalents at the end of the year	9	397.41	442.19
Components of cash and cash equivalents as at the end of the year	9		
Cash on hand		0.07	0.10
Balances with banks		397.34	212.09
- in current accounts			
- in deposit accounts with original maturity of less than three months		-	230.00
Total cash and cash equivalents		397.41	442.19
Summary of significant accounting policies	2		

Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financing activities:-

	Liabilities arising from financing activities	
	Long term borrowings (note 15)	Short term borrowings
As at April 01, 2018	-	-
Proceeds from borrowings	730.00	-
Repayment of borrowings	-	-
As at March 31, 2019	730.00	-

The accompanying notes are an integral part of the financial statements.
As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803

Place : Bengaluru
Date : May 13, 2019

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

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

Dr. B. N. Kalyani
Chairman
DIN: 00089380

Ranganathan S
Chief Financial Officer

Place : Pune
Date : May 13, 2019

Debadas Panda
Company Secretary

Notes

To the financial statements for the year ended March 31, 2019

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

1. Corporate information

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

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

The financial statements were authorised for issue in accordance with a resolution of the Company's Board of Directors on May 13, 2019.

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

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

2.2 Summary of significant accounting policies

(a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(b) Foreign currencies

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in

Notes

To the financial statements for the year ended March 31, 2019

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

the statement of profit and loss in the period in which they arise.

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

(c) Revenue from contract with customer

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

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer Note 2.2 (c) – Significant accounting policies – Revenue Recognition - in the annual report of the Company for the year ended March 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

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.

In accordance with the erstwhile Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, sales for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, VAT, Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly, the same is not recognised as part of sales as per the requirements of the erstwhile Ind AS 18 on "Revenue", now replaced by Ind AS 115 on "Revenue from Contracts with Customers".

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 31.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

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

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

Sale of goods:

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

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The revenue is collected immediately upon sale of goods or as per agreed credit terms which is within 30 to 50 days upon delivery.

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

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

Finance income:
For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the fnancial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

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

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

(d) Taxes

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

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

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

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

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

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extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Minimum alternate tax (MAT)

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

(e) Property, plant and equipment

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

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

Depreciation on building and plant & machinery is provided using the Straight-Line Method and on other property, plant and equipment, using the reducing balance method over the useful lives

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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 equipments	5
Vehicles	4-8

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

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

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

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

(f) Intangible assets

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

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

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

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

(g) Borrowing costs

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

(h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that

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transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a Lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(i) Inventories

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

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

- Raw materials and components, stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on moving weighted average basis.

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

(j) Impairment

Financial assets (other than at fair value)

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

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Non-financial assets

Tangible and intangible assets

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

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

(k) Provisions and contingent liability

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

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

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

Warranty provisions

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

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

(l) Retirement and other employee benefits

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

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

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to, for example, a reduction in future payment or a cash refund.

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

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

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

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

- The date of the plan amendment or curtailment, and

- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

- Interest expense and Income

Leave Encashment / Compensated Absences

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

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

(m) Financial instruments

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

Financial Assets

Initial recognition and measurement

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

Subsequent measurement

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral

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part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

Financial liabilities at fair value through profit or loss

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

Loans and Borrowings

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

Derecognition

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

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Fair value of financial instruments

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

Fair value hierarchy

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Reclassification of financial assets

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

Offsetting of financial instruments

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

(n) Cash and cash equivalents

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

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

(o) Cash dividend to equity shareholders of the Company

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

(p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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

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reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.3 Changes in accounting policies and disclosures

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in during the year ending March 31, 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients.

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3. Property, plant and equipment

Particulars	Freehold land	Building	Roads	Plant & Machinery	Furniture & fixtures	Office equipment & electricals	Computers & servers	Vehicles	Total
Cost									
At April 1, 2017	3.83	280.99	8.75	1,495.19	11.17	21.20	17.52	4.06	**1,842.71**
Additions	-	13.58	-	129.28	2.90	5.71	1.99	-	**153.46**
Disposals	-	0.03	-	18.56	0.55	0.25	-	0.01	**19.40**
At March 31, 2018	**3.83**	**294.54**	**8.75**	**1,605.91**	**13.52**	**26.66**	**19.51**	**4.05**	**1,976.77**
Additions	-	5.74	-	364.97	2.42	2.93	2.94	0.11	**379.11**
Disposals	-	-	-	5.95	-	-	-	0.39	**6.34**
At March 31, 2019	**3.83**	**300.28**	**8.75**	**1,964.93**	**15.94**	**29.59**	**22.45**	**3.77**	**2,349.54**
Depreciation									
At April 1, 2017	-	20.74	2.01	343.65	3.24	7.29	12.51	1.42	390.86
Charge for the year	-	15.76	1.89	400.08	2.53	5.40	2.46	1.36	**429.48**
Disposals	-	-	-	13.82	0.31	0.09	-	-	**14.22**
At March 31, 2018	**-**	**36.50**	**3.90**	**729.91**	**5.46**	**12.60**	**14.97**	**2.78**	**806.12**
Charge for the year	-	14.71	1.73	431.01	3.51	6.09	2.38	0.73	**460.16**
Disposals	-	-	-	1.04	-	-	-	0.29	**1.33**
At March 31, 2019	**-**	**51.21**	**5.63**	**1,159.88**	**8.97**	**18.69**	**17.35**	**3.22**	**1,264.95**
Net Book Value									
At March 31, 2018	**3.83**	**258.04**	**4.85**	**876.00**	**8.06**	**14.06**	**4.54**	**1.27**	**1,170.65**
At March 31, 2019	**3.83**	**249.07**	**3.12**	**805.05**	**6.97**	**10.90**	**5.10**	**0.55**	**1,084.59**

Capital Work in Progress	Total
At April 01, 2018	167.07
Additions	1,253.03
Transfers	(265.14)
At March 31, 2019	**1,154.96**

The Company has obtained a term loan during the year towards capital expansion project. The amount of borrowing costs capitalised during the year ended March 31, 2019 is INR 19.11 Million (March 31, 2018: Nil)

Notes

To the financial statements for the year ended March 31, 2019

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

4. Intangible assets

Particulars	Software	Total
Cost		
At April 1, 2017	8.41	8.41
Additions	2.33	2.33
Disposals	-	-
At March 31, 2018	10.74	10.74
Additions	-	-
Disposals	-	-
At March 31, 2019	10.74	10.74
Amortization		
At April 1, 2017	2.53	2.53
Charge for the year	2.65	2.65
Disposals	-	-
At March 31, 2018	5.18	5.18
Charge for the year	1.70	1.70
Disposals	-	-
At March 31, 2019	6.88	6.88
Net book value		
At March 31, 2018	5.56	5.56
At March 31, 2019	3.86	3.86

5. Financial assets

At amortised cost

Particulars	Non-current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Loans				
Unsecured, considered good				
Loans to employees	0.30	0.73	4.91	6.11
Loans to suppliers	19.94	-	58.80	-
	20.24	0.73	63.71	6.11
Other financial assets				
Unsecured, considered good				
Security deposits	38.77	31.81	-	-
Unbilled revenue	-	-	220.76	154.71
Others	-	-	23.36	0.86
	38.77	31.81	244.12	155.57

Notes

To the financial statements for the year ended March 31, 2019

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

6. Other assets

Particulars	Non-current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Unsecured, considered good				
Capital advances	351.39	80.45	-	-
Advances other than capital advances				
Advance to suppliers	-	-	318.27	344.21
Advance to related parties (Refer note 34)	-	-	0.25	10.04
Prepaid expenses *	93.99	95.96	15.96	13.63
Balance with statutory/ government authorities**	0.14	0.14	87.63	39.38
Total financial assets	445.52	176.55	422.11	407.26

* includes leasehold land under lease for 99 years.

**includes an amount of INR 20.87 Million (March 31, 2018: INR 32.09 Million) against which the Company has preferred an appeal with sales tax authorities and is confident that the amount will be recoverable and no implication will arise in future.

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

Particulars	March 31, 2019	March 31, 2018
Raw material [Includes INR 23.06 Million (March 31, 2018 - INR Nil) in transit]	683.05	584.61
Work-in-progress	712.44	630.82
Finished goods	350.10	84.19
Stores and spares	98.11	71.32
	1,843.70	1,370.94

During the year ended March 31, 2019, INR 34.20 Million (March 31, 2018: INR 23.56 Million) was recognised as an expense for provision for inventories.

The total value of inventory aged more than one year is INR 173.23 Million (March 31, 2018: INR 189.75 Million), in respect of which the Company has made a provision of INR 49.61 Million as at March 31, 2019 (March 31, 2018: INR 45.38 Million). The determination of provision for slow-moving and obsolete stocks requires management to exercise significant judgment to make estimates of the appropriate level of provision.

Notes

To the financial statements for the year ended March 31, 2019

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

8. Trade receivables

Particulars	March 31, 2019	March 31, 2018
At amortised cost		
Trade receivables	387.99	489.53
Receivables from related parties (Refer note 34)*	3,075.29	2,856.71
Total trade receivables	3,463.28	3,346.24
Break-up for security details:		
Current		
Secured, considered good	-	-
Unsecured, considered good	3,463.28	3,346.24
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	6.11	9.39
	3,469.39	3,355.63
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired	(6.11)	(9.39)
	3,463.28	3,346.24

Trade receivables are non-interest bearing and are generally on terms of 30 to 50 days.

* Includes dues from companies where directors are interested.

9. Cash and cash equivalents

Particulars	March 31, 2019	March 31, 2018
Cash on hand	0.07	0.10
Balances with banks:		
Current accounts	397.34	212.09
Deposits with original maturity of less than three months	-	230.00
	397.41	442.19

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

10. Other bank balances

Particulars	March 31, 2019	March 31, 2018
Unpaid dividend	2.40	2.41
In deposit account- Under lien for bank guarantee	0.07	0.07
	2.47	2.48

Notes

To the financial statements for the year ended March 31, 2019

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

11. Share capital

	Equity shares		Preference shares	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
At April 01, 2017	23,000,000	230.00	2,000,000	20.00
Increase/ (decrease) during the year	-	-	-	-
At March 31, 2018	23,000,000	230.00	2,000,000	20.00
Increase/ (decrease) during the year	-	-	-	-
At March 31, 2019	23,000,000	230.00	2,000,000	20.00

Terms/right attached to equity shares

The Company has issued only one class of equity share having par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting.

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

	Number of shares	Amount
Issued equity capital		
At April 01, 2017	15,111,975	151.12
Increase/ (decrease) during the year	-	-
At March 31, 2018	15,111,975	151.12
Increase/ (decrease) during the year	-	-
At March 31, 2019	15,111,975	151.12

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

Equity Shares with voting rights	March 31, 2019		March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	15,111,975	151.12	15,111,975	151.12
Add: shares issued	-	-	-	-
At the end of the year	15,111,975	151.12	15,111,975	151.12

Notes

To the financial statements for the year ended March 31, 2019

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

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

Class of shares / Name of shareholder
Equity shares with voting rights

	March 31, 2019		March 31, 2018	
	Number of shares	Holding percentage	Number of shares	Holding percentage
BF Investments Ltd.,	5,367,806	35.52%	5,367,806	35.52%
Meritor Heavy Vehicle Systems, LLC USA	5,367,275	35.52%	5,367,275	35.52%
Reliance Capital Trustee Company Ltd.	1,336,950	8.85%	1,184,129	7.84%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders, the above shareholding represents legal ownership of shares.

(c) The Company has neither issued any bonus shares nor bought back any shares from the date of incorporation of the Company.

12. Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
Securities premium account (refer note 13(a))		
Balance as per last financial statements	115.59	115.59
Add : Additions during the year	-	-
Closing balance (a)	115.59	115.59
Retained earnings		
Balance as per last financial statements	3,717.82	3,040.37
Add: Profit for the year	1,186.99	822.97
Less:		
Dividend (refer note 14)	204.00	120.90
Dividend distribution tax on dividend (refer note 14)	41.94	24.62
Closing balance (b)	4,658.87	3,717.82
General reserves (refer note 13(b))		
Balance as per last financial statements	458.82	458.82
Add: Transfer from statement of profit and loss	-	-
Closing balance (c)	458.82	458.82
Total (a+b+c)	5,233.28	4,292.23

13. Nature and purpose of reserves

a) Securities premium

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

Notes

To the financial statements for the year ended March 31, 2019

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

b) General reserves

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. 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. Dividend distribution made and proposed

Particulars	March 31, 2019	March 31, 2018
Cash dividends on equity shares declared and paid:		
Dividend for the year ended on March 2018: INR 13.50 per share (March 31, 2017: INR 8 per share)	204.00	120.90
Dividend distribution tax on dividend	41.94	24.62
	245.94	145.52
Proposed dividends on equity shares*		
Final dividend for the year ended on March 2019: INR 19.50 per share (March 31, 2018: INR 13.50 per share)	294.68	204.00
Dividend distribution tax on dividend	60.57	41.94
	355.25	245.94

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

15. Financial liabilities

Particulars	Non Current	
	March 31, 2019	March 31, 2018
Borrowings		
Term loan		
Indian Rupee term loan from a bank (secured)	730.00	-
Less: Amount disclosed under the head "other current financial liability'	(70.97)	-
	659.03	-

a) During current year, the Company has been sanctioned a term loan of INR 1,500 million from HDFC bank towards capital expansion. The term loan is repayable in 24 quarterly installments after the moratorium period of one year from the date of sanctioning of the loan. The loan is secured by hypothecation of plant and machinery and other moveable assets both present and future consisting of, being movable properties, procured out of the said term loan at all locations.

b) The loan carries an interest @ 3 month MCLR (with a quarterly reset) plus 5 bps which comes to 8.50% (3m MCLR is currently 8.45%), payable monthly basis.

Notes

To the financial statements for the year ended March 31, 2019

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

Particulars	Current	
	March 31, 2019	March 31, 2018
Other financial liabilities		
Current maturities of long term debt (refer note 15(a))	70.97	-
Interest accrued and not due	5.27	-
Payable towards capital expenditure	103.37	9.16
Employee benefit expenses	-	0.42
Unclaimed dividend	2.40	2.41
	182.01	11.99

16. Other liabilities

Particulars	Non-current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Deferred rent	6.78	6.76	-	-
Statutory liabilities**	-	-	163.61	147.74
Advance from customers	-	-	79.45	45.07
Security deposit received from customers	-	-	0.43	-
	6.78	6.76	243.49	192.81

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

17. Provision

Particulars	Non-current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Provision for employee benefits				
Provision for gratuity (Refer note 35)	-	-	28.38	22.60
Provision for compensated absence	-	-	9.76	8.78
Others				
Provision for warranty (Refer note below)	70.01	45.70	131.64	25.13
	70.01	45.70	169.78	56.51

Warranty

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

Particulars	March 31, 2019	March 31, 2018
Opening Balance	70.83	51.52
Additions during the year	149.97	58.21
Utilised/reversed during the year	(19.15)	(38.90)
Closing Balance	201.65	70.83

Notes

To the financial statements for the year ended March 31, 2019

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

18. Trade payables

Particulars	March 31, 2019	March 31, 2018
At amortised cost		
Trade payables (including acceptances)		
Total outstanding dues of micro enterprises and small enterprises*	119.18	31.47
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,460.35	2,530.53
	2,579.53	2,562.00

* 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, 2019 and March 31, 2018. The details in respect of such dues are as follows:

Particulars	March 31, 2019	March 31, 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting year	119.18	31.47
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

The information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 regarding Micro and Small enterprises determined to the extent such parties have been identified on the basis of the information available with the company.

19. Current tax liabilities (net)

Particulars	March 31, 2019	March 31, 2018
Provision for income tax (net of advance income tax)	37.69	22.92
	37.69	22.92

20. Deferred tax assets (net)

Particulars	March 31, 2019	March 31, 2018
Depreciation and amortization expense: difference between tax depreciation and depreciation as per statement of profit and loss	88.23	26.21
Provision for employee benefits and others	59.75	32.67
Net Deferred tax assets	147.98	58.88

Notes

To the financial statements for the year ended March 31, 2019

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

Income taxes

Components of income tax expense

(a) The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are:

Particulars	March 31, 2019	March 31, 2018
(i) Statement of Profit and loss		
Current tax	711.40	500.20
Deferred tax relating to origination and reversal of temporary differences	(73.79)	(61.35)
Tax expense reported in the statement of profit and loss	**637.61**	**438.85**
(ii) OCI section		
Deferred tax related to items recognized in OCI during the year		
Net actuarial (loss) /gain on remeasurement of defined benefit plans	15.31	8.65
Income tax (credit) / charge to OCI	**15.31**	**8.65**

(b) Reconciliation of tax expense and accounting profit for the year ended March 31, 2019 and March 31, 2018

Particulars	March 31, 2019	March 31, 2018
Accounting profit before income tax	1,853.11	1,278.17
Enacted tax rates in India	34.94%	34.61%
Computed expected tax expense	647.55	442.37
Tax effect on permanent non-deductible expenses	6.45	5.28
Impact of tax holiday under section 80-IA and 80-IC of Income tax Act, 1961	(20.47)	(11.72)
Others	4.08	2.92
At the effective income tax rate	**637.61**	438.85
Income tax expense reported in the statement of profit and loss	**637.61**	438.85

21. Revenue from operations

Particulars	March 31, 2019	March 31, 2018
Sale of products (including excise duty)	18,795.37	15,129.78
	18,795.37	**15,129.78**
Other operating revenue		
Sale of scrap and others	545.23	377.24
Tooling Income	36.87	17.12
Income from wind power generation	12.95	11.28
	595.05	**405.64**
	19,390.42	**15,535.42**

Sale of products includes excise duty collected from customers of INR Nil (March 31, 2018 : INR 341.76 Million).

Sale of products net of excise duty is INR 18,795.37 Million (March 31, 2018 : INR 14,788.02 Million).

The Government of India has implemented Goods and Service Tax ("GST") from July 01, 2017 replacing Excise Duty, Service tax and various other indirect taxes. As per Ind AS 115, the revenue for the year ended March 31, 2019 and March 31, 2018 is reported net of GST.

Notes

To the financial statements for the year ended March 31, 2019

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

22. Other income

Particulars	March 31, 2019	March 31, 2018
Interest income	7.73	21.33
Interest - others	17.86	6.90
Fair value gain on financial instruments at fair value through profit or loss	0.42	0.42
Profit on sale of fixed assets	1.52	2.57
Miscellaneous income	2.07	13.99
	29.60	45.21

23. Cost of materials consumed

Particulars	March 31, 2019	March 31, 2018
Inventory at the beginning of the year	584.47	356.80
Add: Purchases	13,894.69	11,017.32
Less: inventory at the end of the year	(683.05)	(584.61)
	13,796.11	10,789.51

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

Particulars	March 31, 2019	March 31, 2018
Closing stock		
Finished goods	350.10	84.19
Work-in-progress	712.44	630.82
Total	1,062.54	715.01
Opening stock		
Finished goods	84.19	56.71
Work-in-progress	630.82	497.06
Total	715.01	553.77
(Increase)/Decrease	(347.53)	(161.24)

25. Employee benefits expenses

Particulars	March 31, 2019	March 31, 2018
Salaries, wages and bonus	1,041.80	806.89
Contribution to provident and other funds	75.66	63.24
Gratuity expense (Refer note 35)	13.20	8.32
Compensated absences	23.51	23.82
Staff welfare expenses	80.97	90.77
	1,235.14	993.04

26. Depreciation and amortisation expense

Particulars	March 31, 2019	March 31, 2018
Depreciation of property, plant and equipment (refer note 3)	460.16	429.48
Amortisation of intangible assets (refer note 4)	1.70	2.65
	461.86	432.13

Notes

To the financial statements for the year ended March 31, 2019

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

27. Finance costs

Particulars	March 31, 2019	March 31, 2018
Interest expense		
- on borrowings from banks*	-	0.18
- on others	4.03	4.56
Bank charges	1.46	0.74
	5.49	5.48

* Net of borrowing cost capitalised to capital work in progress (refer note 3)

28. Other expenses

Particulars	March 31, 2019	March 31, 2018
Stores & spares consumed	467.72	388.15
Power & fuel	316.50	268.16
Increase /(decrease) in excise duty	-	(6.09)
Travelling expenses	21.82	21.18
Rent including lease rentals	31.97	17.10
Repairs and maintenance		
Buildings	6.23	0.72
Plant & machinery	273.06	207.27
Others	25.68	25.43
Rates & taxes	10.89	12.95
Insurance charges	9.23	8.08
Postage, telephone & telegram	3.14	2.91
Vehicle running expenses	0.87	1.00
Directors' sitting fees	1.25	1.25
Legal and professional charges	24.13	27.11
Payment to auditor (Refer Note (i) below)	4.78	3.34
Technical fees	94.86	83.54
Outside processing charges	856.60	685.97
Warranty (net) (Refer note 17)	149.97	58.21
Freight charges	55.38	52.99
Allowances for doubtful trade/ other receivables, net of reversals	0.44	-
Corporate social responsibility expenditure (Refer note 29)	16.89	7.13
Miscellaneous expenses	44.43	35.38
	2,415.84	1,901.78

Note

(i) Payments to auditors:

	March 31, 2019	March 31, 2018
As auditor (excluding GST)		
Statutory audit fee	3.70	2.70
For other services	0.50	-
Reimbursement of expenses	0.58	0.64
	4.78	3.34

Notes

To the financial statements for the year ended March 31, 2019

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

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

Particulars		March 31, 2019	March 31, 2018
a) Gross amount required to be spent by the Company during the year		16.85	10.39
b) Amount spent during the year ended March 31, 2019:	**In cash**	**Yet to be paid in cash**	**Total**
(i) Construction/acquisition of any assets	-	-	-
(ii) On purposes other than (i) above	16.89	-	16.89
C) Amount spent during the year ended March 31, 2018:	**In cash**	**Yet to be paid in cash**	**Total**
(i) Construction/acquisition of any assets	-	-	-
(ii) On purposes other than (i) above	5.39	1.74	7.13

30. Earnings per share (EPS)

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

	March 31, 2019	March 31, 2018
Profit attributable to equity shareholders for basic and diluted earnings	1,215.50	839.32
Weighted average number of Equity shares for basic and diluted EPS (nos) *	15,111,975	15,111,975

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

Notes

To the financial statements for the year ended March 31, 2019

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

31. Significant accounting judgements, estimates and assumptions

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

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

Defined benefit plans (gratuity benefits):
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 35).

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.

Estimation of current tax expense and payable:
The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded. Also refer note 2.2(d), note 19 and note 20.

Provision for Inventories:
Management reviews the aged inventory on a periodic basis. This review involves comparison of the carrying value of the aged inventory item with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management believes that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

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

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

32. Segment reporting

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

One customer individually accounted for INR 15,606.16 Million (March 31, 2018: INR 12,371.71 Million) which is more than 10% of the total revenue of the Company for the year ended March 31, 2019.

The Company is domiciled in India. The Company's revenue from operations from external customers primarily relate to operations in India and all the non-current assets of the Company are located in India.

Notes

To the financial statements for the year ended March 31, 2019

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

33. Commitments and contingencies

a) Operating lease: Company as a lessee

i) The Company has entered into property leases consisting of Company's branch offices and manufacturing facilities. These leases are for a period of one to five years with renewal option included in the contracts. Rent expense for such operating lease recognised in the statement of profit & loss is INR 31.97 Million for the year ended March 31, 2019 (March 31, 2018: INR 17.10 Million).

The future minimum lease payments under non-cancellable operating leases are as follows:

	March 31, 2019	March 31, 2018
Not later than one year	7.88	13.16
Later than one year and not later than five years	23.97	1.10
More than five years	-	-

ii) The above does not include leasehold land taken by the Company for 99 years for which the upfront lease premium has been paid in earlier years. (Refer note 6)

iii) Also, the Company on July 01, 2018, entered into a lease agreement with one of the related party to take land on lease. This land would be used to construct a building and lease out to another related party for a term of 10 years to carry out for the research and development activities to be carried out. The total cost incurred for building included under CWIP is INR 129 Million as at March 31,2019.

b) Other commitments

	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	581.76	278.27

c) Contingent liabilities

i) The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

ii) Pursuant to the agreement entered between the Company and the Government of Madhya Pradesh, on September 2012, the Company had taken a land on lease at Pithampur for the purpose of setting up a manufacturing unit and paid an upfront premium of ₹97 million which has been classified as prepaid expenses and being amortised over the lease term of 99 years. As at March 31, 2019, the balance of prepaid expenses is INR 94 Million. As per the agreement, if the land remained unutilised for a period of five year, the Government has the right to terminate the lease deed. Further if the leasehold land is surrendered within four years from possession, 20% of upfront premium will be deducted. Management has proposed to surrender the above land in exchange of new land at other location in Pithampur. INR 12.72 million is already paid as advance towards procuring this land. The Company believes no surrender fees will be required to be paid in case of proposed surrender as the Company is in discussion and negotiation for acquiring new land. However, the outcome may vary depending upon the future developments in this matter.

Notes

To the financial statements for the year ended March 31, 2019

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

34. Related party transactions

i)	**Names of related parties and related party relationship**	
(a) Related parties where controls exist irrespective of whether transactions have occurred or not:		
	Entities having joint control of the Company	
	Name of the entities	
	Meritor Heavy Vehicle System LLC	
	Meritor Inc, Troy	
	BF Investments Limited, Pune	
	Bharat Forge Limited	
(b) Other Related Parties with whom the Company had transactions:		
	Meritor HVS (India) Limited	
	Arvin Meritor, Sweden	
	Meritor Heavy Vehicle Systems Cameri Spa	
	Meritor Xuzhou Axle Co. Ltd.	
	Fonderie Venissieux SAS	
	Meritor HVS LLC, Morristown	
	Meritor HVS LLC, Florence	
	Meritor HVS Inc., Fletcher	
	Meritor Heavy Vehicle Systems, Maxtown	
	Meritor HVS AB., Sweden	
	Master Sistemas Automotivos Ltda.	
	Meritor Laurinberg Speciality	
	Meritor Monterrey, Mexico	
	Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	
	Meritor do Brasil Sistemas Automotivos Ltda.	
	Enterprises over which Key Managerial Personnel (KMP) have significant influence:	
	Synise Technologies Ltd	
	Key management personnel	
	Dr. B N Kalyani	Chairman
	Dr. N. Muthukumar	President & whole time director
	Mr. Ranganathan S	Chief financial officer
	Mr. Debadas Panda	Company secretary
	Bhalachandra B Hattarki	Independent Director
	B C Prabhakar	Independent Director
	Rakesh Kalra	Independent Director
	Chrishan Anton Sebastian Villavarayan	Director
	Supriti Bhandary	Independent Director - Resigned w.e.f February 12, 2019
	Dr. Shalini Sarin	Independent Director - Appointed w.e.f February 12, 2019

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

Notes

To the financial statements for the year ended March 31, 2019

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

(ii) Related Party disclosures

Particulars	March 31, 2019	March 31, 2018
Purchase of Goods		
Bharat Forge Limited	406.23	507.68
Fonderie Venissieux SAS	27.30	40.39
Meritor Heavy Vehicle Systems Cameri Spa	18.88	11.86
Arvin Meritor, Sweden	19.74	10.93
Meritor Heavy Vehicle Systems LLC	25.35	10.20
Meritor Monterrey, Mexico	6.95	0.88
Meritor Heavy Vehicle Systems, Maxtown	5.10	-
Others	8.64	6.98
	518.19	**588.92**
Sale of Goods		
Meritor HVS (India) Limited	15,606.16	12,371.71
Bharat Forge Limited	0.36	-
Others	0.42	-
	15,606.94	**12,371.71**
Tooling Income		
Meritor HVS (India) Limited	**36.87**	**17.12**
Purchase of MLFPS and MEIS Licences (Export incentive) and Others		
Meritor HVS (India) Limited	23.57	14.58
Meritor Commercial Vehicle Systems (India) Pvt. Ltd.	9.64	0.56
	33.21	**15.14**
Services Received		
Bharat Forge Limited (Outside processing charges)	210.33	239.85
Meritor HVS (India) Limited (Technical fees)	94.86	83.54
Synise Technologies Ltd (Scrap sales commission and logistics support fees)	6.03	6.10
	311.22	**329.49**
Sale of property, plant and equipment		
Dr. N. Muthukumar	0.10	-
Other Recoveries		
Meritor HVS (India) Limited (Freight charge recoveries)	100.80	14.42
Bharat Forge Limited	2.34	4.72
Others	0.30	-
	103.44	**19.14**
Reimbursement of expenses		
Dr. N. Muthukumar	1.83	1.04
Ranganathan S	0.27	0.38
Debadas Panda	0.07	0.29
	2.17	**1.71**
Directors sitting fees		
Dr. B N Kalyani	0.05	0.15
Bhalachandra B Hattarki	0.40	0.40
B C Prabhakar	0.40	0.30
Rakesh Kalra	0.30	-
Dr. Shalini Sarin	0.05	-
Satish Sekhri	-	0.20
Supriti Bhandary	0.05	0.15
	1.25	**1.20**

Notes

To the financial statements for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
Dividend paid		
Meritor Heavy Vehicle System LLC	72.46	42.94
BF Investments Limited	72.47	42.94
	144.93	85.88
Compensation of key management personnel:		
Salaries and allowances	20.20	19.08
Post-employment gratuity and medical benefits	2.22	1.78
Total compensation paid to key management personnel	22.42	20.86
The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.		
Balance outstanding as at year end		
Trade receivables		
Meritor HVS (India) Limited	3,075.29	2,856.71
Other receivables		
Meritor HVS (India) Limited (including unbilled revenue INR 249.21 Million (March 31, 2018: INR 156.21 Million)	270.36	156.21
Dr. N. Muthukumar	0.12	-
	270.48	156.21
Capital advances		
Bharat Forge Limited	8.50	-
Advance to suppliers		
Meritor Xuzhou Axle Co. Ltd.	0.25	-
Bharat Forge Limited	-	10.04
	0.25	10.04
Trade payables		
Bharat Forge Limited	103.07	173.40
Meritor HVS (India) Limited	7.02	9.83
Meritor Heavy Vehicle Systems LLC	-	1.64
Others	28.72	5.13
	138.81	190.00
Advance from customers		
Meritor HVS (India) Limited	51.98	30.79

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

* Also refer note 33(a)(iii) for lease arrangements with related party

Notes

To the financial statements for the year ended March 31, 2019

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

35. Employee benefits

Defined contribution plans

A. Provident fund and employee state insurance scheme

The Company makes contributions to provident fund and employee state insurance scheme, which are defined contribution plan for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized INR 54.04 Million (March 31, 2018: INR 45.95 Million) for provident fund contributions and INR 13.11 Million (March 31, 2018: INR 9.62 Million) for employee state insurance scheme contribution 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, 2019 is INR 8.50 Million (March 31, 2018: INR 7.67 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 asset or liability in the books of accounts on the basis of acturial valuvation as per the projected unit credit method.

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

Particulars	March 31, 2019	March 31, 2018
Change in projected benefit obligations		
Obligations at beginning of the year	170.53	134.28
Service cost	13.38	8.63
Interest cost	12.83	9.87
Benefits settled	(9.14)	(6.77)
Acturial (gain) /loss (through OCI)	44.50	24.52
Obligations at end of the year	**232.10**	**170.53**
Change in plan assets		
Plan assets at beginning of the year, at fair value	147.93	131.98
Interest income	13.01	10.18
Actuarial gain /(loss) (through OCI)	0.68	(0.48)
Contributions	50.00	13.02
Benefits settled	(7.90)	(6.77)
Plan assets at end of the year	**203.72**	**147.93**
Present value of defined benefit obligation at the end of the year	232.10	170.53
Less: Fair value of plan assets at the end of the year	203.72	147.93
Net liability/(asset) recognised in the balance sheet	**28.38**	**22.60**

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To the financial statements for the year ended March 31, 2019

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

Particulars	March 31, 2019	March 31, 2018
Expenses recognised in statement of profit and loss		
Service cost	13.38	8.63
Interest cost (net)	(0.18)	(0.31)
Net gratuity cost	**13.20**	**8.32**
Re-measurement gains / (losses) in OCI		
Actuarial (gain) / loss due to demographic assumptions	(7.42)	-
Actuarial (gain) / loss due to financial assumption changes	5.06	(5.33)
Actuarial (gain) / loss due to experience adjustments	46.86	29.85
Return on plan assets (greater)/less than discount rate	(0.68)	0.48
Total expenses routed through OCI	**43.82**	**25.00**

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

Particulars	March 31, 2019	March 31, 2018
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:

Particulars	March 31, 2019	March 31, 2018
	%	%
Discount rate	7.70%	7.54%
Future salary increases	5.50%	5.00%
Mortality table	Indian assured lives Mortality (2006-2008) (modified) Ult.	Indian assured lives Mortality (2006-2008) (modified) Ult.
Employee turnover	For vested 5% & for non vested 12%	12.00%
Retirement age	58	58
Estimated rate of return on plan assets	7.70%	7.54%

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.

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To the financial statements for the year ended March 31, 2019

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

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

Particulars	Sensitivity Level	Defined benefit obligation	
		March 31, 2019	March 31, 2018
		Change in DBO	Change in DBO
Discount rate	1% increase	(13.41)	(7.12)
	1% decrease	14.78	7.70
Further salary increase	1% increase	15.08	7.03
	1% decrease	(13.90)	(6.61)
Attrition rate	1% increase	0.76	0.54
	1% decrease	(0.81)	(0.58)
Mortality rate	10% increase	0.04	0.08

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

Particulars	March 31, 2019	March 31, 2018
Five Years pay-outs		
Year 1	15.68	26.10
Year 2	15.55	22.90
Year 3	17.79	20.30
Year 4	17.70	18.01
Year 5	17.68	15.88
Next 5 years	100.58	52.49
Contributions likely to be made for the next one year	28.38	22.60

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.70 years (March 31, 2018: 6.78 years).

The Company expects to make the entire contributions to the fund in the next 12 months and accordingly considered as current liability.

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To the financial statements for the year ended March 31, 2019

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

36. Fair values hierarchy

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

Particulars	March 31, 2019	March 31, 2018
Financial assets measured at amortized cost:		
Loans to employees *	5.21	6.84
Loan to suppliers *	78.74	-
Security deposit **	38.77	31.81
Unbilled revenue *	220.76	154.71
Others financial asset*	23.36	0.86
Trade receivable *	3,463.28	3,346.24
	3,830.12	**3,540.46**
Cash and cash equivalents and other bank balances		
Cash and cash equivalents #	397.41	442.19
Other bank balances #	2.47	2.48
	399.88	**444.67**
Financial liabilities measured at amortized cost:		
Borrowings**	659.03	-
Trade payables*	2,579.53	2,562.00
Others *	182.01	11.99
	3,420.57	**2,573.99**

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

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

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

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To the financial statements for the year ended March 31, 2019

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

37. Financial risk management objectives and policies

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

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

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at March 31, 2019 and March 31, 2018. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movement in market variables on the carrying values of gratuity and other post retirement obligations and provisions.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ (decrease) in basis points	Effect on profit before tax
March 31, 2019	50	(3.65)
	(50)	3.65
March 31, 2018	-	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). As on March 31, 2019, the Company has following foreign currency exposures:

Notes

To the financial statements for the year ended March 31, 2019

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

	March 31, 2019			March 31, 2018	
	Currency	in foreign currency	INR	in foreign currency	INR
Trade payables	USD	0.42	29.10	0.08	5.44
	EURO	0.45	35.24	-	-

Foreign currency sensitivity

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

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

	March 31, 2019	March 31, 2018
USD	(1.45)	(0.27)
EURO	(1.76)	-

Note: If the rate is decreased by 500 bps, profit will increase by an equal amount for March 31, 2019 and March 31, 2018

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, other receivables and deposits, and other financial instruments.

a. Trade Receivable

The Company mainly sales to its related party and other marquee OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2019, receivable from Company's top 3 customers accounted for approximately 99% (March 31, 2018: 92%) 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 disclosed in note 8. Further, for movement in provision for doubtful receivables during the year refer note 8.

b. Financial Instrument and Cash Deposit

Credit risk from balances with banks is managed by the Company in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company's maximum exposure to credit risk for the component of balance sheet as at March 31, 2019 and March 31, 2018 is the carrying amounts as illustrated in note 8.

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To the financial statements for the year ended March 31, 2019

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

iii. Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments:

	Less than 1 year	1 to 5 years	>5 years	Total
March 31, 2019				
Borrowings	70.97	486.67	172.36	730.00
Other financial liabilities	111.04	-	-	111.04
Trade payables	2,579.53	-	-	2,579.53
	2,761.54	**486.67**	**172.36**	**3,420.57**
March 31, 2018				
Borrowings	-	-	-	-
Other financial liabilities	11.99	-	-	11.99
Trade payables	2,562.00	-	-	2,562.00
	2,573.99	**-**	**-**	**2,573.99**

38. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Company's gearing ratio, which is net debt divided by total capital plus net debt is as below:

Particulars	March 31, 2019	March 31, 2018
Borrowings (refer note 15)	659.03	-
Trade payables (refer note 18)	2,579.53	2,562.00
Other liabilities (refer note 15 & note 16)	432.28	211.56
Less: Cash and cash equivalents and other bank balances (refer note 9 & note 10)	(399.88)	(444.67)
Net Debt - A	**3,270.96**	**2,328.89**
Equity	5,384.40	4,443.35
Total capital-B	**5,384.40**	**4,443.35**
Capital and net debt - C= (A+B)	**8,655.36**	**6,772.24**
Gearing ratio D = (A/C)	**38%**	**34%**

Notes

To the financial statements for the year ended March 31, 2019

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

39. Standards issued, but not yet effective

The standards issued, but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

i) Ind AS 116: Leases

On March 30, 2019, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 116, "Leases", will replace existing Ind AS on Lease. It replaces Ind AS 17, "Leases" and is applicable for all accounting periods commencing on or after April 1, 2019.

The standard introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. For lessees, Ind AS 116 removes distinctions between operating leases and finance leases. These are replaced by a model where a right of use asset and a corresponding liability are recognised for all leases except for short-term leases and low value assets. In contrast to lessee accounting, Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. The standard permits two possible methods of transition:

Full Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented.

Modified Retrospective approach - Under this approach the entity shall not restate the comparative information. Instead, the entity shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings at the date of initial application.

The Company has established an implementation team to implement Ind AS 116 related to the identification and recognition of leases and continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

During the current period the Company has made progress in a number of areas including the identification of leases and contracts that could be determined to include a lease; the collation of lease data required for the calculation of the impact assessment; identification of areas of complexity or judgement relevant to the Company; identification of necessary changes to systems and processes required to enable reporting and accounting in accordance with Ind AS 116; and development of initial estimates for discount rates.

From the work performed to date and based on the undiscounted lease commitments presented in note 33(a), it is anticipated that implementation of the new standard using the modified retrospective approach will have impact on the reported assets and liabilities of the Company.

These adjustments will lead to an increase in total assets and total liabilities at the date of transition as a result of the recognition of the right of use assets and the corresponding lease liabilities.

In addition, the implementation of the standard will impact the income statement and classification of cash flows.

While the total amount of expenses charged over the term of the lease remains the same, the distribution of such expenses over time and the breakdown of the same into depreciation on the right of use asset and interest expense on the lease liability.

A reliable estimate of the financial impact on the Company's results is dependent on a number of unresolved areas, including; choice of transition option, refinement of approach to discount rates, estimates of lease-term for leases with options to break and renew and conclusion of data collection. In addition, the financial impact is dependent on the facts and circumstances at the time of transition. For these reasons, it is not yet practicable to determine a reliable estimate of the financial impact on the Company.

ii) Amendment to Ind AS 12 - Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

Notes

To the financial statements for the year ended March 31, 2019

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

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements."

iii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

b) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

40. Transfer Pricing

The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is of the view that its transactions are at arm's length 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.

41. Events after reporting period

The Board of Directors recommended a final dividend of INR 19.50/- per equity share for the financial year ended March 31, 2019. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company. The final dividend declared in the previous year was INR 13.50/- per equity share.

As per our report of even date

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

per Rajeev Kumar
Partner
Membership No.: 213803

Place : Bengaluru
Date : May 13, 2019

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

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

Dr. B. N. Kalyani
Chairman
DIN: 00089380

Ranganathan S
Chief Financial Officer

Place : Pune
Date : May 13, 2019

Debadas Panda
Company Secretary

NOTICE OF 38th ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting (AGM) of the Members of Automotive Axles Limited, will be held at the registered office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru – 570 018, Karnataka, India on Wednesday, 14th August, 2019 at 3.15 p.m. (IST) to transact the following business:

ORDINARY BUSINESS:

Item No. 1 – Adoption of Audited Standalone Financial Statement

To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2019, including the audited Balance Sheet of the Company as at March 31, 2019 and Statement of Profit & Loss for the year ended on that date and the Reports of Board of Directors and Auditors thereon.

Item No. 2 – Declaration of Dividend

To declare final dividend on equity shares at ₹19.50 per equity share of ₹10/- for the year ended 31st March 2019.

Item No. 3 – Re-appointment of a Director

To appoint a director in place of Mr. Chrishan Anton Sebastian Villavarayan (DIN: 03020467) who retires by rotation in terms of sec 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

Item No. 4 – Appointment of Dr. Shalini Sarin as an Independent Woman Director of the Company:

To consider and if though fit to pass the following resolution with or without modification as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to section 149,152, 161 read with Schedule IV of the Companies Act, 2013 ('Act') and Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and pursuant to Regulation 16(1)(b) & 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Dr. Shalini Sarin (DIN: 06604529) who was appointed as the Additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting (AGM) in terms of section 161 of the Act and Clause 117 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as Director of the Company and who has submitted a declaration that she meets the criteria of independence as provided in section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, be and is hereby appointed as Nonexecutive Independent Woman Director of the Company not being liable to retire by rotation for a period of five (5) consecutive years commencing from February 12, 2019 to February 11, 2024.

Item No. 5 – Re-appointment of Mr. Bhalachandra Basappa Hattarki (DIN: 00145710) as an Independent Director of the Company:

To consider and if though fit to pass the following resolution with or without modification as a Special Resolution:

"**RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 & 161 and other applicable provisions of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV to the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Bhalachandra Basappa Hattarki (DIN: 00145710) Non Executive Independent Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and who is eligible for re-appointment be and is hereby re-appointed as an Independent Non Executive Director of the Company to hold office for the second term of five (5) consecutive years w.e.f February 5, 2020 upto February 4, 2025, not liable to retire by rotation.

Item No. 6 – Re-appointment of Mr. Bhoopalam Chandrashekharaiah Prabhakar (DIN: 00040052) as an Independent Director of the Company:

To consider and if though fit to pass the following resolution with or without modification as a Special Resolution:

"**RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 & 161 and other applicable provisions of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV to the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Mr. Bhoopalam

Chandrashekharaiah Prabhakar (DIN: 00040052) Non Executive Independent Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and who is eligible for re-appointment be and is hereby re-appointed as an Non Executive Independent Director of the Company to hold office for the second term of five (5) consecutive years w.e.f February 5, 2020 upto February 4, 2025, not liable to retire by rotation.

Item No. 7 – Re-appointment of Dr. N. Muthukumar (DIN: 06708535), President & Whole Time Director for a period of five years

To consider and if though fit to pass the following resolution with or without modification as a Special Resolution

"**RESOLVED THAT** pursuant to provisions of section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, approval of members be and is hereby accorded to re-appoint Dr. N. Muthukumar (DIN: 06708535) as Whole time Director designated as President & Whole Time Director of the Company for a further period of five (5) years from the expiry w.e.f 1st October, 2018 on existing terms and conditions including remuneration as set out in the explanatory statement forming part of this Notice.

Item No. 8 - Approval under Section 20 of the Companies Act 2013 for serving of documents through a particular mode of delivery

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"**RESOLVED THAT** pursuant to provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, the consent of the company be and is hereby accorded to charge from the member the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the company at least one week in advance of the dispatch of document by the company and that no such request shall be entertained by the company post the dispatch of such document by the company to the shareholder.

"**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, directors or key managerial personnel of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

By Order of the Board of Directors
For Automotive Axles Limited

Debadas Panda
Company Secretary

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

Place: Pune
Date: 13th May, 2019

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item No.4 to Item No.8 as set out above and details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment and re-appointment at this Annual General Meeting (AGM) are annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND MUST BE RECEIVED AT THE REGISTERED OFFICE, NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.**

   A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS (NOT EXCEEDING 50 MEMBERS) AND HOLDING IN AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHT. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER SHAREHOLDER.

3. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions /authority as applicable.

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

5. The register of Members and Share Transfer Books will remain closed from 9th August, 2019 to 14th August, 2019 (both days inclusive) for determining the names of the members eligible for final dividend on equity shares, if declared at the meeting.

6. Dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be paid to the members whose names appear –
   i) As beneficial owners of the shares as per list to be furnished by the depositories in respect of the shares held in de-mat form on the closing hours of the business on Thursday, 8th August, 2019 and

   ii) As Members on the Register of Members of the Company as on Thursday, 8th August, 2019 after giving effect to all valid shares transfer in physical form which would be received by the Company end of the business hours on Thursday, 8th August, 2019.

7. The notice of the AGM along with the Annual Report for the year 2018-19 is being sent by electronic mode to those members whose email addresses are registered with the Company/Depositories, unless the member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies are being sent by the permitted mode.

8. To support the Green initiative members who have not registered their e-mail addresses so far, including changes, if any including any change in their address, bank details, ECS details etc., are requested to update immediately, in respect of electronic holdings with the Depository through their concerned Depository Participants and Members who hold shares in physical form are requested to intimate to the Registrar & Share Transfer Agents of the Company or to the Company at it's e-mail address sec@autoaxle.com or at its Registered Office at Secretarial Department, Hootagalli Industrial Area, off Hursur Road, Mysuru,-570018, Karnataka.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants and Members holding shares in physical form can submit their PAN details to our Registrar & Share Transfer Agent.

10. Those Members who have so far not encashed their Dividend Warrants for the below mentioned Financial Years, may claim or approach the Company's Registrar & Share Transfer Agents for the payment thereof, as the

same will be transferred to the Investor Education and protection Fund ('IEPF') of the Central Government, pursuant to section 124 of the Companies Act, 2013, on the respective due date(s) mentioned there against. Kindly note that after such date, the members will not be entitled to claim such dividend from the Company. The members may also note that as per the new provisions, the shares on which dividend remains unclaimed for a continuous period of 7 years, shall also be transferred to IEPF.

Year	Particulars	Date of Declaration	Due date of Transfer
2011-12	100% Dividend	06-Feb-2013	14-Mar-2020
2012-13	20% Dividend	10-Feb-2014	18-Mar-2021
2013-14	25% Dividend	05-Feb-2015	12-Mar-2022
2014-15	10% Dividend	05-Aug-2015	10-Sep-2022
2015-16	55% Dividend	12-Aug-2016	15-Sep-2023
2016-17	80% Dividend	18-Aug-2017	21-Sep-2024
2017-18	135% Dividend	13-Aug-2018	15-Sep-2025

11. The Members are requested to present the duly filled Attendance slips before the commencement of the Meeting to facilitate identification of Membership at the meeting.

12. Members are requested to bring their copy of the Annual Report to the Meeting

13. Shareholders may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.

14. Members may also note that the Notice of the 38th Annual General Meeting and the Annual Report for 2019 will also be available on the Company's website www.autoaxle.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mysuru for inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's investor email id: sec@autoaxle.com.

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

16. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 38th AGM by electronic means and the business that may be transacted through e-Voting Services. The facility of casting the votes by members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') shall be provided by Central Depository Services (India) Limited (CDSL):

The instructions for shareholder voting electronically are as under:

i. The voting period begins on Sunday, 11th August, 2019 (9.00 A.M) and ends on Tuesday, 13th August, 2019 (5.00 P.M). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Thursday, 8th August , 2019 may cast their vote electronically. The e-voting module shall be blocked forth with by CDSL at the end of the voting period mentioned above.

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

iii. Click on Shareholders/ Members

iv. Enter your User ID

   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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

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

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

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

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

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

xi. Click on the EVSN of **AUTOMOTIVE AXLES LIMITED**

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

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

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

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

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

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

xviii. **Note for Non–Individual Shareholders and Custodians:**

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

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

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

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

e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

xx. The voting rights of members shall be in proportion

to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, 8th August, 2019.

xxi. Any person who acquires the shares and becomes a member of the Company after the despatch of the notice of the AGM and holds shares as on the cut-off date, should follow the same procedure for e-Voting as mentioned above.

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

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

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

xxv. Ms. Pracheta M, Practicing Company Secretary (Membership No. FCS 9323 & CP No. 9838) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

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

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

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

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to section 102 of the Companies Act, 2013 (Act), the following Explanatory Statement sets out all the material facts relating to the business mentioned under Item No. 4 to Item No. 8 of the accompanying Notice dated 13th May, 2019.

Item No.4

Pursuant to Clause 117 of the Articles of Association of the Company read with Section 161(1) of the Companies Act, 2013, and based on the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors has appointed Dr. Shalini Sarin as an Additional Director (Independent) on the Board of the Company at their meeting held on 12th February, 2019. In terms of Section 161(1) of the Companies Act, 2013, Dr. Sarin shall hold office up to the date of this ensuing Annual General Meeting and is eligible for appointment by the shareholders in this Annual General Meeting. Her appointment may be regularized as an Independent Woman Director not liable to retire by rotation.

Dr. Sarin has given her declaration to the Board that she meets the criteria of Independence as provided under section 149(6) of the Act. Further, she has also declared that she is not disqualified to be appointed as Director in terms of section 164 of the Act and has also given her consent to act as Director.

Dr. Shalini Sarin is the chairperson of Signify Foundation (former Philips Lighting) and is an advisor for Signify Solar business. She also chairs the Global Task Force Foundation at International Solar Alliance, an UN Entity and also appointed as an Independent Director at Linde India Ltd. She has led the HR function for over three decades in India, Europe and other parts of the globe. She has led Corporate Social Responsibility and business at the Base of the Pyramid Social Venture & Solar Business.

She holds a Doctorate in Organization Behaviour and a Masters in Sociology and Human Resource Management. Further, she has pursued Advance Human Resource from Ross School of Business, University of Michigan, an Executive Coach from Motorola University, Chicago and a Psychometrician from British Psychology Society.

Dr. Sarin has led and lived through several organization transformations, mergers, acquisitions, IPOs and Organization Restructuring.

Besides this, she is passionate about mentoring and advising some start-ups and is on the board of BD Foundation which promotes diversity and Inclusion.

She is also very passionate about mobilizing action to enable effective ecosystems at the base of the pyramid to build sustainable business models and mentors women leaders & social entrepreneurs. Dr. Sarin has authored many articles and presented at various Indian and International Conferences.

In the opinion of the Board, Dr. Sarin fulfils the conditions specified in the Act and the Rules made thereunder and the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 (Listing Regulations) for appointment as Independent Director and she is independent of the management.

The terms and conditions of appointment of the Independent Director shall be open for inspection by the members at the registered office of the Company on all working days, except Sunday during the business hours upto the date of the AGM and is also placed on the website of the Company @ www.autoaxle.com/Directors.aspx.

Considering her vast experience, her presence on the Board will be of immense value to the Company and accordingly the Board recommends the resolution at item no. 4 for approval by the Members.

Dr. Sarin is not related to any other Directors of the Company.

A notice under Section 160 of the Companies Act, 2013 is received from a member of the Company proposing candidature of Dr. Shalini Sarin.

Except for Dr. Sarin, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise in item no. 4 of the Notice.

Item No.5

Pursuant to section 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV to the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors has re-appointed Mr. Bhalachandra Basappa Hattarki (DIN: 00145710) as Non-Executive Independent Director of the Company at its meeting held on 13th May, 2019, subject to the approval of the shareholders.

A notice under Section 160 of the Companies Act, 2013

is received from a member of the company proposing candidature of Mr. Bhalachandra Basappa Hattarki (DIN: 00145710). Mr. Bhalachandra Basappa Hattarki (DIN: 00145710) has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and is eligible for re-appointment as an Non-Executive Independent Director of the Company to hold office for the second term of five (5) consecutive years w.e.f February 5, 2020 upto February 4, 2025, subject to the approval of the shareholders at this Annual General Meeting.

Mr. Bhalachandra Basappa Hattarki, is a Metallurgy and Mechanical Engineer, having more than 50 years of rich experience in the steel and forging industry. Mr. Bhalachandra Basappa Hattarki also serves on the Board of number of Companies and he is a person having high repute, integrity and rich experience.

In the opinion of the Board, Mr. Bhalachandra Basappa Hattarki fulfils the conditions specified in the Act and the Rules made thereunder and the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 for appointment as Non-Executive Independent Director of the Company and he is independent of the management.

The terms and conditions of appointment of the Independent Director shall be open for inspection by the Members at the Registered office of the Company on all working days, except Sunday during the business hours upto the date of the AGM and is also placed on the website of the Company @ www.autoaxle.com/Directors.aspx.

Considering his vast experience, his presence on the Board will be of immense value to the Company though he has already attained the age of 75 years and accordingly, the Board recommends the Resolution at Item No. 5 for approval by the Members by way of Special resolution.

Mr. Bhalachandra Basappa Hattarki is not related to any other Directors of the Company.

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

Item No.6

Pursuant to section 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV to the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors has re-appointed Mr. Bhoopalam Chandrashekharaiah Prabhakar (DIN: 00040052) as Non-Executive Independent Director of the Company at its meeting held on 13th May, 2019 subject to the approval of shareholders.

A notice under Section 160 of the Companies Act, 2013 is received from a member of the company proposing candidature of Mr. Bhoopalam Chandrashekharaiah Prabhakar (DIN: 00040052). Mr. Bhoopalam Chandrashekharaiah Prabhakar (DIN: 00040052) has submitted a declaration that he meets the criteria of independence as provided in section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and is eligible for re-appointment as an Non-Executive Independent Director of the Company to hold office for the second term of five (5) consecutive years w.e.f. February 5, 2020 upto February 4, 2025, subject to the approval of the shareholders at this Annual General Meeting.

Mr. Bhoopalam Chandrashekariah Prabhakar holds a Bachelor's Degree in Arts & Law. He has rich experience in the field of IR, Legal Issues and HR Practices and is a Legal Advisor of about 100 companies. He is also the President of Karnataka Employers Association and has represented Employers at various International Forums including ILO (International Labour Organisation), both in India and abroad. He is on the Board of number of Companies as an Independent Director. Mr. Bhoopalam Chandrashekariah Prabhakar is a person of high repute, integrity and have rich knowledge and experience in legal field.

In the opinion of the Board, Mr. Bhoopalam Chandrashekariah Prabhakar fulfils the conditions specified in the Act and the Rules made thereunder and the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 (Listing Regulations) for appointment as Non-Executive Independent Director of the Company and he is independent of the management.

The terms and conditions of appointment of the Independent Director shall be open for inspection by the Members at the Registered office of the Company on all working days, except Sunday during the business hours upto the date of the AGM and is also placed on the website of the Company @ www.autoaxle.com/Directors.aspx.

Considering his vast experience, his presence on the Board will be of immense value to the Company though he has

already attained the age of 75 years and accordingly, the Board recommends the Resolution at Item No. 6 for approval by the Members by way of Special resolution

Mr. Bhoopalam Chandrashekariah Prabhakar is not related to any other Directors of the Company.

Except for Mr. Bhoopalam Chandrashekariah Prabhakar, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise in Item No. 6 of the Notice.

Item No.7

The Board of Directors of the Company ('the Board') at its meeting held on 13th August, 2018 has, subject to the approval of members re-appointed Dr. N. Muthukumar (DIN: 06708535) Whole Time Director designated as President & Whole Time Director for a further period of five (5) years w.e.f. 1st October, 2018 on existing terms and conditions as below on recommendation of Nomination & Remuneration Committee.

It is proposed to seek members approval for re-appointment of and remuneration payable to Dr. N. Muthukumar President & Whole Time Director in terms of the applicable provisions of the act.

	Period of Appointment	**From 01.10.2018 to 30.09.2023**
1	Salary Basic	₹4,50,000/- per month
2	House Rent Allowance	₹1,80,000/- per month
3	Special Allowance	₹1,90,017/- per month
4	LTA	₹4,50,000/- per annum
5	Annual Performance Incentive (Max Limit)	₹15,00,000/- per annum
6	Conveyance	Company Car + Driver + Fuel (Max 200 Ltr. of petrol per month)
7	Company's contribution to Provident Fund, Gratuity and Superannuation Fund, Annuity Fund as per the Rules of the Company	
8	Other benefits including telephone expenses as per the company policy	
9	Increment in remuneration from time to time as per the company policy	
The income tax will be borne by Dr. N. Muthukumar and will be deducted at source by the Company.		

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

Considering his vast experience, his presence on the Board will be of immense value to the Company and accordingly, the Board recommends the Resolution at Item No. 7 for approval by the Members

Dr. N. Muthukumar is not related to any other Directors of the Company.

A notice under Section 160 of the Companies Act, 2013 is received from a member of the Company proposing candidature of Dr. N. Muthukumar.

Except for Dr. N. Muthukumar, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise in Item No. 7 of the Notice.

Item No. 8

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he/she shall pay such fees in advance as may be determined by the company in its Annual General Meeting. Accordingly, it is proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, in case a request has/her been made by any member for delivery of such documents to him/her through such particular mode of service, be taken to cover the cost of such delivery.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice under Section 20 of the Companies Act, 2013.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, whether financially or otherwise, concerned or interested, in the resolution set out at Special Business Item No. 8 of the Notice.

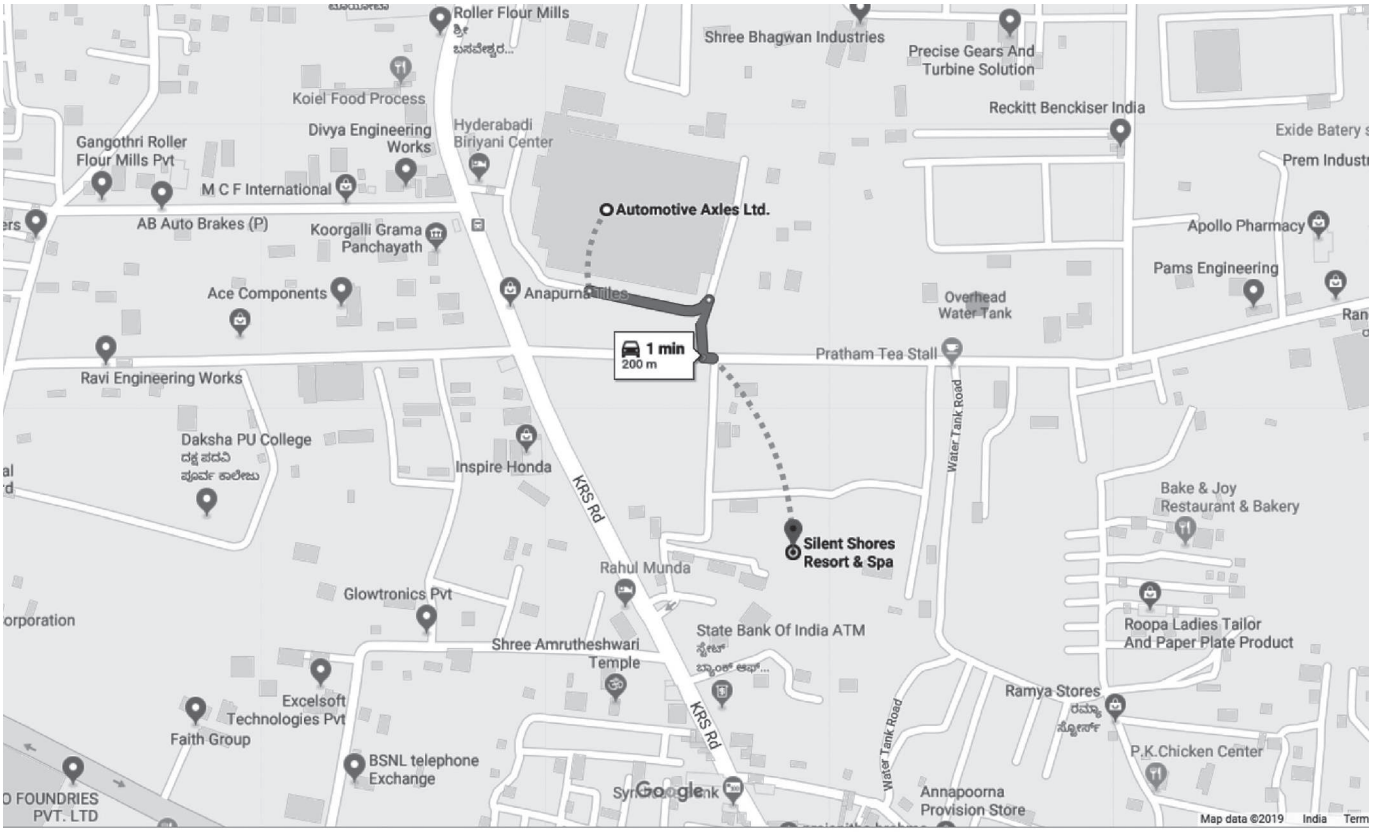
The Board recommends the Ordinary resolution for approval by the members.

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

Particulars	Dr. Shalini Sarin	Mr. Bhalachandra Basappa Hattarki
Age	54 years	78 years
Qualification	Doctorate in Organization Behaviour, and a Masters in Sociology and Human Resource Management	Metallurgy and Mechanical Engineer
Experience	More than 30 years	More than 50 years
Terms of appointment/re-appointment	Appointed as Non Executive Independent Director of the Company as per item no. 4 of the Notice of AGM	Re-appointed as Non Executive Independent Director of the Company as per item no. 5 of the Notice of AGM
Remuneration sought to be paid	No remuneration except sitting fee paid as per the company policy for attending Board and Committee Meetings	No remuneration except sitting fee paid as per the company policy for attending Board and Committee Meetings
Remuneration last drawn	N.A.	N.A.
Date of first appointment at the Board	12.02.2019	12.01.2007
Shareholding in the Company	Nil	Nil
Relationship with other directors and Key Managerial Personnel	No relationship	No relationship
Number of Board meetings attended during the year 2018-19	1 (One)	4 (Four)
Other Directorships (including Listed entities)	3 (Three)	5 (Five)
Membership/Chairmanship of Committees of other Board	2 (Two)	4 (Four)/ 5(Five)

Particulars	Mr.Bhoopalam Chandrashekharaiah Prabhakar	Dr. N. Muthukumar
Age	75 years	54 years
Qualification	Bachelor's Degree in Arts & Law	Ph.D in Business Administration, MBA, Masters in Applied Sciences and Bachelor's Degree in Chemistry
Experience	More than 30 years	More than 31 Years
Terms of appointment/re-appointment	Re-appointed as Non Executive Independent Director of the Company as per item no. 6 of the Notice of AGM	Re-appointed as Wholetime Director of the Company as per item no. 7 of the Notice of AGM
Remuneration sought to be paid	No remuneration except sitting fee paid as per the company policy for attending Board and Committee Meetings	As per details mentioned in the explanatory statement
Remuneration last drawn	N.A.	INR 1,35,26,719/- during F.Y. 2018-19
Date of first appointment at the Board	27.01.2005	01.10.2013
Shareholding in the Company	575 shares	Nil
Relationship with other directors and Key Managerial Personnel	No relationship	No relationship
Number of Board meetings attended during the year 2018-19	4 (Four)	4 (Four)
Other Directorships (including Listed entities)	2 (Two)	1 (One)
Membership/Chairmanship of Committees of other Board	2 (Two)/ 5 (Five)	1 (One)

Route map for the AGM venue: Landmark – Hotel Silent Shores



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Our CSR Initiatives

Public park Development in nearby area, Mysuru

Presided By
Mr. Jay Craig –
CEO & President, Meritor Inc.

In the Presence of
Mr. D Randeep IAS
Hon'ble Deputy Commissioner & District Magistrate, Mysuru

Rejuvenated Thippayyanakere Lake into making Mysuru water positive

Automotive Axles Limited

If undelivered please return to

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

/Concept, content and design at **AICL** (hello@aicl.in)

AUTOMOTIVE AXLES LIMITED

CIN: L51909KA1981PLC004198
Regd. Office: Hootagalli Industrial Area, Off Hunsur Road, Mysuru, Karnataka – 570 018
Telephone: 91-821-7197500, Fax: 91-821-2402451
Email: sec@autoaxle.com Website: www.autoaxle.com

ATTENDANCE SLIP
38th ANNUAL GENERAL MEETING

Date: **Wednesday, August 14, 2019** Time: **3.15 P.M.**
Place: **Registered Office, Hootagalli Industrial Area, Off Hunsur Road, Mysuru, Karnataka – 570 018**

NAME OF THE MEMBER/PROXY*	
DPID / CLIENT ID**	
FOLIO NO.	
No. of Shares held	

I hereby record my presence at the 38th Annual General Meeting held at the Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru, Karnataka – 570 018 on Wednesday, August 14, 2019 at 3.15 p.m. (I.S.T.)

* Signature of the members/Proxy:…….....…….....

* Strike out whichever is not applicable.
** Applicable for Members holding shares in Dematerialised form.

Note: Please handover this slip at the entrance of the Meeting Venue.

E-VOTING*

Users who wish to opt for e-voting may use the following login credentials.

EVSN (Electronic Voting Sequence Number)	USER ID	PAN No.	PASSWORD
			Please refer to the Notice of AGM for Instructions

*Please follow steps for e-voting procedure as given in the Notice of AGM

Remote E-voting facility is available during the following voting period.

Commencement of e-voting	End of e-voting
August 11, 2019 (9.00 A.M.)	**August 13, 2019 (5.00 P.M.)**

Form No. MGT-11
Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

CIN : L51909KA1981PLC004198
Name of the Company : AUTOMOTIVE AXLES LIMITED
Registered Office : Hootagalli Industrial Area, Off Hunsur Road, Mysuru, Karnataka – 570 018

Name of the Member (s):

Registered address:

E-mail Id:

Folio No. / DP ID / Client Id:

I/We, being the member (s) of Automotive Axles Limited, holding…….. shares, hereby appoint:

1. Name: ……..... Address:.....
E-mail Id: .....Signature:……..... or failing him

2. Name: ……..... Address:.....
E-mail Id: .....Signature:……..... or failing him

3. Name: ……..... Address:.....
E-mail Id: .....Signature:…….....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the Company, to be held on the 14th day of August 2019 at 3.15 P.M. at the Registered Office of the Company at Hootagalli Industrial Area, Off Hunsur Road, Mysuru, Karnataka - 570018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution	Vote		
		For	Against	Abstain
	Ordinary Business			
1.	Adoption of Audited Standalone Financial Statements for the year ended March 31, 2019.			
2.	Declaration of Final Dividend of Rs. 19.50/- per equity shares of Rs. 10/- for the year ended March 31, 2019.			
3.	Re-appointment of Mr.Chrishan Anthon Sebastian Villavarayan as a Director who retires by rotation.			
	Special Business			
4.	Appointment of Dr. Shalini Sarin (DIN: 06604529) as Independent Woman Director of the Company.			
5.	Re-appointment of Mr. Bhalachandra Basappa Hattarki (DIN: 00145710) as an Independent Director of the Company.			
6.	Re-appointment of Mr. Bhoopalam Chandrashekaraiah Prahakar (DIN: 00040052) as an Independent Director of the Company.			
7.	Re-appointment of Dr. N.Muthukumar (DIN: 06708535), President & Whole Time Director for a period of five years.			
8.	Approval under section 20 of the Companies Act, 2013 for serving of documents through a particular mode of delivery.			

Signed this ..... day of ..... 2019.

Affix Re. 1 revenue stamp here

Signature of shareholder

Signature of Proxy holder(s)

NOTE :

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. *It is optional to indicate your preference. If you leave the 'For', 'Against' or Abstain column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

Email confirmation received from CDSL for initiating the process of sending the Annual Report as on 18.07.2019

RE: Draft email and data of automotive axle for sending mails - Message (HTML)

File | Message

Ignore | Junk | Delete | Reply | Reply All | Forward | Meeting | More | Move to: ? | Team E-mail | Reply & Delete | To Manager | Done | Create New | Move | Rules | OneNote | Actions | Mark Unread | Categorize | Follow Up | Translate | Find | Related | Select | Zoom

Delete | Respond | Quick Steps | Move | Tags | Editing | Zoom

From: Akshata Jadhav /ISSBILL/L PAREL <Akshata.J@cdslindia.com> on behalf of Green Initiative <GreenInitiative@cdslindia.com>

Sent: Thu 18-07-2019 12:30

To: C S. Harisha /BD/BANGALORE; Thejeshwini N.

Cc: Green Initiative; Sidharth Kapur /ISSBILL/L PAREL; Denver D'souza /SECADM/L PAREL

Subject: RE: Draft email and data of automotive axle for sending mails

Dear Madam ,

We have initiated the process of sending the mails to the shareholders as on 18.07.2019

Regards,
Tel. No. 022 2305 8645