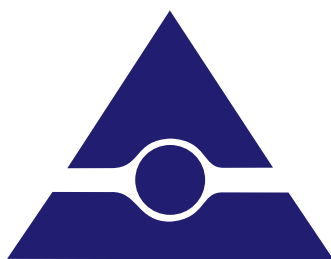


Axles India Limited



**THIRTY EIGHTH ANNUAL REPORT
2019-20**



Axles India Limited

Thirty Eighth Annual Report

Registered Office

21, Patullos Road, Chennai 600 002
CIN : U27209TN1981PLC008630
Website Address : www.axlesindia.com

Factories

Singaperumal Koil Road
Sriperumbudur, Tamil Nadu 602 105

Cheyyar Taluk, Tiruvannamalai District
Tamil Nadu 604 410

Bankers

HDFC Bank Limited

Registrars & Share Transfer Agents

Cameo Corporate Services Ltd.
"Subramanian Building"
1, Club House Road, Chennai 600 002
Phone: 2846 0395, 2846 0390 Fax: 2846 0129
E-mail : investor@cameoindia.com

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Board of Directors

S Ram (*Chairman*)
V Madhavan (*Managing Director*)
Srivats Ram
Rafael Aquique
Saket Sapra
Radha Unni
Jason Miller
Gajanan Gandhe

Audit Committee

S Ram (Chairman)
V Madhavan
Saket Sapra

Stakeholders Relationship Committee

S Ram (*Chairman*)
V Madhavan
Srivats Ram

Corporate Social Responsibility Committee

S Ram (*Chairman*)
V Madhavan
Saket Sapra

Auditors

Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
8th Floor, Prestige Palladium Bayan
Greaves Road, Chennai 600 006

Chief Financial Officer

Y Krishnamoorthy

Secretary

T V Venkata Subramanyam

Notice to Shareholders

NOTICE is hereby given that the Thirty Eighth Annual General Meeting of the Company will be held on Friday, 21st August 2020 through Video Conference / other Audio Visual means (VC / OAVM) at 10.25 a.m. to transact the following items of business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of accounts for the year ended 31st March 2020 and the Report of the Directors and the Auditors thereon.
2. To Declare Dividend for the financial year 2019-20
3. To elect a Director in the place of Mrs. Radha Unni (DIN 03242769) who retires by rotation and being eligible offers herself for re-election.
4. To elect a Director in the place of Mr. Jason Miller (DIN 08168554) who retires by rotation and being eligible offers himself for re-election.

By order of the Board

Regd. Office:
21, Patullos Road
Chennai 600 002
21st May 2020

S Ram
Chairman
DIN No.00018309

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conference / other Audio Visual means (VC / OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or Body Corporate can attend the AGM through VC / OAVM and cast their votes through e-voting.
Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution / authorization letter to the Company.
4. The Members can join the AGM in the VC / OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 14th August 2020 to 21st August 2020 (both days inclusive).



7. Final Dividend, as recommended by the Board of Directors, if declared at the meeting shall be paid to those members whose name(s) appear in the Register of Members of the Company as on 21st August 2020. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
8. Members holding shares in demat form are hereby informed that bank particulars registered against their accounts will be used by the Company for payment of Dividend. Changes in bank details are only to be advised to the Depository Participants by the Members. Members who are holding shares in physical form and desirous of registering bank particulars or changing bank particulars already registered against their respective folios are requested to write to the Company.
9. Pursuant to the provisions of Section 124(5) and 125 of the Companies Act, 2013, as amended, dividends declared for the financial year ended 2012-13 from the date of declaration of dividend and thereafter, which remain unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the dividend warrant(s) so far for the above financial year or any subsequent financial year are requested to make their claim to the Share Department of the Company. All shareholders are requested to claim the dividend.
10. Pursuant to the applicable provisions of the Companies Act, 2013 and IEPF Rules, all such shares in respect of which dividend has not been paid or claimed for seven consecutive years are required to be transferred to the Demat account of the IEPF authority. The due date for transfer of the aforesaid unpaid/unclaimed dividend to IEPF is 24th October 2020.
11. Pursuant to the aforesaid provisions, during the year under review, the Company has transferred 33533 shares pertaining to the Financial Year 2004-05 to the Demat Account of the IEPF Authority maintained with CSDL, in respect of which dividend had remained unpaid/unclaimed for a consecutive period of seven years. The transfer of shares to IEPF Authority for the Financial Years 2005-06, 2006-07 and 2007-08 shall be completed during the course of the year.
12. Members are informed that once the unpaid/unclaimed dividend or the shares are transferred to IEPF, the same may be claimed by the Members from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents to the Registered Office of the Company for verification of the claim.
13. The IEPF Rules and the application form (Form IEPF-5), as prescribed by the MCA for claiming back of the shares/ dividend, are available on the website of IEPF at www.iepf.gov.in.
14. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
15. 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. The details indicating the process and manner for voting by electronic means, the time, schedule including the time period during which the votes may be cast by remote e-voting, the details of the login ID, the process and manner for generating or receiving the password and for casting of vote in a secure manner are provided to the shareholders.
16. The Board of Directors has appointed N Ramanathan, Partner, M/s S Dhanapal & Associates, Practising Company Secretaries, Chennai, as the Scrutinizer, for conducting the e-voting process in a fair and transparent manner. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to

provide e-voting facilities enabling the members to cast their vote in a secure manner. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link www.evotingindia.com during the following voting period: The e-voting period would commence on 18.8.2020 (Tuesday) 9:00 A.M (IST) and ends on 20.8.2020 (Thursday) 5:00 P.M (IST).

17. The Scrutinizer will submit his report to the Company after the completion of the scrutiny and the results of the e-voting will be announced by the Company on its website: www.axlesindia.com within two days of the Annual General Meeting.
18. Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 13, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder cannot change it subsequently.
19. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice. The procedure and instructions for e-voting, instructions for members attending the AGM through VC / OAVM and instructions for members for e-voting during AGM are furnished in page number 80, 81 & 82 of this report.
20. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.axlesindia.com.
- 21 Pursuant to Finance Act 2020, dividend income will be taxable at the hands of shareholders w.e.f. April 1, 2020. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

The Company is required to deduct tax at source from the dividend paid at the prescribed rates, if the dividend amount exceeds ₹5,000/-. However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during Financial Year 2020-21 does not exceed ₹5,000/- and also in cases where members provide Form 15G /Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Form 15 G/ 15 H can be downloaded from the weblink <https://investors.cameoindia.com> to avail the benefit and email to investor@cameoindia.com by 11:59 p.m. IST on 14th August 2020. There is also provision to upload the 15G/15H in the weblink viz., <https://investors.cameoindia.com> provided by the Company's Registrar and Share transfer agent M/s Cameo Corporate Services Limited.

For Non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable.

Non-resident shareholders can avail beneficial rates under the Tax Treaty between India and their country of residence, subject to providing necessary documents, i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the Tax Treaty benefits, by sending an email to investor@cameoindia.com. The aforesaid declarations and documents should be submitted by the shareholders by 11:59 P.M. IST on 14th August 2020

If you any need clarification, in this regard you may contact Mr. D Narasimhan, Manager, Cameo Corporate Services Limited (Ph. No. 044-28460395)

No communication would be accepted from Members after 14th August 2020 regarding the tax withholding matters.

22. In compliance with the Circulars, the Annual Report 2019-20 including, the Notice of the 38th AGM, and instructions to shareholders for e-voting / attending meeting through VC / OAVM are being sent only through electronic mode to those members whose email addresses are registered with the Company / depositories.



Report of the Directors to the Shareholders

Your Directors present the Thirty Eighth Annual Report of the Company along with the audited accounts for the year ended 31st March 2020.

Performance

The turnover during the year 2019-20 was ₹405 crores against ₹616 crores in 2018-19. The financial results of your Company are as below:

Particulars	(₹ in lakhs)	
	2019-20	2018-19
Profit before depreciation	2516.19	6823.83
Depreciation	(1119.19)	(968.54)
Profit before tax for the year	1397.00	5855.29
Profit after tax for the year	1216.89	3805.64
Total Comprehensive Income	1152.33	3791.04

Prospects

The Indian economy grew near 5% in 2019-20 with heavy CV market going down in the later half. Affected by buildup of overcapacity in the haulage segment and reduced funding for projects in March 2020 change in emission norms at truck OEMs brought our sales down.

The onset of COVID-19 lockdown measures were mandated by Government in April 2020. This brought the supply chain to stall. Lockdown measures are cautiously being relaxed from 17th May 2020, restriction of interstate movement of goods and people still continue. In this scenario demand for trucks and buses is expected to be subdued with improvement at OEMs only in the second half of the year. Export demand is also expected to be subdued in 2020-21.

Your Company's sale of Housings to domestic market is 137500 in 2019-20 and 263000 in 2018-19. The export sales to Dana USA increased to 74500 from 47000 and export to Thailand and Japan was 3060 during 2019-20 and 3300 2018-19.

Dividend

Your Directors recommend a final dividend of ₹1.50 per equity share (15%) for the year ended 31st March 2020. The final dividend recommended, if approved at the Thirty Eighth Annual General Meeting, will be paid to all the shareholders whose name appears in the Register of Members as on the book closure date.

Particulars of Loans, Guarantees or Investments

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

Associate Companies

There are no Associate Companies as per the Companies Act, 2013. So relevant form AOC 1 is not applicable.

Directors

Mrs. Radha Unni (DIN 03242769) retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-election.

Mr. Jason Miller (DIN 08168554) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Board Evaluation

Pursuant to the provisions of Section 134(3) (p), Section 149(8) and Schedule IV of the Act, Annual Performance Evaluation of the Board, the Directors as well as Committees of the Board have been carried out. The Criteria and manner in which the evaluation has been carried out are provided in Annexure I forming part of this Report.

Remuneration Policy

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for determining qualifications, positive attributes and independence of a Director. It has recommended to the Board a policy relating to the remuneration of the Managing Director. The same is hoisted in our website www.axlesindia.com

Corporate Social Responsibility

As an initiative under Corporate Social Responsibility (CSR), in accordance with Schedule VII of the 2013 Act, your Company constituted the CSR Committee under the Board. The Committee is to frame, monitor and execute the CSR activities. The Board has approved the CSR Policy and guidelines for implementation. The Committee effectively supervises the programmes.

The Company has spent ₹47 Lakhs during the year 2019-20. Your Company has contributed ₹50 Lakhs to PM CARES Fund and ₹50 Lakhs to Chief Minister Public Relief Fund on 2nd April 2020 towards COVID-19 Pandemic. The Constitution of the CSR Committee and the report as required under the 2013 Act, are provided as Annexure II forming part of this Report.

Risk Management, Internal Financial Control Systems and Audit

Your Company has formulated a Risk Management policy. The policy provides for identification of risks and mitigation measures.

Your Company maintains an adequate and effective Internal Control System commensurate with its size. The Internal Control system provides a reasonable assurance to the effect that the transactions are executed with the authorisations and are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets are secured and safeguarded against any misuse or loss. The internal control system is supplemented through an extensive internal audit programme and periodic review by the Management and Audit Committee. The Company has in place adequate internal financial Controls and no reportable material weakness was observed.

Vigil Mechanism

In accordance with the requirements of the 2013 Act, your Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and Employees to report genuine concerns. The said policy meets the requirement of the Vigil Mechanism framework under the 2013 Act, and the members can view the details of the policy on www.axlesindia.com.

Director's Responsibility Statement

The Board of Directors acknowledges the responsibility of ensuring compliance with the provisions of Section 134(3) (c) of the 2013 Act. To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the 2013 Act:

- a. that in the preparation of the annual financial statements the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;



- b. that such accounting policies as mentioned in the Financial Statements have been selected and applied consistently and judgement and estimates have been made 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, 2020 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the 2013 Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper systems are in place so as to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Related Party Transactions

All Related Party Transactions that were entered into by the Company during the financial year 2019-20, were in compliance of Section 188 of the 2013 Act and rules framed there under.

Related party transactions were at an arm's length basis and were in the ordinary course of business. Material contracts or arrangement or transactions are at arm's length basis and disclosed in Form AOC-2 which is provided in Annexure-III forming part of this Report. All Related Party Transactions were placed before the Audit Committee. There are no materially significant related party transactions made by the Company with Promoters, Directors, and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

Meeting of the Board

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board Meetings are circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The Board had met 4 times during the year under review on 13th May 2019, 31st July 2019, 5th November 2019 and 31st January 2020.

Directors	Attendance at Board Meetings		Attendance at AGM held on 12.09.2019
	Held	Attended	
Mr. S Ram	4	4	YES
Mr. V Madhavan	4	4	YES
Mr. Srivats Ram	4	4	YES
Mr. Saket Sapra	4	3	NO
Mr. Rafael Aquique	4	1	NO
Mr. Jamie Martel (Upto 31.07.2019)	4	–	NO
Ms. Radha Unni	4	2	YES
Mr. Jason Miller	4	1	NO
Mr. Gajanan Gandhe (From 31.07.2019)	4	2	NO

Audit Committee

The Audit Committee comprises of Mr. S Ram, Chairman, Mr. V Madhavan, Mr. Saket Sapra and Mr. Jamie Martel as members. Mr. Jamie Martel, Director, was a member of the Committee up to 31.07.2019. The Committee had met on 13th May 2019, which was attended by all the members of the Committee except Mr. Jamie Martel.

Nomination and Remuneration Committee

As per Companies (Appointment and Qualification of Directors) Amendment Rules, 2017, the companies enlisted under Rule 4(2) are exempted from appointing Independent Directors and hence are not required to constitute a Nomination and Remuneration Committee.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Mr. S Ram, Chairman, Mr. V Madhavan and Mr. Srivats Ram as members. The Committee had met 6 times during the year under review on 13th May 2019, 24th June 2019, 23rd October 2019, 16th December 2019, 12th February 2020 and 16th March 2020. All the Directors except Mr. Srivats Ram attended the Stakeholders Relationship Committee meetings.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Mr. S Ram, Chairman, Mr. V Madhavan, and Mr. Saket Sapra as members. The Committee had met on 13th May 2019, which was attended by all the members of the Committee.

Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. There are no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Force Majeure Event

On account of the spread of COVID-19 pandemic, the Government of Tamil Nadu as a precautionary measure, vide notification in Go(Ms) No. 152 dated 23.03.2020 imposed restrictions in the territorial jurisdiction of the State of Tamil Nadu from 18.00 hrs of 24.03.2020 to 06.00 hrs of 01.04.2020. On the very next day, the Government of India announced a complete lockdown of the entire country for a period of 21 days with effect from 25.03.2020 till 14.04.2020 and subsequently got extended till 03.05.2020.

In compliance with the order imposed, the Company was constrained to shut-down all the plants from 25.03.2020 till 14.04.2020 and resumed its operations in a phased manner after obtaining necessary approvals from the Government. The Company is complying with the protocols in all its plants as prescribed by the Ministry of Home Affairs (MHA).

Employees and details of remuneration

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under the Companies Act, 2013 and the rules framed there under.

Cost Audit

The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of The Companies Act, 2013 for any of the products of the Company. The Cost audit is not applicable to our company.



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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, there were no cases filed pursuant to the above Act. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Auditors

The Company had appointed M/s. Price Waterhouse & Co Chartered Accountants LLP (ICAI registration number FRN 304026E / E-300009) as the Statutory Auditors of the Company for a term of five years i.e. from the conclusion of 35th Annual General Meeting till the conclusion of 40th Annual General Meeting of the Company. The Company has received eligibility certificate from the auditors confirming that they are not disqualified to act as Auditors and are eligible to hold office as Auditors of the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the 2013 Act and the rules framed there under, the Company appointed M/s. S Dhanapal & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is given as an Annexure IV and forms part of this Report. The Company has complied with the Secretarial Standards for the Board Meetings (SS-1) and the General Meetings (SS-2) during the year 2019-20.

Comments on Auditors' report

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in Practice in their reports respectively. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Annexure V forms part of this Report.

General

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo as required under Section 134(3)(m) of the 2013 Act, read with rule 8(3) of the Companies (Accounts) rules, 2014 are enclosed as Annexure - VI and forms part of this report.

Your Directors wish to thank the Customers and Bankers for their excellent support and we look forward to their continued support.

Your Directors wish to place on record their appreciation of the excellent effort put in by all the employees of the Company.

For and on behalf of the Board of Directors

Chennai
21st May 2020

S RAM
Chairman
DIN 00018309

BOARD EVALUATION

The criteria for Evaluation were in accordance with the Nomination & Remuneration Policy adopted by the Company. The evaluation was under taken taking into account the following:-

Composition of the Board and availability of multi-disciplinary skills, Commitment to good corporate governance practices, Adherence to regulatory compliance, Grievance Redressal Mechanism, Track record of financial performance, Existence of integrated Risk Management system, Use of modern technology, Commitment to CSR.

In addition to the above the following were also considered:- Qualifications & experience, Leadership qualities, Standard of integrity, Understanding of Macro & micro economic and industry trends, Public relations, Future vision and innovation, Attendance in Board Meetings / Annual General meeting, Understanding of Company's business Value addition in Board Meetings and other parameters mentioned in the Policy.

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

1	A brief outline of the Company's CSR Policy, including overview of project or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:	The CSR activities carried out by the Company are in accordance with the Policy, as laid down and approved by the Committee, duly approved by the Board. The CSR Policy is available in the Company's website and Web-link is http://axlesindia.com/pdf/CSR-Policy
2	The Composition of the CSR Committee	The Committee has Mr S Ram, as Chairman, Mr V Madhavan and Mr Saket Sapra as other members
3	Average net profits of the Company for last three financial years	₹3607.66
4	Prescribed CSR Expenditure(two percent of the amount as in item 3 above)	₹72.00 Lakhs
5	Details of CSR spent during the financial year	a. Total amount to be spent for the financial year: ₹72.00 Lakhs b. Amount Unspent : ₹25.00 Lakhs c. Manner in which the amount spent during the financial year is given in Annexure.
6	In case the Company has failed to spend the two percent of the average net profits of the last three financial years or any part there of, the Company shall provide reasons for not spending the amount in its Board report:	The projects are being identified. Contribution to PM CARES FUND amounting to ₹50 Lakhs and to Chief Minister Public Relief Fund amounting to ₹50 Lakhs was made on April 2, 2020.
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:	We hereby state that implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

Chennai
21st May 2020

V Madhavan
Managing Director

S Ram
Chairman - CSR Committee

**ANNEXURE TO ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20**

(₹ in lakhs)

Sl No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub-heads (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency.
1	Promoting Education by providing financial assistance by way of donation for awarding scholarship for students	Education	Tamil Nadu	17	17	17	Direct and through Implementing Agency: 1. Laxmi charities 2. Govt School - Cheyyar
2	Promoting Health Care including Preventive Health Care	Health	Tamil Nadu	30	30	47	1. Sundaram Medical Foundation 2. Single Teacher Schools
Total				47	47		

Chennai
21st May 2020**V Madhavan**
Managing Director**S Ram**
Chairman - CSR Committee**ANNEXURE III****FORM NO. 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 material contracts or arrangement or transactions not at arm's length basis

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

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	Dana India Private Ltd – Sec 2(76)(iv) of The Companies Act 2013
b.	Nature of Contracts / arrangements / transactions	Sale of axle housings
c.	Duration of contracts / arrangements / transactions	Dana India Private Ltd
d.	Salient features of the Contracts or arrangements or transactions including the value, if any	Supply of axle housings as per agreement.
e.	Date(s) of approval by the Board, if any	13.05.2019
f.	Amount paid as advances, if any	NIL

Chennai
21st May 2020**S Ram**
Chairman

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To

The Members,

M/S. AXLES INDIA LIMITED,

Chennai.

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. AXLES INDIA LIMITED, (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/ understanding thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company, during the audit period covering the financial year ended on March 31, 2020, appears to have complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2020 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder as applicable;
- 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 to the extent applicable.
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') – (NOT APPLICABLE TO THE COMPANY AS THE COMPANY IS UNLISTED PUBLIC COMPANY)
 - 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;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- 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;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) .
- ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015) - (NOT APPLICABLE AS THE COMPANY IS UNLISTED PUBLIC COMPANY)

During the period under review, the Company has complied in accordance with the requirements to be met with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable during the year.

It is represented to us that the company has initiated measures, wherever required, to address issues raised by the statutory authorities and letters/notices received by the Company during the financial year under various enactments as applicable to the company.

We further report that, subject to the above, the related documents that we have come across depict that:

The Board of Directors of the Company is constituted as applicable with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and 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 and 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on our limited review of the compliance mechanism established by the Company, there appear 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.

We further report that during the audit period the company has sought the approval of its members for appointment of Mr. Gajanan Gandhe (DIN 02023395) as Director of the company, who is liable to retire by rotation.

We further report that, our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

For **S Dhanapal & Associates**
(A firm of Practicing Company Secretaries)

S. Dhanapal
(Sr. Partner)
FCS 6881
CP No. 7028
UDIN: F006881B000267561

Place: Chennai
Date : 25.05.2020

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

ANNEXURE A

To
THE MEMBERS, M/S. AXLES INDIA LIMITED, CHENNAI.
Our report of even date it to be read along with this letter.

Management's Responsibility

- a. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditor's Responsibility

- b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- c. We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.
- d. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

Disclaimer

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

For **S Dhanapal & Associates**
(A firm of Practicing Company Secretaries)

S. Dhanapal
(Sr. Partner)
FCS 6881
CP No. 7028
UDIN: F006881B000267561

Place: Chennai
Date : 25.05.2020



**EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31.3.2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS

(i)	CIN :	U27209TN1981PLC008630
(ii)	Registration Date :	18 th February 1981
(iii)	Name of the Company:	Axles India Limited
(iv)	Category / Sub-Category of the Company:	Public Limited Company
(v)	Address of the Registered office and contact details	Registered office: 21, Patullos Road, Chennai 600 002 Office : Singaperumal Koil Road, Sriperumbudur 602 105, Tamil Nadu. Phone: 8939368687 E- Mail: axles@axlesindia.com
(vi)	Whether listed company :	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Cameo Corporate Services Limited "Subramanian Building", No. 1, Club House Road, Chennai - 600 002, Phone : 044 - 28460390 Fax : 044 – 28460129 E-Mail : investor@cameoindia.com

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:

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of Axles	29301	94%

Sub Class (29301): Manufacture of diverse parts and accessories for motor vehicles such as brakes, gearboxes, axles, road wheels, suspension shock absorbers, radiators, silencers, exhaust pipes, catalysers, clutches, steering wheels, steering columns and steering boxes etc.

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
			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				No. of Shares held at the end of the year				% of Change during the Year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares	
(A)	Promoters									
(1)	Indian									
(a)	Individual/ HUF	-	-	-	-	-	-	-	-	-
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt (s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	12316415	-	12316415	48.33	12316415	-	12316415	48.33	-
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other....	-	-	-	-	-	-	-	-	-
	Sub-Total (A) (1)	12316415	-	12316415	48.33	12316415	-	12316415	48.33	-
(2)	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	12316415	12316415	48.33	-	12316415	12316415	48.33	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other...	-	-	-	-	-	-	-	-	-
	Sub-Total (A) (2)	-	12316415	12316415	48.33	-	12316415	12316415	48.33	-
	Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	12316415	12316415	24632830	96.66	12316415	12316415	24632830	96.66	-
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-
(b)	Banks/FI	-	213	213	-	-	213	213	-	-
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt (s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Others (Specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	213	213	-	-	213	213	-	-
(1)	Non-Institutions									
(a)	Bodies Corporate									
i.	Indian	31181	4567	35748	0.14	21385	1701	23086	0.09	-0.05
ii.	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i	Individual shareholders holding nominal share capital up to ₹ 1 lakh	485963	241140	727103	2.86	501577	204137	705714	2.78	-0.08
ii.	Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	15000	15000	0.06	-	15000	15000	0.06	-
(C)	Others (Specify)									
	Clearing member	-	-	-	-	-	-	-	-	-
	Directors and their relatives	-	-	-	-	-	-	-	-	-
	Escrow Account – Clause 5A of the Listing Agreement	-	-	-	-	-	-	-	-	-
	Hindu Undivided Families	16815	-	16815	0.06	17025	-	17025	0.06	-
	IEPF	-	-	-	-	-	33533	33533	0.13	0.13
	Non-resident Indians	56351	75	56426	0.22	56659	75	56734	0.22	-
	Trust	275	-	275	-	275	-	275	-	-
	Sub-Total (B)(2)	590585	260782	851367	3.34	596921	254446	851367	3.34	-
	Total Public Shareholding = (B) (1) + (B) (2)	590585	260995	851580	3.34	596921	254659	851580	3.34	-
	C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	12907000	12577410	25484410	100	12913336	12571074	25484410	100	-



(ii) Shareholding of Promoters:

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the company	% of Shares Pledged / encumbered to total shares	
1	Sundaram Finance Holdings Ltd	9891754	38.82	Nil	9891754	38.82	Nil	NIL
2	Wheels India Ltd	2424661	9.51	Nil	2424661	9.51	Nil	Nil
3	Dana Global Products Inc	12316415	48.33	Nil	12316415	48.33	Nil	Nil
Total		24632830	96.66	Nil	24632830	96.66	Nil	Nil

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	24632830	96.66	24632830	96.66
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):*	NIL	NIL	NIL	NIL
	At the End of the year	24632830	96.66	24632830	96.66

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	No. of shares	% of total shares of the company	Cumulative No. of shares	% of total shares of the company
1	Mr. Mahendra Kumar Khetshi Shah*				
	At the beginning of the year 01-Apr-2019	36000	0.14	36000	0.14
	Sale 09-Aug-2019	36000	0.14	–	–
	At the end of the year 31-Mar-2020	–	–	–	–
2	Mr. Mahendrakumar K Shah Jt Anilla M Shah				
	At the beginning of the year 01-Apr-2019	–	–	–	–
	Purchase 11-Oct-2019	36000	0.14	36000	0.14
	At the end of the year 31-Mar-2020	36000	0.14	36000	0.14

Sl. No.	Name of the Shareholder	No. of shares	% of total shares of the company	Cumulative No. of shares	% of total shares of the company
3	Mr. Raajamani K H				
	At the beginning of the year 01-Apr-2019	15000	0.06	15000	0.06
	At the end of the year 31-Mar-2020	15000	0.06	15000	0.06
4	Mr. Palkash Jayantilal Shamji Shah Jt:1 Bhupendra Shamji Shah				
	At the beginning of the year 01-Apr-2019	–	–	–	–
	Purchase – 02-Aug-2019	15000	0.06	15000	0.06
	At the end of the year 31-Mar-2020	15000	0.06	15000	0.06
5	The Property Company Pvt Ltd				
	At the beginning of the year 01-Apr-2019	10000	0.04	10000	0.04
	At the end of the year 31-Mar-2020	10000	0.04	10000	0.04
6	Mr. V Ravichandran				
	At the beginning of the year 01-Apr-19	10000	0.04	10000	0.04
	At the end of the year 31-Mar-2020	10000	0.04	10000	0.04
7	Mr. Devendra Mehta				
	At the beginning of the year 01-Apr-2019	9901	0.04	9901	0.04
	At the end of the year 31-Mar-2020	9901	0.04	9901	0.04
8	Charu Gupta				
	At the beginning of the year 01-Apr-2019	8548	0.03	8548	0.03
	At the end of the year 31-Mar-2020	8548	0.03	8548	0.03
9	Mr. PL Chockalingam				
	At the beginning of the year 01-Apr-2019	8150	0.03	8150	0.03
	At the end of the year 31-Mar-2020	8150	0.03	8150	0.03
10	Mr. K S Mallaya				
	At the beginning of the year 01-Apr-2019	8110	0.03	8110	0.03
	At the end of the year 31-Mar-2020	8110	0.03	8110	0.03
11	Mr. O.S. Krishnamoorthy				
	At the beginning of the year 01-Apr-2019	8000	0.03	8000	0.03
	At the end of the year 31-Mar-2020	8000	0.03	8000	0.03

* Ceased to be in the list of Top 10 shareholders as on 31.03.2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2019.



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
1	Mr. S Ram	Nil	Nil	Nil	Nil
2	Mr. Srivats Ram	Nil	Nil	Nil	Nil
3	Mr. V Madhavan	Nil	Nil	Nil	Nil
4	Mr. Rafael Aquique	Nil	Nil	Nil	Nil
5	Mr. Saket Sapra	Nil	Nil	Nil	Nil
6	Mr. Jamie Martel (upto 31.07.2019)	Nil	Nil	Nil	Nil
7	Mrs. Radha Unni	Nil	Nil	Nil	Nil
8	Mr. Jason Miller	Nil	Nil	Nil	Nil
9	Mr. Y Krishnamoorthy (CFO)	Nil	Nil	Nil	Nil
10	Mr. T V Venkata Subramanyam (Secretary)	Nil	Nil	Nil	Nil
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		There is no Increase / Decrease in Shareholding during the year for the above Directors and KMP mentioned.			
At the End of the year		As there is no Increase / Decrease in Shareholding during the year, the shareholding of the above Directors and KMP which stood during the beginning of the year remains same as at the end of the year also.			

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits Unsecured	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1646.21	–	–	1646.21
ii) Interest due but not paid	–	–	–	-
iii) Interest accrued but not due	–	–	–	-
Total (i+ii+iii)	1646.21	–	–	1646.21
Change in Indebtedness during the financial year				
Addition	–	–	–	-
Reduction	738.19	–	–	738.19
Net Change	(738.19)	–	–	(738.19)
Indebtedness at the end of the financial year				
i) Principal Amount	908.02	–	–	908.02
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	908.02	–	–	908.02

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(₹ in lakhs)

S.No	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
		Mr V. Madhavan Managing Director	
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	70.81	70.81
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.32
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission		
	- as % of profit	6.28	6.28
	- others, specify...	0.5%	0.5%
5	Others, please specify		–
Total (A)			77.41
Ceiling as per the Act (5% of Net Profits)			77.80

B. Remuneration to other Directors:

(₹ in lakhs)

S. No	Name of Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board / committee meetings	Commission	Others, please specify	
	Non-Executive Directors				
1	Mr. S Ram	3.00	–	–	3.00
2	Mr. Srivats Ram	1.00	–	–	1.00
3	Mrs. Radha Unni	0.50	–	–	0.50
Total (B)		4.50	–	–	4.50
Total Managerial Remuneration (A+B)					81.91
Overall Ceiling as per the Act (11% of Net Profits)					171.16



C. Remuneration to other Directors key managerial personnel other than MD/MANAGER/WTD: (₹ in lakhs)

S. No	Particulars of Remuneration	Key Managerial Personnel		
		Mr Y Kishnamoorthy CFO	Mr TV Venkata Subramanyam Secretary	Total
1	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38.75	8.11	46.86
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.22	–	0.22
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2	Stock Option			
3	Sweat Equity	–	–	–
4	Commission - as % of profit - others, specify...	–	–	–
5	Others, please specify	–	–	–
Total (A)		38.97	8.11	47.08

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 (B) Directors (C) Others Officers in Default:

Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

ANNEXURE VI

Conservation of energy

Your Company is implementing Energy conservation activities in all its plant locations. Energy saving projects have been successfully implemented on following themes: Use of Variable Speed Drive for motor, Replacement of inefficient motor with Energy Efficient motor, Optimization of motor Capacity, Use of energy efficient lamp like induction lamp, LED lamp, Replacement of inefficient water pump with energy efficient pump and Power factor improvement to reduce energy billing in our plants. Instead of generating units, we are also using third party supplies. Each of the production lines is metered for power consumption and improvements are being made through energy audits. Poly carbonate sheets are used instead of Fibre Reinforced Plastic (FRP) sheets to improve lighting during the day time in the factory.

Technology absorption

Your Company has capability to design and test Axle Housings that perform satisfactorily under Indian Operating conditions. Axle Housings that are exported are made to customer designs. Your Company continues to innovate and increase its technology deployment to meet the requirements of its customers in various industry segments and will continue its efforts towards yield improvement, resource optimisation and improved performance of its products.

Foreign Exchange earnings and outgo

Foreign Exchange used ₹ 1211.16 Lakhs
Foreign Exchange earned ₹ 13469.13 Lakhs

For and on behalf of the Board of Directors

S Ram

Chairman

DIN 00018309

Chennai
21st May 2020

Independent Auditor's Report

TO THE MEMBERS OF AXLES INDIA LIMITED

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Axles India Limited ("the Company"), which comprise the balance sheet as at March 31, 2020 and the statement of Profit and Loss ((including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of matter

4. We draw your attention to the Note 34 to the financial statements, which describes the management's assessment of the impact of the outbreak of Corona virus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the 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 and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting



principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.

11. 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.

Report on other legal and regulatory requirements

12. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

13. 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 other comprehensive income, the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements.
 - ii. The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

14. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act.

For **Price Waterhouse & Co. Chartered Accountants LLP**

Firm Registration Number: 304026E/300009

Chartered Accountants

Arun Kumar R

Partner

Membership Number: 211867

UDIN: 20211867AAAABJ4879

Chennai
May 25, 2020



Annexure A to the Independent Auditors' Report

Referred to in paragraph 13(f) of the Independent Auditors' Report of even date to the members of Axles India Limited on the financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Axles India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also, refer paragraph 4 of the main audit report.

For **Price Waterhouse & Co. Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Arun Kumar R

Partner

Membership Number: 211867

UDIN: 20211867AAAABJ4879

Chennai
May 25, 2020



Annexure B to the Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Axles India Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
(c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of customs, duty of excise, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 29 to the financial statements regarding management's assessment on certain matters relating to provident fund.

Further, for the month of March 2020, the company has paid Goods and Service Tax and filed Form GSTR-3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notification number 32/2020 – Central Tax dated April 3, 2020 on fulfilment of conditions specified therein.

Further, in view of the extension of time granted vide Ordinance CG-DL-E-31032020-218979 dated March 31, 2020 for the payment of Tax Deducted at Source(TDS) within June 30, 2020 the Company has deposited the aforesaid dues for the month of March 2020 within the extended due date as notified by the relevant regulatory authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax, duty of customs, duty of excise, value added tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax and sales tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	43.91	Assessment Year 2013-14, 2014-15 and 2017-18	Commissioner of Income Tax (Appeals), Chennai
Central Sales Tax Act, 1956	Sales Tax	0.15	Financial Year 1989-1990	Tamil Nadu Sales Tax Appellate Tribunal
Tamil Nadu General Sales Tax Act	Sales Tax	0.21	Financial Year 1995-1996	Appellate Assistant Commissioner (Commercial Tax)
Central Sales Tax Act, 1956	Sales Tax	1.29	Financial Year 2007-2008	Assistant/ Deputy Commissioner (Commercial Tax)
Tamil Nadu Value Added Tax Act, 2006	Sales Tax	216.28	Financial Year 2013 – 2017	Assistant Commissioner (Sales Tax)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at the balance sheet date. The Company does not have loans or borrowings from Government, nor has it issued any debentures as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co. Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

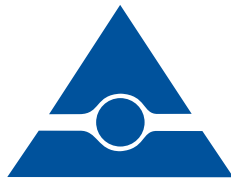
Chartered Accountants

Arun Kumar R

Partner

Chennai
May 25, 2020

Membership Number: 211867
UDIN: 20211867AAAABJ4879



ACCOUNTS - 2019-2020

Balance Sheet as at 31st March 2020

(All amounts in INR lakhs, unless otherwise stated)



Particulars	Notes	31 st March 2020	31 st March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	6,651.88	6,712.86
Right-of-use assets	3(b)	114.37	–
Capital work-in-progress	3(a)	19.31	40.89
Intangible assets	4	35.73	51.16
Financial assets			
(i) Loans	5(b)	258.31	214.25
(ii) Other financial assets	5(e)	–	329.70
Other non-current assets	6	57.84	64.44
Total non-current assets		7,137.44	7,413.30
Current Assets			
Inventories	7	4,832.89	7,141.89
Financial assets			
(i) Trade Receivables	5(a)	9,141.75	14,197.86
(ii) Cash and cash equivalents	5(c)	4,019.63	1,400.50
(iii) Bank balances other than (ii) above	5(d)	15.58	10.36
(iv) Loans	5(b)	62.71	64.88
(v) Other financial assets	5(e)	–	265.05
Current tax assets	8(a)	180.31	180.31
Other current assets	9	380.29	254.45
Total current assets		18,633.16	23,515.30
Total assets		25,770.60	30,928.60
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10(a)	2,548.88	2,548.88
Other equity			
Reserves and surplus	10(b)	11,135.83	11,212.42
Other reserves	10(c)	–	–
Total equity		13,684.71	13,761.30
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	3(b)	62.21	–
Provisions	12	426.17	285.91
Employee benefit obligations	13	248.01	206.29
Deferred tax liabilities (Net)	14(a)	230.32	582.24
Total non-current liabilities		966.71	1,074.44
Current liabilities			
Financial liabilities			
(i) Borrowings	11(b)	4,700.47	6,935.72
(ii) Lease liabilities	3(b)	56.71	–
(iii) Trade payables			
(a) Total outstanding dues of micro and small enterprises	11(c)	80.88	120.91
(b) Total outstanding dues of creditors other than micro and small enterprises	11(c)	4,185.50	6,958.69
(iv) Other financial liabilities	11(d)	560.73	618.54
Provisions	12	145.29	19.39
Employee benefit obligations	13	155.41	106.79
Current tax liabilities	8(b)	50.79	21.55
Other current liabilities	15	1,183.40	1,311.27
Total current liabilities		11,119.18	16,092.86
Total liabilities		12,085.89	17,167.30
Total equity and liabilities		25,770.60	30,928.60

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

This is the Balance Sheet referred to in our report of the even date.

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Arun Kumar R

Partner

Membership Number: 211867

Chennai

25 May 2020

For and on behalf of the **Board of Directors**

S Ram

Chairman

Y Krishnamoorthy

Chief Financial Officer

Chennai

21 May 2020

V Madhavan

Managing Director

T V Venkata Subramanyam

Secretary

Statement of profit and loss for the year ended 31st March 2020

(All amounts in INR lakhs, unless otherwise stated)



Particulars	Notes	31 st March 2020	31 st March 2019
REVENUE			
Revenue from operations	16	40,477.72	61,608.08
Other income	17(a)	145.11	106.25
Other gains / (losses) - net	17(b)	239.58	390.65
Total income		40,862.41	62,104.98
EXPENSES			
Cost of materials consumed	18(a)	24,732.20	39,583.16
Changes in inventories of work-in-progress and finished goods	18(b)	1,259.74	319.77
Employee benefit expenses	19	5,326.07	6,175.38
Depreciation and amortisation expenses	20	1,119.19	968.54
Other expenses	21	6,852.15	8,960.75
Finance costs	22	176.06	242.09
Total expenses		39,465.41	56,249.69
Profit before tax		1,397.00	5,855.29
Income tax expense / (income)			
Current Tax	23	532.00	1,703.77
Deferred Tax	23	(351.89)	345.88
Total tax expense		180.11	2,049.65
Profit for the year		1,216.89	3,805.64
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations		(86.27)	(22.13)
Income tax relating to above item		21.71	7.73
Change in fair value of FVOCI equity instruments		-	(0.20)
Other comprehensive income for the year, net of tax		(64.56)	(14.60)
Total Comprehensive Income for the year		1,152.33	3,791.04
Earnings per equity share			
Basic & Diluted earnings per share		4.52	14.87

The accompanying notes are an integral part of these financial statement.
This is the Statement of profit and loss referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants
Arun Kumar R
Partner
Membership Number: 211867
Chennai
25 May 2020

For and on behalf of the **Board of Directors**
S Ram **V Madhavan**
Chairman Managing Director
Y Krishnamoorthy **T V Venkata Subramanyam**
Chief Financial Officer Secretary
Chennai
21 May 2020

Statement of changes in equity for the year ended 31st March 2020

(All amounts in INR lakhs, unless otherwise stated)

A. Equity Share Capital

	Notes	Amounts
As at 1 April 2018	10(a)	2,548.88
Changes in equity share capital		–
As at 31 March 2019	10(a)	2,548.88
As at 1 April 2019	10(a)	2,548.88
Changes in equity share capital		–
As at 31 March 2020	10(a)	2,548.88

B. Other Equity

Particulars	Reserves and Surplus		Other Reserves	Total
	General Reserve	Retained Earnings	FVOCI Equity Instruments	
Balance as at 1 April 2018	78.43	8,264.36	0.27	8,343.06
Profit for the year	–	3,805.64	(0.20)	3,805.44
Other comprehensive income	0.07	(14.40)	(0.07)	(14.40)
Total comprehensive income for the year	0.07	3,791.24	(0.27)	3,791.04
Transactions with owners in their capacity as owners:				
Dividend	–	(764.53)	–	(764.53)
Dividend distribution tax	–	(157.15)	–	(157.15)
As at 31 March 2019	78.50	11,133.92	–	11,212.42
Balance as at 1 April 2019	78.50	11,133.92	–	11,212.42
Profit for the year	–	1,216.89	–	1,216.89
Other comprehensive income	–	(64.56)	–	(64.56)
Total comprehensive income for the year	–	1,152.33	–	1,152.33
Transactions with owners in their capacity as owners:				
Dividend	–	(1,019.37)	–	(1,019.37)
Dividend distribution tax	–	(209.55)	–	(209.55)
As at 31 March 2020	78.50	11,057.33	–	11,135.83

The accompanying notes are an integral part of these financial statement.
This is the Statement of changes in equity referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Arun Kumar R

Partner

Membership Number: 211867

Chennai

25 May 2020

For and on behalf of the **Board of Directors**

S Ram
Chairman

V Madhavan
Managing Director

Y Krishnamoorthy
Chief Financial Officer
Chennai
21 May 2020

T V Venkata Subramanyam
Secretary

Cash Flow Statement for the year ended 31st March 2020

(All amounts in INR lakhs, unless otherwise stated)



	Notes	As at 31 st March 2020	As at 31 st March 2019
Cash flow from operating activities:			
Profit before income-tax		1,397.00	5,855.29
Adjustments for:			
Interest and other finance cost	22	159.33	242.09
Interest expense on lease liability	22	16.73	–
Net exchange differences		27.92	(717.02)
Depreciation and amortisation expense	20	1,119.19	968.54
Gain on disposal of property, plant and equipment	17(b)	(6.14)	(15.95)
Interest income	17(a)	(144.87)	(106.02)
Operating profit before working capital changes		<u>2,569.16</u>	<u>6,226.93</u>
Changes in operating assets and liabilities:			
(Increase) / decrease in trade receivables		5,221.14	(505.38)
(Increase) / decrease in current and non-current loans		(41.89)	7.55
(Increase) / decrease in other financial assets		265.05	279.14
(Increase) / decrease in current and non-current assets		200.15	583.71
(Increase) / decrease in inventories		2,309.00	294.90
Increase / (decrease) in trade payables		(2,991.04)	(783.09)
Increase / (decrease) in other financial liabilities		(44.74)	(312.21)
Increase / (decrease) in provisions		265.93	216.08
Increase / (decrease) in employee benefit obligation		25.84	(21.75)
Increase / (decrease) in other liabilities		(127.87)	406.36
Cash generated from operations		<u>7,650.73</u>	<u>6,392.24</u>
Income tax paid	8(b)	(481.05)	(1,866.79)
Net cash inflow from operating activities (A)		<u>7,169.68</u>	<u>4,525.45</u>
Cash flow from investing activities:			
Payments for property, plant and equipment		(961.88)	(2,734.42)
Proceeds from sale of property, plant and equipment		27.97	16.45
Proceeds from investments		–	0.43
Interest received		144.87	106.02
Net cash (outflow) from investing activities (B)		<u>(789.04)</u>	<u>(2,611.52)</u>
Cash flow from financing activities:			
Repayment of borrowings		(2,253.43)	(1,143.87)
Principal repayments related to lease liabilities		(103.10)	–
Interest payments related to lease liabilities		(16.73)	–
Interest paid		(159.33)	(242.09)
Dividends paid to company's shareholders (including DDT)		(1,228.92)	(921.68)
Net cash (outflow) from financing activities (C)		<u>(3,761.51)</u>	<u>(2,307.64)</u>
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		<u>2,619.13</u>	<u>(393.71)</u>
Cash and cash equivalents at the beginning of the year		<u>1,400.50</u>	<u>1,794.21</u>
Cash and cash equivalents at the end of the year		<u>4,019.63</u>	<u>1,400.50</u>

The accompanying notes are an integral part of these financial statements.
This is the Cash Flow Statement referred to in our Report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Arun Kumar R

Partner

Membership Number: 211867

Chennai

25 May 2020

For and on behalf of the Board of Directors

S Ram
Chairman

V Madhavan
Managing Director

Y Krishnamoorthy
Chief Financial Officer

T V Venkata Subramanyam
Secretary

Chennai

21 May 2020

Notes to financial statements as at and for the period ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Company overview

Axles India Limited (the 'Company') is engaged in manufacturing of Axle housings to automobile companies. The company has its manufacturing plants in Sriperumbudur and Cheyyar, Tamil Nadu, India and sells primarily in India and United States. The company is an unlisted public limited company.

1. Significant accounting policies

1.1 Compliance with Ind AS

The financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

1.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities (including derivative instruments) measured at fair value.

All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

1.3 Going concern

The board of directors have considered the financial position of the Company as at 31 March 2020 and projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations. Also, refer to note 34 for COVID-19 related assessments.

1.4 Revenue Recognition

1.4.1 Sale of goods

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time the Company has a right to payment for the asset, customer has possession and legal title of the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Company has objective evidence that all criteria for acceptance have been satisfied. Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

The Company's contracts with customers does not provide for any right to returns, refunds or similar obligations. The Company's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision, see note 12.

1.4.2 Income from service

Revenue is recognised on a time proportionate basis in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits as the obligations are



performed. Payment for the services provided are received as per the credit terms as agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

1.5 Foreign currencies

1.5.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

1.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

1.6 Employee benefits

1.6.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

1.6.2 Other long term employee benefits

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method.

The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Accumulated leave, which is expected to be utilized within the next 12 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 period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

1.6.3 Post employment obligations

The Company operates the following post-employment schemes:

- a) Defined contribution plans such as provident fund, and
- b) Defined benefit plans such as gratuity for its eligible employees.

Defined contribution plan

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 and pension scheme as expenditure, 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 recognized 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 recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plan

The Company has a gratuity defined benefit plan for its employees. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and the balance sheet. The Company has funded this with Life Insurance Corporation of India ('LIC'). The contributions made to the LIC are treated as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation

1.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.7.1 Current tax

The income tax expenses or credit is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted.

1.7.2 Deferred tax

Deferred tax is provided in full, using the balance sheet approach, on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

1.8.1 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method on a pro-rata basis from the date in which each asset is put to use to allocate their cost, net of their residual values, over their estimated useful lives.

Estimated useful life of assets are as follows which is based on technical evaluation of the useful lives of the assets:

Particulars	Useful life in years ascertained by the company	Useful life of the asset as prescribed in schedule II of Companies Act, 2013
Buildings	30	30
Plant & Machinery	11.25*	11.25*
Furniture and fixtures	5	5
Vehicles	8	8
Computer hardware	3	3

* The Company generally operates on a double shift basis, useful life of the Plant and Machinery under Schedule II of Companies Act, 2013 has been considered accordingly.

The assets' residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are credited / debited to profit or loss.

1.9 Intangible assets

Intangible assets are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Amortisation and estimated useful lives

Intangible assets with a finite useful life using the straight-line method over a 5 year period.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

1.10. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of raw materials comprises cost of purchases. Costs are assigned to individual items of inventory on the basis of weighted average cost basis. The cost of work-in-progress and finished goods comprises raw materials, direct labor, other direct costs and appropriate proportion of variable and fixed overhead expenditure. Overhead expenditures are being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-production inventory (other than those supplied along with main plant and machinery, which are capitalised and depreciated accordingly) are charged to profit or loss on consumption.

1.12 Provisions and contingencies

Provisions: Provisions are recognised when there is a present obligation or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

1.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in statement of profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.



1.14 Financial assets

All purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1.14.1 Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. A financial asset that meets the following two conditions is measured at amortised cost unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test: the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristic test: the contractual term 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.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option:

- business model test: the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets.
- cash flow characteristic test: the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

1.14.2. Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

Investment in equity instrument are classified at fair value through profit or loss, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets that do not meet the amortised cost criteria or fair value through other comprehensive income criteria are measured at fair value through profit or loss. A financial asset that meets the amortised cost criteria or fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognising the gains or losses on them on different bases.

Investments in debt based mutual funds are measured at fair value through profit and loss.

Financial assets which are fair valued through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on re measurement recognized in profit or loss.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

1.14.3 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

1.14.4. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, cheques and drafts in hand, balances with bank and deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

1.14.5. Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- financial assets measured at amortised cost
- financial assets measured at fair value through other comprehensive income

Expected credit loss are measured through a loss allowance at an amount equal to

- the twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or
- full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

1.15. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

1.15.1. Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

1.15.2. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.15.3. Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.



The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

1.16. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.17. Leases

Till 31 March 2019:

Leases of property, plant and equipment where the Company, as a lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effect from 1 April 2019:

As a lessee:

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, the Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1.18. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

1.19. Earnings Per Share

Basic earnings per share have been computed by dividing the net income by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and diluted potential shares, except where the result would be anti-dilutive.



1.20. Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

1.21. Rounding of amounts

All amounts disclosed in the financial statements and the accompanying notes have been rounded off to the nearest INR lakhs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

1.22 New and amended standards adopted by the Company

The group has applied the following standards and amendments for the first time for their annual reporting period commencing from 1 April 2019:

Ind AS 116, Leases

Long term interests in Associates and Joint Ventures - Amendments to Ind AS 28, Investments in Associates and Joint Ventures

Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes

Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits

Amendments to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements

Amendments to Ind AS 12, Income Taxes

Amendments to Ind AS 23, Borrowing Costs

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in note 3(b). The other amendments listed above did not have any impact on the amounts recognised in the prior periods and are not expected to significantly affect the current or future periods.

2. Critical estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 13: Provision for employee benefits
- Note 12 & 29: Provision for litigations
- Note 12: Provision for warranty
- Note 11: Provision for purchase price revision
- Note 34: Assessment of impact of COVID-19

Management's assessment of the impact (if any) arising on individual financial statement line items on account of the COVID-19 pandemic situation has been disclosed in the related notes.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

3(a). Property, plant and equipment

Particulars	Freehold land	Freehold Buildings	Furniture and fittings	Plant and machinery	Computers	Vehicles	Leased vehicles*	Leased machinery*	Total	Capital Work-in-progress
Year ended 31 March 2019										
Gross carrying amount										
Opening gross carrying amount	15.03	1,365.77	58.53	4,726.82	55.05	(3.66)	20.28	28.40	6,266.22	348.82
Additions	-	13.85	32.31	2,984.79	11.58	-	-	-	3,042.53	2,734.60
Disposals / Adjustments	-	-	-	(10.28)	-	-	(2.77)	(11.75)	(24.80)	(3,042.53)
Gross carrying amount as at 31 March 2019	15.03	1,379.62	90.84	7,701.33	66.63	(3.66)	17.51	16.65	9,283.95	40.89
Accumulated Depreciation										
Opening accumulated depreciation	-	169.52	20.25	1,418.42	11.39	(3.81)	5.86	11.01	1,632.64	-
Depreciation charge during the year	-	69.81	9.14	850.92	13.85	-	2.93	4.35	951.00	-
Disposals / Adjustments	-	-	-	(6.84)	-	-	(2.68)	(3.03)	(12.55)	-
Accumulated depreciation as at 31 March 2019	-	239.33	29.39	2,262.50	25.24	(3.81)	6.11	12.33	2,571.09	-
Net carrying amount as at 31 March 2019	15.03	1,140.29	61.45	5,438.83	41.39	0.15	11.40	4.32	6,712.86	40.89
Year ended 31 March 2020										
Gross carrying amount										
Opening gross carrying amount	15.03	1,379.62	90.84	7,701.33	66.63	0.15	17.51	16.65	9,287.76	40.89
Additions	-	-	14.08	946.66	1.19	11.40	-	-	973.33	936.02
Disposals / Adjustments	-	-	(0.97)	(117.46)	-	(1.91)	(17.51)	(16.65)	(154.50)	(957.60)
Gross carrying amount as at 31 March 2020	15.03	1,379.62	103.95	8,530.53	67.82	9.64	-	-	10,106.59	19.31
Accumulated Depreciation										
Opening accumulated depreciation	-	239.33	29.39	2,262.50	25.24	-	6.11	12.33	2,574.90	-
Depreciation charge during the year	-	60.88	10.26	910.49	8.58	2.30	-	-	992.51	-
Disposals / Adjustments	-	-	(0.76)	(91.69)	-	(1.81)	(6.11)	(12.33)	(112.70)	-
Accumulated depreciation as at 31 March 2020	-	300.21	38.89	3,081.30	33.82	0.49	-	-	3,454.71	-
Net carrying amount as at 31 March 2020	15.03	1,079.41	65.06	5,449.23	34.00	9.15	-	-	6,651.88	19.31

* On 1 April 2019, the leased vehicle and leased machinery of 11.40 and 4.32 respectively have been purchased at its written down value.



3 (a). Property, plant and equipment

(i) Property, Plant and equipment pledged as security

Refer note 32 for information on property, plant and equipment pledged as security by the company

(ii) Contractual obligations

Refer note 30(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment

(iii) Capital work-in-progress

Capital work-in-progress mainly comprises plant and machinery to be installed

3 (b). Leases

(i) Amounts recognised in the balance sheet

(a) Right-of-use asset

The balance sheet shows the following amounts relating to leases:

Particulars	Leased building	Leased vehicles	Total
Year ended 31 March 2020			
Right of use assets			
<i>Gross Block</i>			
Opening	–	–	–
On transition to Ind AS 116	91.36	111.07	202.43
Additions during the year	–	19.58	19.58
Deletions during the year	–	–	–
	91.36	130.65	222.01
<i>Amortisation</i>			
On transition to Ind AS 116	–	–	–
Amortisation for the year	33.22	74.42	107.64
Deletions during the year	–	–	–
	33.22	74.42	107.64
Closing Balance during the year	58.14	56.23	114.37

The company has generally leased warehouses, buildings, vehicles and machinery, the lease period, ranging upto 5 years, lease terms included for workings is the non-cancellable period and expected lease term.

Certain vehicle contracts contains variable lease payments based on the usage by the Company.

Company has exercised the option of short term leases, specifically for building and machinery contracts where the original contract term is 12 months or less.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

Extension and termination options

Extension and termination options are included where the management believes that it can be used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

Critical judgements in determining the lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The following factors are normally the most relevant:

- If there are significant penalties to terminate or not extend, the Company is typically reasonably certain to extend.
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or not exercised, or the Company becomes obliged to exercise or not exercise. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(b) Lease Liabilities

Year ended 31 March 2020	Amount
Non-current	62.21
Current	56.71
Total	118.92

(ii) Amounts recognised in the profit or loss

Year ended 31 March 2020	Amount
Expenses relating to short-term leases are included in:	
Rent including lease rentals	22.20
Packing and carriage outwards	24.02
Miscellaneous Expenses	89.70
Expense relating to variable lease payments not included in the measurement of lease liabilities:	
Miscellaneous Expenses	23.91

Note:

The total cash outflow for leases for the year ended March 31, 2020 was INR 279.66.

**3(b) Leases****(iii) Adoption of Ind AS 116, Leases**

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-Use asset and lease liabilities for all leases, except for short term leases and leases of low value items. The Company has applied Ind AS 116 using the modified retrospective approach with cumulative effect of initial application recognised in retained earnings at 1 April 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

(i) Practical expedients applied

In adopting Ind AS 116, the Company has applied the below practical expedients:

The company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.

The company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.

The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.

The company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

"Effective 1st April 2019, the company has adopted Ind AS 116 "Leases" and applied the Standard to its leases retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising "Right-of-use asset" and a corresponding "Lease liability" of INR 202.43 lakhs as at the date of initial application."

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

(ii) Measurement of lease liabilities

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	38.49
Weighted average incremental borrowing rate as at 1 April 2019	10.05%
Discounted using the lessee's incremental borrowing rate of at the date of initial application	32.27
Adjustments as a result of a different treatment of extension and termination options	170.16
Lease liabilities as at 1 April 2019	202.43
Lease liability recognised as at 1 April 2019	
Of which are:	
Current lease liabilities	83.52
Non-current lease liabilities	118.91
	202.43

4. Intangible assets

Particulars	Computer Software - Acquired
Year ended 31 March 2019	
Gross carrying amount	
Opening gross carrying amount	94.08
Additions	12.35
Gross carrying amount as at 31 March 2019	106.43
Accumulated amortisation	
Opening accumulated amortisation	37.73
Amortisation charge for the year	17.54
Accumulated amortisation as at 31 March 2019	55.27
Net carrying amount as at 31 March 2019	51.16
Year ended 31 March 2020	
Gross carrying amount	
Opening gross carrying amount	106.43
Additions	3.60
Gross carrying amount as at 31 March 2020	110.03
Accumulated Amortisation	
Opening accumulated amortisation	55.27
Amortisation charge for the year	19.03
Accumulated amortisation as at 31 March 2020	74.30
Net carrying amount	35.73



5. Financial assets

5 (a) Trade receivables

Particulars	As at	
	31 st March 2020	31 st March 2019
Trade receivables	9,141.75	14,197.86
Receivable from related parties	–	–
Total trade receivables	9,141.75	14,197.86
Current portion	9,141.75	14,197.86
Non-current portion	–	–

Break-up of security details

Particulars	As at	
	31 st March 2020	31 st March 2019
Trade receivables considered good - Secured	–	–
Trade receivables considered good - Unsecured	9,141.75	14,197.86
Trade receivables which have significant increase in credit risk	–	–
Trade receivables credit impaired	–	–
Total trade receivables	9,141.75	14,197.86

Transferred receivables

The carrying amounts of the trade receivables includes INR 3,792.45 (31 March 2019: INR 5,289.51) those which are subject to bills discounting arrangement. Under this arrangement, the Company has transferred the relevant receivables to the bills discounting in exchange for cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continuous to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under this agreement is presented as borrowing. Refer note 11(b).

5 (b) Loans

Particulars	As at		As at	
	31 st March 2020		31 st March 2019	
	Current	Non-Current	Current	Non-Current
Unsecured, considered good				
Security deposits	–	258.31	–	214.25
Loan to employees	62.71	–	64.88	–
Total loans	62.71	258.31	64.88	214.25

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

5(c) Cash and cash equivalents

Particulars	As at	
	31 st March 2020	31 st March 2019
Balances with banks		
- in current accounts	4,018.78	1,400.24
Cash on hand	0.85	0.26
Total cash and cash equivalents	4,019.63	1,400.50

5(d) Other bank balances

Particulars	As at	
	31 st March 2020	31 st March 2019
Other bank balances		
- unpaid dividend accounts	15.58	10.36
Total other bank balances	15.58	10.36

5(e) Other financial assets

Particulars	As at		As at	
	31 st March 2020		31 st March 2019	
	Current	Non-Current	Current	Non-Current
Foreign-exchange on forward contracts	-	-	265.05	329.70
Total other financial assets	-	-	265.05	329.70

6. Other non-current assets

Particulars	As at	
	31 st March 2020	31 st March 2019
Advance for capital goods	57.84	64.44
Total other non-current assets	57.84	64.44

7. Inventories

Particulars	As at	
	31 st March 2020	31 st March 2019
Raw materials and components (includes goods-in-transit)	2,020.43	3,116.48
Work-in-progress	538.78	933.74
Tools (including in progress)	678.72	607.74
Finished Goods (includes goods-in-transit)	1,390.28	2,255.06
Stores and spares	145.33	137.85
Loose tools	59.35	91.02
Total inventories	4,832.89	7,141.89

Based on the current orders in hand, the expected surge in demand for company's products and the historical / expected gross margins, the Company is of the view that there is no significant negative impact due to the COVID 19 pandemic on the carrying value of the inventory.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)



8(a). Current Tax assets

Particulars	As at 31 st March 2020	As at 31 st March 2019
Opening Balance	180.31	18.43
Add: Tax paid / (refund) during the year	–	1,857.92
Less: Tax payable during the year	–	(1,696.04)
Closing Balance	180.31	180.31

8(b). Current Tax liabilities

Particulars	As at 31 st March 2020	As at 31 st March 2019
Opening Balance	21.55	30.42
Add: Current tax payable for the year	510.29	–
Less: Taxes paid during the year	(481.05)	(8.87)
Closing Balance	50.79	21.55

9. Other current assets

Particulars	As at 31 st March 2020	As at 31 st March 2019
Advance to vendors	51.83	79.64
Prepaid expenses	30.45	48.79
Other advances	298.01	126.02
Total other current assets	380.29	254.45

10(a) Equity share capital

Authorised equity share capital

Particulars	Number of shares	Amount
As at 1 April 2018	2,60,00,000	2,600.00
Increase during the year	–	–
As at 31 March 2019	2,60,00,000	2,600.00
As at 1 April 2019	2,60,00,000	2,600.00
Increase during the year	–	–
As at 31 March 2020	2,60,00,000	2,600.00

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

(i) Movements in equity share capital

Particulars	Number of shares	Amount
As at 1 April 2018		
- Subscribed and paid up	2,54,90,646	2548.88
As at 31 March 2019	2,54,90,646	2,548.88
As at 1 April 2019		
- Subscribed and paid up	2,54,90,646	2,548.88
As at 31 March 2020	2,54,90,646	2,548.88

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote, either in person or by proxy, per share held. The dividend proposed by the board of directors is subject to the approval of shareholders in ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all the preferential amounts, in proportion to their shareholding.

(ii) Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2020		31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Sundaram Finance Holdings Limited	98,91,754	38.82%	98,91,754	38.82%
Wheels India Limited	24,24,661	9.51%	24,24,661	9.51%
Dana Global Products Inc.,	1,23,16,415	48.33%	1,23,16,415	48.33%

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)



10(b) Reserves and surplus

Particulars	As at 31 st March 2020	As at 31 st March 2019
General reserve	78.50	78.50
Retained earnings	11,057.33	11,133.92
Total reserves and surplus	11,135.83	11,212.42

(i) General reserve

Particulars	As at 31 st March 2020	As at 31 st March 2019
Opening balance	78.50	78.43
Appropriations during the year	–	0.07
Balance as at end of the year	78.50	78.50

(ii) Retained earnings

Particulars	As at 31 st March 2020	As at 31 st March 2019
Opening balance	11,133.92	8,264.36
Net profit for the year	1,216.89	3,805.64
Other Comprehensive income	(64.56)	(14.40)
Dividends	(1,019.37)	(764.53)
Dividend distribution tax	(209.55)	(157.15)
Balance as at end of the year	11,057.33	11,133.92

10(c). Other Reserves

Particulars	As at 31 st March 2020	As at 31 st March 2019
Opening balance	–	0.27
Profit on sale of investment	–	(0.20)
Change in fair value of FVOCI equity instruments	–	–
Transferred to General reserve	–	(0.07)
Balance as at end of the year	–	–

FVOCI equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

11(a). Non-current borrowings

Particulars	Maturity date	Terms of repayment	Coupon / Interest rate	As at 31 March 2020	As at 31 March 2019
Secured					
Term Loans					
From banks				–	–
Lease obligation*				–	4.92
Total non-current borrowings				–	4.92
Less: current maturity of long-term debt					4.92
Less: interest accrued (included in note no.11(d))				–	–
Non-current borrowings (as per balance sheet)				–	–

* Finance lease liabilities were included in borrowings until March 31, 2019, this has been reclassified to lease liabilities on April 1, 2019 in the process of adopting Ind AS 116, Leases. Refer Note 1.17 and Note 3(b) for further information about the change in accounting policy for leases.

11(b). Current borrowings

Particulars	Maturity date	Terms of repayment	Coupon / Interest rate	As at 31 March 2020	As at 31 March 2019
Loan repayable on demand					
Secured					
From Banks					
Packing credit in foreign currency facility				908.02	1,646.21
Bills discounted with Banks	Payable on demand	Payable on demand	LIBOR+80 bps	2,124.75	2,756.64
Unsecured					
From Banks					
Bills discounted with Banks	Payable on demand	Payable on demand	1 Month MCLR	1,667.70	2,532.87
Total current borrowings				4,700.47	6,935.72

Note: The carrying amounts of financial and non-financial assets pledged as security for current borrowings are disclosed in note 32.

Net Debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	As at 31 st March 2020	As at 31 st March 2019
Cash and bank balances	4,019.63	1,400.50
Current borrowing	(4,700.47)	(6,935.72)
Non-current borrowing	–	(4.92)
Lease liabilities	(118.92)	–
Net Debt	(799.76)	(5,540.14)

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)



Particulars	Other assets		Liabilities from financing activities		Total
	Cash and bank overdraft	Non-current borrowings	Current borrowings	Lease liabilities	
Net debt as at 1 April 2018	1,794.21	(238.53)	(8,137.44)	–	(6,581.76)
Cash flows	(393.71)	233.61	1,201.72	–	1,041.62
Net debt as at 31 March 2019	1,400.50	(4.92)	(6,935.72)	–	(5,540.14)
On Adoption of Ind AS 116	–	–	–	(202.43)	(202.43)
Acquisitions – leases	–	–	–	(19.58)	(19.58)
Cash flows	2,619.13	4.92	2,253.43	103.10	4,980.58
Forex exchange adjustments	–	–	(18.19)	–	(18.19)
Net debt as at 31 March 2020	4,019.63	–	(4,700.48)	(118.92)	(799.76)

11(c). Trade Payables

Particulars	As at 31 st March 2020	As at 31 st March 2019
Current		
(a) Total outstanding dues to micro enterprises and small enterprises (Refer note 33) and	80.88	120.91
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	–	42.32
(ii) Others	4,185.50	6,916.37
Total trade payables	4,266.38	7,079.60

11(d). Other financial liabilities

Particulars	As at 31 st March 2020	As at 31 st March 2019
Current maturities of long term debt*	–	4.92
Interest accrued and due on borrowings	0.93	4.69
Capital creditors	159.46	167.61
Due to director	6.29	26.13
Foreign exchange on forward contracts	164.48	–
Due to employees	229.57	415.19
Total other financial liabilities	560.73	618.54

* The current portion of finance lease liabilities were included in Current maturities of long term debt until March 31, 2019, this has been reclassified to lease liabilities on April 1, 2019 in the process of adopting Ind AS 116, Leases. Refer Note 1.17 and Note 3(b) for further information about the change in accounting policy for leases.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

12. Provisions

	As at 31 March 2020		As at 31 March 2019	
	Current	Non-Current	Current	Non-Current
Provision for litigations/ disputes	19.39	–	19.39	–
Provision for warranty	125.90	426.17	–	285.91
	145.29	426.17	19.39	285.91

(i) Movements in provisions

Movements in each class of provisions during the financial year, are set out below:

Particulars	Litigations / disputes	Warranty
As at 1 April 2018	19.39	70.06
Charged to profit or loss		
- additional provision recognised	–	588.92
Amount used during the year	–	(373.07)
As at 31 March 2019	19.39	285.91
As at 1 April 2019	19.39	285.91
Charged to profit or loss		
- additional provision recognised	–	316.64
Amount used during the year	–	(50.48)
As at 31 March 2020	19.39	552.07

13. Employee benefit obligations

	As at 31 March 2020			As at 31 March 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Leave obligations	77.68	181.12	258.80	38.12	177.11	215.23
Gratuity	77.73	66.89	144.62	68.67	29.18	97.85
Total employee benefit obligations	155.41	248.01	403.42	106.79	206.29	313.08

(i) Leave obligations

The leave obligations cover the Company's liability for earned leave.

The classification of leave obligation as current and non-current is based on the amounts determined by actuary.


I. Post employment benefit obligations
(i) Defined benefit plans
Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contribution to recognised fund in India.

(ii) Defined contribution plans

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% basic salary as per the regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is INR 242.57 (31 March 2019: INR.199.17).

(a) Reconciliation of defined benefit plan

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1 April 2018	719.48	(606.04)	113.44
Current service cost	70.77	–	70.77
Interest expense / (income)	52.39	(48.06)	4.33
Total amount recognised in profit or loss	123.16	(48.06)	75.10
<i>Remesurements</i>			
Actuarial (gain) / losses	18.50	3.62	22.12
Total amount recognised in other comprehensive income	18.50	3.62	22.12
Employer contributions/premium paid	–	(112.81)	(112.81)
Benefits payment	(56.79)	56.79	–
31 March 2019	804.35	(706.50)	97.85
1 April 2019	804.35	(706.50)	97.85
Current service cost	58.55	–	58.55
Interest expense / (income)	52.10	(48.97)	3.13
Total amount recognised in profit or loss	110.65	(48.97)	61.68
Remesurements			
Actuarial (gain) / losses	86.27	–	86.27
Total amount recognised in other comprehensive income	86.27	–	86.27
Employer contributions/premium paid	–	(101.18)	(101.18)
Benefits payment	(33.59)	33.59	–
31 March 2020	967.68	(823.06)	144.62

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

Major category of Plan Assets as a % of total Plan Assets

Particulars	31 st March 2020	31 st March 2019
Fund managed by LIC	100%	100%

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31 st March 2020	31 st March 2019
Present value of funded obligations	967.68	804.35
Fair value of plan assets	(823.06)	(706.50)
Deficit of gratuity plan	144.62	97.85

The significant actuarial assumptions were as follows:

Particulars	31 st March 2020	31 st March 2019
Discount rate	6.62%	7.58%
Expected return on plan assets	6.62%	7.58%
Salary growth rate	5.50%	5.00%
Attrition rate	5.00%	5.00%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Particulars	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		31 st March 2020	31 st March 2020
Discount rate	100 base points	Decrease by 7.89%	Increase by 9.04%
Salary growth rate	100 base points	Increase by 8.97%	Decrease by 7.95%
Attrition rate	100 base points	Increase by 0.26%	Decrease by 0.28%
Mortality rate	10% up	Increase by 0.01%	

Particulars	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		31 st March 2019	31 st March 2019
Discount rate	100 base points	Decrease by 7.62%	Increase by 8.45%
Salary growth rate	100 base points	Increase by 8.48%	Decrease by 7.75%
Attrition rate	100 base points	Increase by 1.05%	Decrease by 1.42%
Mortality rate	10.00%		Decrease by 0.08%

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)



Expected contributions to post-employment benefit plans for the year ending 31 March 2021 are 77.72.

The weighted average duration of the defined benefit obligation is 11.98 years (31 March 2019: 11.58 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	31 st March 2020	31 st March 2019
Within next 12 months	65.57	68.67
Between 2 to 5 years	251.82	174.93
Beyond 5 years	1,565.00	200.94
Total	1,882.39	444.54

Risk exposure

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit.

Change in bond yields

A decrease in bond yields will create plan liabilities although this will be partially offset by an increase in the value of plan's bond holdings.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

14(a). Deferred tax liabilities (Net)

The balance comprises temporary differences attributable to:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Property, Plant and equipment and Intangibles - Depreciation	330.05	532.14
Right-of-use assets	28.79	–
Lease liabilities	(29.93)	–
Contribution to PM CARES after year end before the due date	12.59	–
Others - MTM gain on forward contracts	(41.53)	207.83
Others - expenses to be allowed on payment basis as per the provisions of Income Tax Act, 1961	(69.65)	(157.73)
Total deferred tax liabilities	230.32	582.24

Movement in deferred tax liabilities

Particulars	Property, Plant and equipment and Intangibles	Right-of-use assets	Lease liabilities	Other Items	Total
As at 1 April 2018	437.98	–	–	(201.62)	236.36
Charged					
- to profit or loss	94.16	–	–	251.72	345.88
- to other comprehensive income	–	–	–	–	–
As at 31 March 2019	532.14	–	–	50.10	582.24
As at 1 April 2019	532.14	–	–	50.10	582.24
Charged					
- to profit or loss	(202.09)	28.79	(29.93)	(148.69)	(351.92)
- to other comprehensive income	–	–	–	–	–
As at 31 March 2020	330.05	28.79	(29.93)	(98.59)	230.32

15. Other current liabilities

Particulars	As at 31 st March 2020	As at 31 st March 2019
Contract liability (refer note 16.3)	999.51	827.54
Unclaimed dividend	15.58	10.36
Statutory dues	80.04	405.71
Trade deposits	25.29	27.28
Advance from customers	62.98	40.38
Total other current liabilities	1,183.40	1,311.27

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)



16. Revenue from operations

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Sale of products	38,118.90	57,865.54
Sale of services	47.85	29.55
Other operating revenue	2,310.97	3,712.99
Total revenue	40,477.72	61,608.08

The Company has adopted Ind AS 115 Revenue from contracts with customers from 1 April 2018. In accordance with the transition provision in Ind AS 115 the Company has elected to adopt the new rules under modified retrospective method by applying Ind AS 115 retrospectively to only current period and recognising the cumulative effect of adjustments, if any, at the date of application i.e 1 April 2018 as an adjustment to opening balance of retained earnings.

16.1 Disaggregated revenue

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under:

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
A. Type of goods or service		
1. Sale of products	38,118.90	57,865.54
2. Sales of services	47.85	29.55
3. Other operating revenue	2,310.97	3,712.99
B. Timing of recognition of revenue		
1. At a point in time	40,321.48	61,481.43
2. Over time	156.24	126.65

16.2 The operations of the Company relate to only one segment viz., automotive components and tools. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

16.3 Reconciliation of contracts with customers

The following schedule gives the movement of contract liabilities for the reporting period.

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Contract liabilities at the beginning of the period	827.54	550.00
Add / (Less) :		
Consideration received during the year as advance	328.21	404.19
Revenue recognized from contract liability	156.24	126.65
Contract liabilities at the end of the period	999.51	827.54

Payments are received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met the same is recognized as revenue.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

16.4 Transaction price allocated to the remaining performance obligations

The Company's contracts with customers are short term contracts with performance obligations that has an original expected duration of one year or less. Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

16.5 Reconciliation of revenue with contract price

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Contract price	38,166.75	61,608.08
Adjustments :		
Discounts	–	–
Revenue from operations as per Statement of Profit and loss	38,166.75	61,608.08

17. Other income and other gains/(losses)

(a) Other income

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Interest income on deposits with banks	143.94	104.99
Interest income on advances	0.93	1.03
Lease rental	0.24	0.23
Total other income	145.11	106.25

(b) Other gains / (losses)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Net gain on disposal of property, plant and equipment	6.14	15.95
Net foreign exchange gain	233.44	59.09
MTM Gain on Forward Contracts	–	315.61
Total other gains / (losses)	239.58	390.65

18(a) Cost of materials consumed

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Raw materials at the beginning of the year	3,002.12	2,940.06
Add: Purchases	23,750.51	39,645.22
Less: Raw materials at the end of the year	2,020.43	3,002.12
Total cost of material consumed	24,732.20	39,583.16

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)



18(b). Changes in inventories of Work-in-progress and Finished Goods

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Opening Balance		
Work-in-progress	933.74	1,691.12
Finished goods	2,255.06	1,817.45
Total opening balance	3,188.80	3,508.57
Closing balance		
Work-in-progress	538.78	933.74
Finished goods	1,390.28	2,255.06
Total closing balance	1,929.06	3,188.80
Total changes in inventories of work-in-progress and finished goods	1,259.74	319.77

19. Employee benefit expenses

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Salaries, wages and bonus	4,590.04	5,310.49
Contribution to provident fund and other funds	273.99	241.75
Gratuity (refer note 13)	61.67	75.10
Staff welfare expenses	400.37	548.04
Total employee benefit expenses	5,326.07	6,175.38

20. Depreciation and amortisation expense

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Depreciation of property, plant and equipment	992.51	951.00
Amortisation of right-of-use assets	107.65	–
Amortisation of intangible assets	19.03	17.54
Total depreciation and amortisation expense	1,119.19	968.54

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

21. Other expenses

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Consumption of stores, spares and tools	1,172.41	1,666.86
Power and fuel	1,350.23	2,191.64
Rent including lease rentals	22.20	63.47
Rates and taxes excluding tax on income	38.36	31.23
Repairs and maintenance		
Building	144.43	268.50
Plant & machinery	521.89	796.52
Others	60.67	208.59
Insurance	59.76	62.56
Packing and carriage outwards	1,897.94	2,301.29
Directors' sitting fees	4.50	5.50
MTM loss on Forward Contracts	759.23	–
Payments to auditors (refer note 21(a) below)	28.73	19.96
Expenditure on Corporate Social Responsibilities (Refer note 21(b) below)	47.00	43.00
Miscellaneous expenses	744.80	1,301.63
Total other expenses	6,852.15	8,960.75

21(a) Details of payments to auditors

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
As auditor		
Audit fee	15.00	15.00
Other services	12.50	4.00
Reimbursement of expenses	1.23	0.96
Total payments to auditors	28.73	19.96

21(b) Corporate Social Responsibility expenditure

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Contribution to Laxmi Charities	15.00	10.00
Contribution to Sundaram Medical Foundation	15.00	10.00
Contribution to Chief Minister Relief Fund	–	10.00
Contribution to Single Teachers Schools (SVRDS)	15.00	–
Contribution to Indian Institute of Technology	–	5.00
Others	2.00	8.00
Total	47.00	43.00

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)



Gross amount required to be spent by the Company during the year 2019-20 was INR. 72.00

Particulars	In Cash	Yet to be paid	Total
Construction/acquisition of any asset	–	–	–
On purposes other than (i) above	47.00	25.00	72.00

22. Finance costs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest on lease liabilities	16.73	–
Interest expense	144.33	223.64
Other borrowing costs	15.00	18.45
Total finance cost	176.06	242.09

23. Income tax expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax*	532.00	1,703.77
Deferred tax charge / (credit)	(351.89)	345.88
Total income tax expenses	180.11	2,049.65

* This does not include tax on Other Comprehensive Income recognised directly in equity

(a) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before income tax expenses	1,397.00	5,855.29
Tax at the Indian tax rate of 25.17% (Previous year 34.944%)*	351.62	2,046.07
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
- Corporate social responsibility expenditure	6.17	7.44
- Change in tax rates	(190.86)	–
- Other items	13.18	(3.86)
Income tax expenses	180.11	2,049.65

* The Company opted to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its Deferred Tax Liabilities (Net) basis at the rate prescribed in the said section. The deferred tax impact of this change has been recognised fully in the Statement of Profit and Loss.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

24. Fair value measurements

Financial instruments by category and hierarchy

Particulars	Hierarchy	31 March 2020			31 March 2019		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets							
Loans	Level 3	-	-	321.02	-	-	279.13
Trade receivables	Level 3	-	-	9,141.75	-	-	14,197.86
Cash and bank balances	Level 3	-	-	4,019.63	-	-	1,400.50
Other financial assets	Level 3	-	-	-	-	-	-
Forward contracts	Level 2	-	-	-	594.75	-	-
Total		-	-	13,482.40	594.75	-	15,877.49
Financial Liabilities							
Borrowings	Level 3	-	-	4,700.47	-	-	6,935.72
Trade payables	Level 3	-	-	4,266.38	-	-	7,079.60
Other financial liabilities	Level 3	164.48	-	396.25	-	-	618.54
Total		164.48	-	9,363.10	-	-	14,633.86

(i) Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of equity instrument which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example forward contracts) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Derivative instruments are at values determined by counter parties / banks using the market observable data.

The carrying amounts of trade receivable, cash and cash equivalents, other bank balances and other financial assets are considered to be the same as their fair values, due to their short term nature.

The carrying amounts of short-term borrowings, trade payables and other financial liabilities are considered to be the same as their fair values, due to their short term nature.

There are no transfers between level 1, level 2 and level 3 during the year.



25. Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge foreign currency risk exposures. Derivatives are exclusively for hedging purposes and not as trading or speculative instruments.

(A) Credit risk

Credit risk arises from cash and cash equivalents, deposits with bank and credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk on balances with bank is mitigated by depositing the funds with reputed private sector banks.

For trade receivables, the primary source of credit risk is that these are unsecured. The Company's customers are established OEM's and there have been no defaults in the past. The Company sells the products to the customer only when the collection is certain. The credit risk is monitored on a on-going basis throughout the reporting period. Based on the credit assessment, the Company expects a low trend of defaults as at the balance sheet. An impairment analysis is performed at each reporting date on a individual basis for major clients. Any recoverability of receivables is provided for based on the assessment. Based on the credit risk assessment and historical trend, the company had no significant credit risk as at 31 March 2020.

The credit risk on liquid funds and derivative financial instruments is limited because the counter partie are banks with high credit ratings.

Management believes that the COVID-19 pandemic situation would not materially affect recovery of trade receivables, as significant receivables are due from OEM's with no past defaults. The measures taken by the government to contain the spread of the pandemic might result in some of the collections being delayed, which has been factored in the estimate of expected credit losses.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

(ii) Provision for expected credit loss

Year ended 31 March 2020

(a) Expected credit loss for trade receivables under simplified approach

Ageing	Not due	0 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 180 days past due	180 days to 365 days past due	More than 365 days past due	Total
Gross carrying amount	6,158.07	1,844.19	984.25	44.93	62.66	45.50	2.15	9,141.75
Loss provision specifically identified and provided	-	-	-	-	-	-	-	-
Carrying amount of trade receivable (net of impairment)	6,158.07	1,844.19	984.25	44.93	62.66	45.50	2.15	9,141.75

Year ended 31 March 2019

(a) Expected credit loss for trade receivables under simplified approach

Ageing	Not due	0 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 180 days past due	180 days to 365 days past due	More than 365 days past due	Total
Gross carrying amount	11,241.66	2,067.41	365.26	292.42	144.87	62.05	24.19	14,197.86
Loss provision specifically identified and provided	-	-	-	-	-	-	-	-
Carrying amount of trade receivable (net of impairment)	11,241.66	2,067.41	365.26	292.42	144.87	62.05	24.19	14,197.86


(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The management monitors rolling forecasts of the Company's liquidity position (comprising undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company has the following undrawn borrowing facilities at the end of the reporting period:

Particulars	31 March 2020	31 March 2019
Floating rate		
- Expiring within one year (Bank loan facility)	2,967.23	1,597.15

(ii) Maturities of financial liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
31 March 2020						
Borrowings	3,792.45	908.02	-	-	-	4,700.47
Lease liabilities	18.33	15.24	30.50	47.59	13.31	124.97
Trade payables	4,266.38	-	-	-	-	4,266.38
Other financial liabilities:						
- Current maturities of finance lease obligation	-	-	-	-	-	-
- Interest accrued and due on borrowings	0.93	-	-	-	-	0.93
- Capital creditors	159.46	-	-	-	-	159.46
- Due to director	6.29	-	-	-	-	6.29
- Due to employees	229.57	-	-	-	-	229.57
Total non-derivative liabilities	8,473.41	923.26	30.50	47.59	13.31	9,488.07

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
31 March 2019						
Borrowings	6500.22	435.50	–	–	–	6,935.72
Trade payables	7079.60	–	–	–	–	7,079.60
Other financial liabilities:						–
- Current maturities of finance lease obligation	1.71	1.71	1.50	–	–	4.92
- Interest accrued and due on borrowings	4.69	–	–	–	–	4.69
- Capital creditors	167.61	–	–	–	–	167.61
- Due to director	–	26.13	–	–	–	26.13
- Due to employees	415.19	–	–	–	–	415.19
Total non-derivative liabilities	14,169.02	463.34	1.50	–	–	14,633.86

(C) Market Risk

(i) Foreign currency risk

The Company's activities expose it to foreign exchange risk arising from foreign currency transactions in USD. The foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency other than the functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable transactions.

The Company's risk management policy is to hedge 100% of the forecasted foreign currency sales for the subsequent 11 months.

The Company also imports certain materials which are denominated significantly in USD which exposes it to foreign currency risk.


(a) Foreign currency risk exposure:

The company's exposure of foreign currency risk in USD currency at the end of the reporting period is expressed in INR are as follows:

Particulars	31 March 2020	31 March 2019
Financial assets		
Trade receivable	2,970.59	2,119.43
Derivative assets:		
Foreign exchange forward contracts:		
Sell foreign currency	(9,164.76)	(17,385.85)
Net exposure to foreign currency risk (assets)	(6,194.17)	(15,266.42)
Financial liabilities		
Foreign currency loan facility	3,032.77	4,402.85
Trade payables	239.05	121.30
Derivative liabilities:		
Foreign exchange forward contracts	-	-
Buy foreign currency	-	98.44
Net exposure to foreign currency risk (liabilities)	3,271.82	4,622.59

(b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit after tax	
	31 March 2020	31 March 2019
USD sensitivity		
INR/USD - Increase by 5%	163.59	231.13
INR/USD - Decrease by 5%	(163.59)	(231.13)

(ii) Interest rate risk

The exposure of Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2020	31 March 2019
Variable rate borrowing	-	-
Fixed rate borrowing	4,700.47	6,935.72
Total borrowing	4,700.47	6,935.72

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

26. Capital management

(a) Risk management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The company determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the company

Particulars	31 March 2020	31 March 2019
Net Debt	4,700.47	6,935.72
Total Equity	13,684.71	13,761.30
Net Debt to equity ratio	0.34	0.50

(i) Loan covenants

There are no financial covenants on borrowings outstanding as at the year end.

(b) Dividends

Particulars	31 March 2020	31 March 2019
(i) Equity shares		
Final dividend for the year ended 31 March 2019, INR 4.00 (31 March 2018 - INR 3.00) per fully paid share	1,019.37	764.53
DDT on final dividend	209.55	157.50
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 1.50 per fully paid equity share (31 March 2019 - INR 4.00). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.)	382.27	1,019.37
DDT on proposed dividend*	—	209.55

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



27. Segment information

(a) Description of segments and principal activities

The Company is in the manufacturing of Axle housing for global vehicle manufacturers with sales in India and outside India.

The chairman and managing director of the company (CODM) along with the Board of Directors of the Company evaluates the company performance, allocates resources based on analysis of various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the company. The company is domiciled in India.

(b) Entity wide disclosures

(i) Revenue from geographical areas

The segment revenue is measured in the same way as in the statement of profit or loss:

Particulars	31 March 2020			31 March 2019		
	Total	Within India	Outside India	Total	Within India	Outside India
Segment revenue by location of customers	40,477.72	27,008.99	13,468.73	61,608.08	52,761.40	8,846.68

All non-current assets are within India.

(ii) Information about major customers

Revenues of INR 10,777.63 (31 March 2019 - INR 7,955.29) are derived from single external customer.

28. Related party transaction

(a) Names of related parties and nature of relationship

Jointly controlled by:

Sundaram Finance Holdings Limited

Wheels India Limited

Dana Global Products Inc

Key Managerial Personnel

Mr. V Madhavan

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

(a) Transactions with related parties

Particulars	31 March 2020	31 March 2019
The following transactions occurred with jointly controlled entities:		
Sale of goods	6.46	20.90
Purchase of goods	3.47	4.09
Receiving of services	13.55	62.55
Rendering of services	47.84	19.41
Dividend paid:		
Sundaram Finance Holdings Limited	395.67	296.75
Wheels India Limited	96.99	72.74
Dana Global Products Inc	492.66	369.49

(b) Key managerial personnel compensation

Particulars	31 March 2020	31 March 2019
Remuneration, perquisites and commission*	78.10	96.93

* As gratuity and compensated absences are computed for all the employees in aggregate, the amounts relating to Key Managerial Personnel cannot be individually identified.

(c) Outstanding balances arising from sales / purchases of goods and services

Particulars	31 March 2020	31 March 2019
Wheels India Limited	6.81	–
Key Managerial personnel	6.28	26.13

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)



29. Contingent liabilities

Particulars	31 March 2020	31 March 2019
Claims against the company not acknowledged as debts:		
- Income tax matters	69.23	80.71
- Sales tax matters	220.22	220.22
- Labour related issues	31.43	25.84
- Claims made by electricity department	44.31	44.31

The company is contesting the demands and the management, including its tax advisors and legal consultant, believe that its position will be likely upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

30. Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	31 March 2020	31 March 2019
Property, plant and equipment	179.38	298.86

(b) Non-cancellable operating lease

The Company has taken vehicles on operating lease. These lease arrangements are for a period of 5 years and are non-cancellable. Leases are renewable for further period on mutually agreeable terms and also include escalation clauses. From 1 April 2019, the group has recognised right-of-use assets for these leases, except for short term leases, see note 3(b) for further information.

Particulars	31 March 2020	31 March 2019
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	–	13.60
Later than one year and not later than five years	–	24.89
Total	–	38.49

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

31. Earnings per share

Particulars	31 March 2020	31 March 2019
(a) Basic earnings per share		
Basic earnings per share attributable to equity shareholders of the Company	4.52	14.87
(b) Diluted earnings per share		
Diluted earnings per share attributable to equity shareholders of the Company	4.52	14.87
(c) Profit attributable to equity holders of the company used in calculating basic and diluted earnings per share	1,152.33	3,791.04
(d) Weighted average number of equity shares used as a denominator in calculating basic and diluted earnings per share	2,54,84,410	2,54,84,410

32. Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	Notes	31 March 2020	31 March 2019
Current			
Non-financial assets			
First Charge			
Inventories	7	4,832.89	7,141.89
Financial assets			
Trade receivables	5(a)	9,141.75	14,197.86
Total current assets pledged as security		13,974.64	21,339.75
Non-Current			
Second Charge			
Property, plant and equipment	3(a)	6,651.88	6,712.86
Total non-current assets pledged as security		6,651.88	6,712.86
Total assets pledged as security		20,626.52	28,052.61

Restrictions and covenants imposed under leasing agreements over right-of-use assets are disclosed in note 3(b).


33. Dues to micro and small enterprises*

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	31 March 2020	31 March 2019
	Current	Current
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	80.88	120.91
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year	–	–
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	–	–
Further interest remaining due and payable for earlier years	–	–

* Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

34. Impact of COVID-19 Pandemic

The spread of COVID-19 has severely impacted business around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock-downs, disruption in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The company being in the medium and heavy commercial vehicle segment of the automobile industry, is facing several challenges with advent of the unprecedented conditions posed by the pandemic. The onset of COVID-19 lockdown measures were mandated by Government in April 2020, this brought the supply chain to stall. Lockdown measures are cautiously being relaxed from 17 May 2020, restriction of interstate movement of goods and people still continue. In this scenario demand for trucks and buses is expected to be subdued with improvement at OEMs only in the second half of the year. Export demand is also expected to be subdued in 2020-21.

Notes to Financial Statements (Contd.)

(All amounts in INR lakhs, unless otherwise stated)

In assessing the recoverability of various assets including property, plant and equipment, intangible assets, inventories, receivables and its obligations, the Company has considered internal and external information up to the date of approval of financial statements including potential revision to sales commitments and customer orders, liquidity and solvency position for the Company for the ensuing twelve months and economic forecasts relevant to the Company. The Company based on current indicators of future economic conditions and factors mentioned above, expects to recover the carrying amount of its assets and meet its obligations.

The impact of the global health pandemic may be different from that estimated as at the date of approval of the financial statements, consequent to the highly uncertain economic environment and the Company will continue to closely monitor any material changes to future economic conditions and to carry out a definitive reassessment of the impact as circumstances evolve.

35. A portion of the land belonging to the Company at Sriperumbudur has been acquired by the State Government for widening the highway. In the absence of exact quantum of compensation receivable for the above land the same has not been considered in the accounts.
36. Previous year's figures have been regrouped wherever necessary to conform to this year's classification to enable better comparability and presentation.

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Arun Kumar R

Partner

Membership Number: 211867

Chennai

25 May 2020

For and on behalf of the **Board of Directors**

S Ram

Chairman

V Madhavan

Managing Director

Y Krishnamoorthy

Chief Financial Officer

Chennai

21 May 2020

T V Venkata Subramanyam

Secretary

Financial Summary - Last Ten Years

Particulars	₹ in lakhs									
	31.3.20	31.3.19	31.3.18	31.3.17	31.3.16	31.3.15	31.3.14	31.3.13	31.3.12	31.3.11
Sales Turnover (including other income & Net of Excise duty)	40862.41	62104.98	47505.91	41359.18	48588.49	43079.64	33200.42	41076.78	51650.37	48727.05
Paid-up Capital	2548.88	2548.88	2548.88	2548.88	2548.88	2548.88	2548.88	2548.88	2548.88	3148.88
Reserves & Surplus	11135.83	11212.42	8342.79	6711.67	5670.76	4420.23	4180.77	4132.48	4075.67	449.44
Profit Before Tax	1397.00	5855.29	3418.21	2277.79	1923.11	988.25	307.91	335.29	5223.75	629.16
Profit After Tax	1216.89	3805.64	2231.36	1491.63	1250.53	594.49	197.37	190.98	3968.52	420.16
Dividend - Amount	382.27@	1019.37	764.53	840.97	-	254.84	127.42	114.68	294.51#	-
- Rate	15.00%	40.00%	30.00%	33.00%	-	10.00%	5.00%	4.50%	12.00%	-

@ Subject to the approval of shareholders in the ensuing Annual General Meeting.

Dividend on cumulative preference shares

INSTRUCTIONS TO SHAREHOLDERS

A) FOR REMOTE E-VOTING:

- i) The voting period begins on 18.08.2020 (Tuesday) at 9.00 A.M. (IST) and ends on 20.08.2020 at 5.00 P.M. (IST) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 13.08.2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iv) Click on Shareholders module.
- v) Now 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.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI / EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) 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.
- viii) If you are a first time user 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)
	<ul style="list-style-type: none">• 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.
	<ul style="list-style-type: none">• 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. e.g. 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. <ul style="list-style-type: none">• 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 (v).

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) 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.



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- xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN for the relevant Axles India Limited on which you choose to vote.
- xiii) 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.
- xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv) 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.
- xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx) **Note for Non-Individual Shareholders and Custodians**
- 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.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - 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.
 - Alternatively Non Individual members are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; axles@axlesindia.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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 or call 1800225533 or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533, 022-23058542 / 43.

PROCESS FOR THOSE MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical Members - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company / RTA email id.
2. For Demat members, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.
3. The Company / RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned members.

B) FOR ATTENDING THE AGM THROUGH VC / OAVM:

1. Members will be provided with a facility to attend the AGM through VC / OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders / members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholders / members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. The facility of joining the AGM through VC / OAVM will be opened 15 minutes before the scheduled start-time of the AGM and will be available for Members on a first-come-first-served-basis.
6. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 5 days prior to meeting mentioning their name, demat account number / folio number, email id, mobile number at axles@axlesindia.com. The members who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number / folio number, email id, mobile number at axles@axlesindia.com. These queries will be replied to by the company suitably by email.
7. Those members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.

C) FOR E-VOTING DURING THE AGM:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those members, who are present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC / OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members attending the meeting.
4. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.