

# GROWTH AND SUSTAINABILITY

Through Technology and Empowerment

41<sup>st</sup> Annual Report 2021-22



**Automotive Axles Limited**



## Contents

Key Performance Indicators	01
Chairman's Message	02
Board's Report	04
Business Responsibility Report	23
Management Discussion and Analysis	33
Report on Corporate Governance	42
Independent Auditor's Report	61
Balance Sheet	70
Statement of Profit & Loss	71
Cash Flow Statement	72
Statement of Changes in Equity	74
Notes	75
Notice	117

## Corporate Information

### Board of Directors

Dr. Babasaheb N Kalyani,  
Chairman

Mr. Kenneth James Hogan,  
Director

Mr. Bhalachandra B Hattarki,  
Independent Director

Mr. B C Prabhakar,  
Independent Director

Mr. Rakesh Kalra,  
Independent Director

Dr. Shalini Sarin,  
Independent Director

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

### Key Managerial Personnel

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

Mr. Ranganathan S,  
Chief Financial Officer

Mr. Debadas Panda,  
Company Secretary

### Statutory Auditors

S R Batliboi & Associates LLP,  
Bengaluru

### Internal Auditors

PriceWaterhouse Coopers  
Services LLP, Bengaluru

### Bankers

HDFC Bank Limited

State Bank of India

Axis Bank Limited

The Federal Bank Limited

### Registrar & Share Transfer Agents (RTA)

Integrated Registry Management  
Services Private Limited\*  
#30, Ramana Residency,  
4<sup>th</sup> cross Sampige Road,  
Malleshwaram  
Bangalore – 560 003  
Ph: 080-23460815-818;  
E-mail: [irg@integratedindia.in](mailto:irg@integratedindia.in)

\* RTA: Earlier name: Integrated  
Enterprises (India) Limited

### Registered Office

Hootagalli Industrial Area,  
Off Hunsur Road,  
Mysuru, Karnataka - 570 018  
Ph: 0821-7197500  
Website: [www.autoaxle.com](http://www.autoaxle.com)  
Email: [sec@autoaxle.com](mailto:sec@autoaxle.com)

### Works

#### Mysuru

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

#### Rudrapur

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

#### Jamshedpur

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

#### Hosur

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



## Key Performance Indicators

### Total Revenue

(₹ in mn)

FY18	<input type="text" value="15,580.63"/>
FY19	<input type="text" value="19,420.02"/>
FY20	<input type="text" value="9,596.81"/>
FY21	<input type="text" value="9,126.48"/>
FY22	<input type="text" value="14,948.78"/>

### EBITDA

(₹ in mn)

FY18	<input type="text" value="1,715.78"/>
FY19	<input type="text" value="2,320.46"/>
FY20	<input type="text" value="1,010.07"/>
FY21	<input type="text" value="729.06"/>
FY22	<input type="text" value="1,389.35"/>

### PBT

(₹ in mn)

FY18	<input type="text" value="1,278.17"/>
FY19	<input type="text" value="1,853.11"/>
FY20	<input type="text" value="599.54"/>
FY21	<input type="text" value="301.65"/>
FY22	<input type="text" value="1,000.50"/>

### PAT

(₹ in mn)

FY18	<input type="text" value="839.32"/>
FY19	<input type="text" value="1,215.50"/>
FY20	<input type="text" value="411.34"/>
FY21	<input type="text" value="227.30"/>
FY22	<input type="text" value="743.58"/>

### EPS

(in ₹)

FY18	<input type="text" value="55.54"/>
FY19	<input type="text" value="80.43"/>
FY20	<input type="text" value="27.22"/>
FY21	<input type="text" value="15.04"/>
FY22	<input type="text" value="49.20"/>

### Networth

(₹ in mn)

FY18	<input type="text" value="4,443.35"/>
FY19	<input type="text" value="5,384.40"/>
FY20	<input type="text" value="5,319.37"/>
FY21	<input type="text" value="5,540.54"/>
FY22	<input type="text" value="6,210.61"/>

## Chairman's Message



Dear shareholders,

I am delighted to share that Your Company recorded a robust performance in terms of revenue, as well as profitability, despite a challenging business environment.

Our Total Income grew by 64% to ₹1,495 crore in FY 2021-22 from ₹913 crore in FY 2020-21, EBITDA increased by 90% to ₹139 crore from ₹73 crore and PAT increased by 222% to ₹74 crore from ₹23 crore. Our ongoing efforts on process improvements, cost reduction, and revenue enhancement measures, have contributed to business growth and delivered a healthy profit.

### Industry landscape

The auto component industry showed a recovery in revenue growth, increasing by 13–15% for 2021–2022, driven by demand from domestic OEMs, parts replacement and export markets, as well as via passing through high commodity prices to end-customers. Despite the overall low automobile sales during the year, largely on account of the semiconductor shortage and global supply chain disruptions, the industry showcased significant rebound. The Commercial Vehicles segment has witnessed strong growth in sales, as the construction and infrastructure sectors picked up pace.

---

**Our people are the driving force behind the progress and growth of our business. It is their tireless efforts and perseverance that enabled us to record a strong performance**

---



## **Strategic priorities**

We have devised a clear strategy to maintain the growth momentum to sustain our market leadership. As per our mission 2025 strategy, we continue to focus on enhancing revenue and profit by increasing market share, cost control measures, driving operational excellence, strengthening workforce and developing new products. We always prioritised exceeding customer expectations and creating high customer value by providing high quality products with improved performance.

Innovation has always played a key role in meeting evolving customer requirements and growing our customer base through new product developments. During the year, we introduced the largest axle in India for 55 tonnes vehicles, which are currently performing well in the market. We also launched axles for the bus segment, which have been gaining traction in the market. All the products have been migrated to BS-VI emission norms and have been running very successfully in the market. Going forward, we will continue to focus on innovation for various commercial vehicles including MHCV, LCV and the bus segment. We also have ambitions to build axles for electric vehicles, and we have already started discussions with a number of customers.

## **Empowering a motivated workforce**

Our people are the driving force behind the progress and growth of our business. It is their tireless efforts and perseverance that enabled us to record a strong performance. We are gratified to have a highly skilful, experienced and passionate team, for whom we ensure a friendly, conducive and inclusive work environment, along with continuous training and opportunities for growth and career progress. Your Company continuously engages with them through various initiatives including functional training, recognition programmes, festival and event celebrations, etc.

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

## **Impacting lives**

At AAL, we believe that community engagement is crucial for business sustainability and progress. As a community conscious, socially responsible and value-based organisation, we focus on the holistic development of the underprivileged people through various CSR initiatives.

Continuing our efforts to promote healthcare, we donated the second 'Lab on Wheels' to the government of Karnataka, for providing primary healthcare services to needy people. The spread of the COVID-19 pandemic was one of the major concerns in the beginning of the financial year and your Company has taken various initiatives to contain the spread of the pandemic, including free vaccination drives for the general public as well as for our employees.

## **Way forward**

We made significant progress in terms of process improvements, technology adoption, quality management and developing of new products. These developments will enable us to grow our volume and revenues in FY 2022-23. Going forward, we will ramp up the production of various models, with a focus on maximising available resources and cost reducing measures such as migrating to solar power, technology adoption for improving productivity, streamlining business operations, etc. We will continue developing new products to address the evolving consumer requirements while adhering to regulatory norms and ensuring highest quality standards.

We are also working on various measures to improve our ESG norms in line with emerging ESG regulatory norms.

On behalf of the Board, I would like to thank all our stakeholders including customers, suppliers, investors, shareholders and governments for their continued trust and support. I would also like to extend my deepest gratitude to our people for their contributions to our progress in a dynamic business environment.

Regards,

**Dr. B N Kalyani**  
Chairman

# Board's Report

To the Members,

Your Directors have the pleasure in presenting the 41<sup>st</sup> Annual Report on the business and operations of your Company together with the Audited Statements of Accounts for the financial period ended March 31, 2022:

## Financial Highlights:

Particulars	(₹ in million)	
	2021-2022	2020-2021
Total Revenue	14,948.78	9126.48
Profit before depreciation & tax	1,364.68	661.68
Less : Depreciation, amortisation expenses	364.18	360.03
Profit before tax	1000.50	301.65
Tax expenses	256.92	74.35
Profit for the year after tax	743.58	227.30
Other comprehensive income/(Loss) for the year, net of tax	(5.50)	5.96
Total comprehensive income for the year	738.08	233.26
Balance of Profit from Previous Year	4,815.02	4,593.84
Less: Dividend	68.01	12.08
Profit available for appropriation	5,485.09	4,815.02

## Dividend

The Board, at its meeting held on May 17, 2022, is pleased to recommend a dividend of ₹ 15/- per Equity Share of the face value of ₹ 10/- each for the financial year ended March 31, 2022 subject to the approval of shareholders at the ensuing Annual General Meeting to be held on Friday, August 5, 2022.

The total amount of Dividend aggregates to ₹ 226.68 million.

The register of members and share transfer books will remain closed from July 30, 2022 to August 5, 2022 (both days inclusive) for the payment of final dividend to the shareholders of the Company, for the year ended on March 31, 2022.

The Dividend will be paid to members within 30 days from the date of declaration of dividend whose names appear in the Register of Members as on July 29, 2022.

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

## Transfer of unpaid or unclaimed amount to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Companies Act, 2013, the declared dividends, which remained unpaid or unclaimed for a period of seven years, shall be transferred by the

Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, shall be transferred by the Company to the IEPF.

Accordingly, the Company has sent notice to the respective shareholders who have not claimed their dividend for seven consecutive years or more and the newspaper advertisement stating the same has been published in the newspapers.

In terms of the provisions of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 a sum of ₹ 1,48,605/- which is unpaid/unclaimed dividends pertaining to the FY 2013-14 was transferred to the Investor Education and Protection Fund during the year.

The list of equity shareholders whose shares are transferred to IEPF can be accessed on the website of the Company at below mentioned link: [https://autoaxle.com/Annual\\_reports.aspx](https://autoaxle.com/Annual_reports.aspx) under the head IEPF Transfers

## Performance of the Company

The total income for the financial year under review was ₹ 14,948.78 Million as against ₹ 9,126.48 Million for the previous financial year. The Profit before tax (PBT) was



₹ 1000.50 Million for the financial year under review, as against ₹ 301.65 Million for the previous financial year.

### Share Capital

The paid up Equity Share Capital as on March 31, 2021 stood at ₹ 151.12 Million. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options nor sweat equity.

### Deposits

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

### Transfer to Reserve

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

### Listing

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

### Directors & Key Managerial Personnel:

As on March 31, 2022 there were seven (7) Directors on the Board of your Company, consisting of four (4) Independent Directors, one (1) Executive Director and two (2) Non-Executive Directors of whom one is the Chairman.

Mr. Kenneth James Hogan (DIN: 0009161738) was appointed as an Additional Director of the Board based on nomination received from the Meritor Heavy Vehicle System LLC, one of the promoters, and also on the recommendation of Nomination & Remuneration Committee of the Company, in place of Mr. Chrishan Anton Sebastian Villavarayan (DIN: 03020467) who resigned from the Board, w.e.f May 14, 2021. The Board places its appreciation for Mr. Chrishan Anton Sebastian Villavarayan's valuable contributions during his tenure. Appointment of Mr. Kenneth James Hogan (DIN: 0009161738) got regularised by the shareholders in their 40<sup>th</sup> Annual General Meeting held on August 10, 2021.

Mr. Srinivasan Kumaradevan, (DIN: 08107660) has resigned from the position of Wholetime Director of the company with effect from July 31, 2021.

Dr Muthukumar N. (DIN: 06708535) has been appointed as President and Whole-time Director w.e.f. January 27, 2022.

However, after the closure of the financial year:

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

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

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

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

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

### Declaration by Independent Directors

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

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

### Board Evaluation:

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

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

During the year 2021-22, Independent Directors met on February 4, 2022, discussed and reviewed the below:

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

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

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

### **Familiarisation program for the Board Members**

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

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

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

The details of programs for Familiarisation for Independent Directors are posted on the website of the Company and can be accessed at below weblink:

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

### **Directors' Responsibility Statement**

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

- in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2022 and of the profit of the company for the year ended on that date;
- we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- we have prepared the annual accounts on a going concern basis;

- we have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **Auditors & Auditors' Report**

#### **a. Statutory auditor**

M/s. S R Batliboi & Associates LLP, Chartered Accountants [Firm Registration No.: 101049W/E300004] the statutory auditors of the Company, will hold office till the conclusion of the 41<sup>st</sup> Annual General Meeting of the Company. The Board has recommended the re-appointment of M/s. S R Batliboi & Associates LLP, Chartered Accountants as the statutory auditors of the Company, for a second term of five consecutive years, from the conclusion of the 41<sup>st</sup> Annual General Meeting scheduled to be held in the year 2022 till the conclusion of the 46<sup>th</sup> Annual General Meeting to be held in the year 2027, for approval of shareholders of the Company, based on the recommendation of the Audit Committee.

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

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

#### **b. Internal Auditor**

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

#### **c. Secretarial Auditor**

Pursuant to the provisions of the Section 204 of the Companies Act, 2013 and the rules made there under and based on the recommendations of the Audit Committee, CS Pracheta M, Practicing Company Secretary has been appointed to conduct Secretarial Audit of the Company's secretarial and other related records for the financial year 2022-23.

The Secretarial Audit Report for the financial year ended March 31, 2022 Form MR-3 is appended to this report under **Annexure – A**

Explanation for observations made under Secretarial Audit Report:

As per the observations made by secretarial Auditor on delay of 8 days in the reconstitution of Stakeholders relationship committee, it is to clarify to the members that the company has already complied this requirement on November 8, 2022, paid the fine to the stock exchanges and noted it in their Board Meeting held on March



18, 2022. Going forward company will strengthen the process, not to skip such compliance requirement.

### Internal Financial Controls

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

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

### Corporate Governance

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

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

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

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

### Meetings of the Board

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

### Committees of the Board

Your Company has the following committees which have been established as a part of the corporate governance practices and are in compliance with the requirements of the Companies Act, 2013 and the Securities and Exchange Board

of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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

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

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

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

### Particulars of Remuneration of Directors & certain specified employees:

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

### Annual Return 2021-22

The copy of Annual Return for the financial year ending March 31, 2022 is available at [https://www.autoaxle.com/Annual\\_Return.aspx](https://www.autoaxle.com/Annual_Return.aspx)

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

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

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

## Policy on Directors' Appointment & Remuneration

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. On March 31, 2022, the Board consist of seven members, one of whom is executive or whole-time director, two are non executive directors and four are independent directors out of whom one is an Independent Woman Director.

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Act and Listing Regulations. The Policy is designed to guide the Board in relation to appointment and removal of directors, Key Managerial Personnel and Senior Management and recommend to the Board on remuneration payable to them. Policy enables the Company to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The current policy is available on Company's website at [https://www.autoaxle.com/Investor\\_Policy.aspx](https://www.autoaxle.com/Investor_Policy.aspx)

## Particulars of contracts or arrangements with Related Parties (RPT)

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

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

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

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

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

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

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

## Risk Management System

The Company has a robust risk management framework comprising risk governance structure and defined risk management processes. This processes include the development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company. The risk governance structure of the Company is a formal organisation structure with defined roles and responsibilities for risk management.

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

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

## Corporate Social Responsibility (CSR):

The Company has been carrying out various Corporate Social Responsibility (CSR) activities. These activities are in terms of Section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 read with CSR policy of the Company. During the year the Company has spent ₹ 36.23 Million on various CSR activities including ₹ 16.99 Million of unspent CSR amount pertaining to the fiscal year 2020-21.

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

## State of Company's Affairs

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

## Management Discussion and Analysis Report

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

## Business Responsibility Report

A detailed Business Responsibility Report in terms of the provisions of Securities and Exchange Board of India (Listing