GKN Driveline (India) Limited

# 39th Annual Report 2023-24

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**Board of Directors**

| | |
|---|---|
| Mr. Anthony Bell | Chairman & Non-Executive Director |
| Mr. Sanjay Katyal | Managing Director |
| Mr. Madan Singh Sisodia | Executive Director |
| Mr. Rajeev Dogra | Executive Director |
| Ms Rajni Sekhri Sibal | Independent Director |
| Mr. Bharat Dev Singh Kanwar | Independent Director |
| Ms. Luna Bose Roy Chowdhury | Executive Director (upto 10.06.2024) |

**Audit & Risk Management Committee**

| | |
|---|---|
| Ms. Rajni Sekhri Sibal | Chairperson |
| Mr. Madan Singh Sisodia | Member |
| Mr. Bharat Dev Singh Kanwar | Member |

**Nomination & Remuneration Committee**

| | |
|---|---|
| Mr. Bharat Dev Singh Kanwar | Chairman |
| Ms Rajni Sekhri Sibal | Member |
| Mr. Anthony Bell | Member |
| Mr. Rajeev Dogra | Member |

**Stakeholders Relationship Committee**

| | |
|---|---|
| Mr. Anthony Bell | Chairman |
| Mr. Sanjay Katyal | Member |
| Mr. Madan Singh Sisodia | Member |
| Ms. Richa Porwal | Member |

**Corporate Social Responsibility Committee**

| | |
|---|---|
| Mr. Sanjay Katyal | Chairman |
| Mr. Rajeev Dogra | Member |
| Ms. Rajni Sekhri Sibal | Member |
| Mr. Bharat Dev Singh Kanwar | Member |

**Chief Financial Officer**
Mr. Tushar Jain

**Company Secretary**
Ms. Richa Porwal

**Technical Collaborators**
GKN Automotive Limited, UK

**Registered Office & Faridabad Works**
270, Sector 24
Faridabad 121 005 (Haryana)
Tel: +91 (129), 6621300
Fax: +91 (129) 6621349
Group Website: www.gknautomotive.com

**Oragadam Works**
Plot NO. B-13, SIPCOT Industrial Park
Sriperumbadur, Kancheepuram 602105
Tamil Nadu
Tel: +91 (44) 67128380
Fax:+91 (44) 67128300

**Pune Works**
Plot No. 4, Village Lonikand,
Taluka - Haveli, Pune - 412 216
Tel: +91 (20) 67090900

**Share Transfer Agent**
MCS Share Transfer Agent Ltd.
F-65, Ist Floor, Okhla Industrial Area,
Phase I, New Delhi 110 020
Tel: +91 (11) 41406149/ 41406151 / 52
Fax: +91 (11) 41709881

**Auditors**
Deloitte Haskins & Sells LLP, Chartered Accountants Gurgaon

**Bankers**
HDFC Bank Ltd.
The Hongkong and Shanghai Banking Corporation Ltd.
Citibank N.A.

**Dharuhera Works**
34 & 35, Industrial Area
Dharuhera 122 106 (Haryana)
Tel.: +91 (1274) 277800

**Kadi Works**
Plot No. B7, Mascot Industrial Park,
Jadavpura Cross Road, Kadi,
Vithalapur Highway, Kadi
Mehsana 382715 (Gujarat)
Tel: +91 (2764) 243500

**GKN Driveline (India) Limited**
CIN: U74999HR1985PLC034079
Regd. Office: Plot No. 270, Sector 24,
Faridabad 121005 (Haryana), India
Tel : +91 (129) 6621300
Fax: +91 (129) 6621349
Email: gdi.stakeholder@gknautomotive.com
Group website: www.gknautomotive.com

# NOTICE OF 39th ANNUAL GENERAL MEETING

**Notice is hereby given that the 39th** Annual General Meeting of members of GKN Driveline (India) Limited (CIN U74999HR1985PLC034079) ("the Company") is scheduled to be held on **24th September, 2024, Tuesday, at 11 am at its Registered Office, Plot No. 270, Sector 24, Faridabad 121 005 (Haryana), India** to transact the following business(es):

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Financial Statements for the financial year ended on 31st March, 2024 including audited Balance Sheet as at March 31, 2024, Statement of Profit & Loss Account (including other comprehensive income), Cash Flow Statement and Statement of changes in Equity for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To re-appoint a director in place of Mr. Sanjay Katyal (DIN- 08384025) who retires by rotation and is eligible for re-appointment.
3. To re-appoint a director in place of Mr. Rajeev Dogra (DIN-05270378) who retires by rotation and is eligible for re-appointment.
4. To confirm interim dividend of INR 64 per share as final dividend for FY 2023-2024.

**SPECIAL BUSINESS**

5. **Revision in remuneration of Mr. Sanjay Katyal, Managing Director:**

To consider and if thought fit, to pass with or without modification, the following **Special Resolution:**

**"RESOLVED THAT** pursuant to provision of Section 196 and 203 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 read with Schedule V of the Act, approval of Members be and is hereby accorded for revision of remuneration of Mr. Sanjay Katyal (DIN-08384025), Managing Director of the Company on following terms and conditions effective from April 1, 2024:

(INR)

| Sanjay Katyal | As on 1st Apr 2023 | | As on 1st Apr 2024 | |
|---|---|---|---|---|
| **Particulars** | **Annual** | **Monthly** | **Annual** | **Monthly** |
| CTC (includes Guaranteed cash, Bonus, Gratuity, Reimbursement & Mediclaim) | 11730802 | 977567 | 12540785 | 1045065 |
| Guaranteed Cash (Includes Salary Components, PF & Supperannuation) | 10215733 | 851311 | 10899319 | 908277 |
| GKN Automotive Bonus as Per GKN Automotive Rewards Policy (Target Level) | 1224816 | | 1322802 | |

**RESOLVED FURTHER THAT** in case of losses or inadequate profits, Mr. Sanjay Katyal would continue to receive remuneration (including minimum remuneration as per Schedule V of the Companies Act, 2013).

**RESOLVED FURTHER THAT** the payment of bonus amount for INR 15,56,996.98/- for performance of 2023 as recommended by Board of Directors of the Company be and is hereby approved.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, subject to the approval of Central Government and /or the Members, as may be required, be and is hereby authorized to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under Schedule V of Companies Act, 2013 as amended to date or any statutory modification or re-enactment thereof and to alter the terms and conditions between the Company and Mr. Sanjay Katyal, as given in the explanatory statement which forms part of this resolution & also given in the Agreement as mentioned above.

**RESOLVED FURTHER THAT** Ms. Richa Porwal Company Secretary of the Company be and are hereby authorised to do all such acts, deed and things as deemed necessary and proper pursuant to the Companies Act, 2013."

6. **Revision in remuneration of Mr. Madan Singh Sisodia, Executive Director: -**

To consider and if thought fit, to pass with or without modification, the following **Special Resolution:**

**"RESOLVED THAT** pursuant to provision of Section 196 and 203 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 read with Schedule V of the Act, approval of Members be and is hereby accorded for revision of remuneration of Mr. Madan Singh Sisodia (DIN-08111748), Executive Director of the Company on following terms and conditions effective from April 1, 2024:

(INR)

| Madan Sisodia | As on 1st Apr 2023 | | As on 1st Apr 2024 | |
|---|---|---|---|---|
| **Particulars** | **Annual** | **Monthly** | **Annual** | **Monthly** |
| CTC (includes Guaranteed cash, Bonus, Gratuity, Reimbursement & Mediclaim) | 12934846 | 1077904 | 15573589 | 1297799 |
| Guaranteed Cash (Includes Salary Components, PF & Supperannuation) | 11246625 | 937219 | 13495970 | 1124664 |
| GKN Automotive Bonus as Per GKN Automotive Rewards Policy (Target Level) | 1372588 | | 1695019 | |

**RESOLVED FURTHER THAT** in case of losses or inadequate profits, Mr. Madan Singh Sisodia would continue to receive remuneration (including minimum remuneration as per Schedule V of the Companies Act, 2013).

**RESOLVED FURTHER THAT** the payment of bonus amount for INR 17,28,826.78/- for performance of 2023 as recommended by Board of Directors of the Company be and is hereby approved.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, subject to the approval of Central Government and /or the Members, as may be required, be and is hereby authorized to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under Schedule V of Companies Act, 2013 as amended to date or any statutory modification or re-enactment thereof and to alter the terms and conditions between the Company and Mr. Madan Singh Sisodia, as given in the explanatory statement which forms part of this resolution & also given in the remuneration revision letter as mentioned above.

**RESOLVED FURTHER THAT** Ms. Richa Porwal Company Secretary of the Company be and are hereby authorised to do all such acts, deed and things as deemed necessary and proper pursuant to the Companies Act, 2013."

7. **Revision in remuneration of Mr. Rajeev Dogra, Executive Director: -**

To consider and if thought fit, to pass with or without modification, the following **Special Resolution:**

**"RESOLVED THAT** pursuant to provision of Section 196 and 203 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 read with Schedule V of the Act, approval of Members be and is hereby accorded for revision of remuneration of Mr. Rajeev Dogra (DIN-05270378), Executive Director of the Company on following terms and conditions effective from April 11, 2024:

(INR)

| Rajeev Dogra | As on 1st Apr 2023 | | As on 11th Apr 2024 | |
|---|---|---|---|---|
| **Particulars** | **Annual** | **Monthly** | **Annual** | **Monthly** |
| CTC (includes Guaranteed cash, Bonus, Gratuity, Reimbursement & Mediclaim) | 10598595 | 883216 | 10488273 | 874023 |
| Guaranteed Cash (Includes Salary Components) | 9246351 | 770529 | 9248125 | 770677 |
| GKN Automotive Bonus as Per GKN Automotive Rewards Policy (Target Level) | 1085859 | | 1172728 | |

**RESOLVED FURTHER THAT** in case of losses or inadequate profits, Mr. Rajeev Dogra would continue to receive remuneration (including minimum remuneration as per Schedule V of the Companies Act, 2013).

**RESOLVED FURTHER THAT** the payment of bonus amount for INR 12,96,706.42/- for performance of 2023 as recommended by Board of Directors of the Company be and is hereby approved.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, subject to the approval of Central Government and /or the Members, as may be required, be and is hereby authorized to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under Schedule V of Companies Act, 2013 as amended to date or any statutory modification or re-enactment thereof and to alter the terms and conditions between the Company and Mr. Rajeev Dogra, as given in the explanatory statement which forms part of this resolution & also given in the remuneration letter as mentioned above.

**RESOLVED FURTHER THAT** Ms. Richa Porwal Company Secretary of the Company be and are hereby authorised to do all such acts, deed and things as deemed necessary and proper pursuant to the Companies Act, 2013."

**8. Revision in remuneration of Ms. Lunna Bose Roy Chowdhury, Executive Director: -**

To consider and if thought fit, to pass with or without modification, the following **Special Resolution:**

**"RESOLVED THAT** pursuant to provision of Section 196 and 203 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules 2014 read with Schedule V of the Act, approval of Members be and is hereby accorded for revision of remuneration of Ms. Luna Bose Roy Chowdhury (DIN-09800540), Executive Director, of the Company upto 10th June 2024, on following terms and conditions effective from April 1, 2024:

(INR)

| Lunna Bose | As on 1st Apr 2023 | | As on 1st Apr 2024 | |
|---|---|---|---|---|
| **Particulars** | **Annual** | **Monthly** | **Annual** | **Monthly** |
| CTC (includes Guaranteed cash, Bonus, Gratuity, Reimbursement & Mediclaim) | 10676960 | 955054 | 11957716 | 996476 |
| Guaranteed Cash (Includes Salary Components,PF) | 8229972 | 823847 | 10296921 | 858077 |
| GKN Automotive Bonus as Per GKN Automotive Rewards Policy (Target Level) | 1275523 | | 1339299 | |

**RESOLVED FURTHER THAT** in case of losses or inadequate profits, Ms. Luna Bose Roy Chowdhury would continue to receive remuneration (including minimum remuneration as per Schedule V of the Companies Act, 2013).

**RESOLVED FURTHER THAT** the payment of bonus amount for INR 15,11,002.85/- for performance of 2023 as recommended by Board of Directors of the Company be and is hereby approved.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, subject to the approval of Central Government and /or the Members, as may be required, be and is hereby authorized to alter, vary, modify and increase the remuneration including perquisites within the limits or ceilings prescribed under Schedule V of Companies Act, 2013 as amended to date or any statutory modification or re-enactment thereof and to alter the terms and conditions between the Company and Mr. Rajeev Dogra, as given in the explanatory statement which forms part of this resolution & also given in the remuneration letter as mentioned above.

**RESOLVED FURTHER THAT** Ms. Richa Porwal Company Secretary of the Company be and are hereby authorised to do all such acts, deed and things as deemed necessary and proper pursuant to the Companies Act, 2013."

**9. Re-appointment of Ms. Rajni Sekhri Sibal as Independent Director:**

To consider and if thought fit, to pass with or without modification, the following resolution as **ORDINARY RESOLUTION**

**"RESOLVED THAT** Ms. Rajni Sekhri Sibal (DIN 0009176377) who is re-appointed as Independent Director of the Company with effect from 8th December 2024 in the Board meeting held on 23rd august 2024 for a term of 3 years in terms of provision of Section 161 of the Companies Act, 2013, 149, 152 and Companies (Appointment and Qualification of Directors) Rules 2014 read with schedule IV of the Act and be and is hereby appointed as Independent Director of the Company up to 7th December 2027."

**10. Re-appointment of Mr. Bharat Dev Singh Kanwar as Independent Director:**

To consider and if thought fit, to pass with or without modification, the following resolution as **ORDINARY RESOLUTION**

**"RESOLVED THAT** Mr. Bharat Dev Singh Kawar (DIN-00428180) who was re-appointed as Independent Director of the Company with effect from 1st April 2024 in the Board meeting held on 30th March 2024 for a term of 3 years in terms of provision of Section 161 of the Companies Act, 2013, 149, 152 and Companies (Appointment and Qualification of Directors) Rules 2014 read with schedule IV of the Act and who holds office till conclusion of this Annual General Meeting be and is hereby appointed as Independent Director of the Company up to 31st March 2027."

**For and on the behalf of the Board of Directors of**
**GKN Driveline (India) Limited**

**Sd/-**
**Richa Porwal**
**Company Secretary**
**FCS- 8318**

**Date: 23rd August, 2024**
**Place: Faridabad, NCR**

**Regd. Off:-**
270, Sector 24,
Faridabad 121 005 (Haryana), India
Tel: +91 (129) 6621300
Fax: +91 (129) 6621349
CIN: U74999HR1985PLC034079
E-mail: gdi.stakeholder@gknautomotive.com

**NOTES:**

1. **A member who is entitled to attend and vote at the meeting is entitled to appoint another person (such person need not be a member) as his proxy to attend instead of himself at the meeting. However, the proxy shall not have the right to speak at meeting and shall not be entitled to vote except on a poll.**

2. The instrument of proxy, in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A proxy form is annexed to this report.

3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours (between 10:00 A.M. and 5:30 P.M.) of the Company, provided that not less than three days of notice in writing is given to the Company.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.

5. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights.

   Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

6. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.

7. Members/ proxies should bring filled Attendance Slip enclosed herewith to attend the meeting.

8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be made available for inspection by members of the Company.

9. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be made available for inspection by the members of the Company.

10. Members are advised, in their own interest, to convey to the Company at the earliest opportunity, any change in their postal addresses. They are also advised to typewrite their names and if they write in hand they must write their names and addresses in capital letters.

11. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business to be transacted at the Meeting is annexed hereto and forms part of this notice.

12. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on all days except Sunday and Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.

13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. MCS Share Transfer Agent Limited (Registrar & Transfer Agent), F-65, Okhla Industrial Area, Phase I, New Delhi – 110020 or to the Company.

14. Ministry of Corporate Affairs has taken Green Initiative and allowed the Companies to send Notice of Annual General Meeting, Balance Sheet and Auditors Report etc. to members of the Company as required under Section 101 and Section 136 of the Companies Act, 2013 though electronic mode. **Members are requested to send their email**

**addresses to the Company at its registered office or to the Registrar & Transfer Agent.** Members who have not registered their e-mail address with the Company are requested to register the same by submitting the letter to M/s. MCS Share Transfer Agent Limited, F-65, Okhla Industrial Area, Phase I, New Delhi – 110020.

15. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed form from the Registrar & Share Transfer Agent M/s. MCS Share Transfer Agent Limited and have it duly filled and sent back to them.

16. Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.

17. Electronic copy of the Notice of the 39th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 39th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**

**The remote e-voting period begins on 21st September 2024 at 9 A.M. and ends on 23rd September 2024 at 5 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 17th September 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 17th September 2024.**

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1: Access to NSDL e-Voting system**

A) Login method for e-Voting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| **Type of shareholders** | **Login Method** |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to **e-Voting website of NSDL** for casting your vote during the remote e-Voting period If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp |

| | |
|---|---|
| | 2. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.<br>3. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience.<br>**NSDL Mobile App is available on**<br>App Store Google Play |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password.<br>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.<br>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. |
| | 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period. |

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

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

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 - 21- 09911 |

**B) Login Method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12****** |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:
   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
   (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
   (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open..

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cs.ranjeet@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on : 022 - 4886 7000 and or send a request at evoting@nsdl.co.in

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to gdi.stakeholder@gknautomotive.com
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to gdi.stakeholder@gknautomotive.com If you are an Individual

shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**Other Notes**

- **Shareholders** who have so far not encashed their dividend paid by the Company upto the financial year ended March 31, 2024, may immediately approach the Company / RTA for claiming dividend amount. The details of unclaimed dividend can be accessed by contacting Mr. Harish Bansal @ Harish.Bansal@gknautomotive.com, Asst Manager Finance of the Company.
- Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of Shareholders w.e.f. April 01, 2020 and the Company is required to deduct tax at source at the prescribed rates from dividend to be paid to shareholders. For the prescribed rates under various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
- Non-resident shareholders can avail beneficial rates under 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.
- Above documents can be provided by sending an email to admin@mcsregistrars.com
- Shareholders are also requested to update their KYC

**EXPLANATORY STATEMENT**

The following Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 as amended to date sets out all material facts relating to the business mentioned at item nos. 5,6,7,8, 9 & 10 in the accompanying Notice.

**Special Business**

**Item No. 5**

**Revisions in remuneration of Mr. Sanjay Katyal, Managing Director:**

The details of Mr. Sanjay Katyal, Managing Director is given below:

| | |
|---|---|
| Age | : 58 years |
| Qualification | : Bachelor’s Degree- Mech. Engg. & Post Diploma in Production Engg. |
| Experience | : 35 years |
| Terms and conditions of appointment | : No change in terms & conditions of appointment for FY 2023-24 |

| Sanjay Katyal | As on 1st Apr 2023 | | As on 1st Apr 2024 | |
|---|---|---|---|---|
| **Particulars** | **Annual** | **Monthly** | **Annual** | **Monthly** |
| CTC (includes Guaranteed cash, Bonus, Gratuity, Reimbursement & Mediclaim) | 11730802 | 977567 | 12540785 | 1045065 |
| Guaranteed Cash (Includes Salary Components, PF & Supperannuation) | 10215733 | 851311 | 10899319 | 908277 |
| GKN Automotive Bonus as Per GKN Automotive Rewards Policy (Target Level) | 1224816 | | 1322802 | |

| | |
|---|---|
| Shareholding in the Company | 24 shares |
| Relationship with other Directors, Managers & KMPs | None |

**Details of Board / Committee Meetings**

| Particulars | Board | Stakeholder Relationship Committee | Corporate Social Responsibility Committee |
|---|---|---|---|
| Total number of meetings in FY 2023-24 | 4 | 4 | 3 |
| No of Meeting attended | 4 | 4 | 3 |
| Chairman / Member | Member | Member | Chairman |

Mr. Sanjay Katyal was appointed as Managing Director of the Company w.e.f. 1st February, 2019 and re- appointed w.e.f. 30th January 2022 for a term of 3 years.

Mr. Sanjay Katyal was born on 13th October 1966, is an Engineering Graduate from National Institute of Technology, Kurukshetra and Post Diploma in Production Engg. From Haryana Technical Education Board with 33 year of post qualification experience.

He has been working with GKN since August 1992 He has worked in various engineering roles like Quality, Production, Operations, Lean Enterprises and Projects. Thereafter he assumed various roles like Supply Chain, Orgadam Plant Head, Purchasing and Supply Chain Head. In the year 2018 he was promoted to the position of Director Supply Chain for Asia Pacific Region.

He has been driving organization for Supply Chain excellence leading to the improvement in working capital through DIO improvements / freight cost reduction in line with 100% customer deliveries.

Prior to GKN, he has worked in Eicher Tractors Ltd. In addition to this Mr. Sanjay Katyal is trustee with GKN Driveline (India) Limited Gratuity Trust.

A supplemental agreement has been entered between the Company and Mr. Sanjay Katyal which contains revised remuneration as mentioned in the Resolution. The Agreement is available for inspection to Members at the Registered Office of the Company on any working day between 11 a.m. to 1.00 p.m. prior to the date of the Annual General Meeting.

In case of losses or inadequate profits, Mr. Sanjay Katyal would receive remuneration (including minimum remuneration) as per Schedule V of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Sanjay Katyal is concerned or interested in this Resolution.

The remuneration is in line with current industry standard.

The Board commends the resolutions set out in Item no. 5 for the approval of Members.

**Item No. 6**

**Revision in remuneration of Mr. Madan Singh Sisodia, Executive Director:**

The details of Mr. Madan Singh Sisodia, Executive Directors is given below:

| | | |
|---|---|---|
| Age | : | 53 years |
| Qualification | : | Chartered Accountant & Cost and Management Accountant |
| Experience | : | 28 years |
| Terms and conditions of appointment | : | No change in terms & conditions of appointment For FY 2023-24 |

**Remuneration:**

| **Madan Sisodia** | **As on 1st Apr 2023** | | **As on 1st Apr 2024** | |
|---|---|---|---|---|
| **Particulars** | **Annual** | **Monthly** | **Annual** | **Monthly** |
| CTC (includes Guaranteed cash, Bonus, Gratuity, Reimbursement & Mediclaim) | 12934846 | 1077904 | 15573589 | 1297799 |
| Guaranteed Cash (Includes Salary Components, PF & Supperannuation) | 11246625 | 937219 | 13495970 | 1124664 |
| GKN Automotive Bonus as Per GKN Automotive Rewards Policy (Target Level) | 1372588 | | 1695019 | |

| | |
|---|---|
| Shareholding in the Company | 01 |
| Relationship with other Directors, Managers & KMPs | None |

**Details of Board / Committee Meetings**

| | **Board** | **Audit & Risk management Committee** | **Stakeholder Relationship Committee** |
|---|---|---|---|
| Total number of meetings in FY 2023-24 | 4 | 4 | 4 |
| No of Meeting attended | 3 | 3 | 3 |
| Chairman / Member | Member | Member | Member |

Mr. Madan Singh Sisodia was appointed as Executive Director of the Company w.e.f. May 8, 2018.

Mr. Madan Singh Sisodia, born on 23rd November 1971, is a commerce graduate from Shri Ram College of Commerce and a Chartered Accountant and Cost & Management Accountant with 27 years of post-qualification experience. He has been working with GKN since Nov 2003 barring 3 months tenure when he worked with General Motors. During his tenure with GKN he initially worked as Manager Finance until August 2008 and subsequently assumed the current role of Chief Financial Officer at GKN Driveline until January 2019. Effective Feb 2019 he was designated as Finance Director Asia Pacific. He has been driving organization for financial excellence leading to growth in bottom line commensurate with growth in top line which is also evident from turnaround of loss making GKN operation in 2012 into profitable numbers in subsequent years. Apart from this handled transfer pricing litigation on Group Recharges & Royalty with revenue.

Prior to GKN he has worked in conglomerates and multinational companies such as General Motors, New Holland Tractors & Daewoo Motors. In addition to this Mr. Madan Singh Sisodia is trustee with EPF, Superannuation Trust and Gratuity Trust of GKN Driveline (india) Limited.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Madan Singh Sisodia is concerned or interested in this Resolution.

The remuneration is in line with current industry standard.

The Board recommends the resolutions set out in Item No. 6 for the approval of members.

**Item No. 7**

**Revision in remuneration of Mr. Rajeev Dogra as Director:**

**The details of Mr. Rajeev Dogra, Executive Directors is given below:**

| | | |
|---|---|---|
| Age | : | 58 years |
| Qualification | : | Bachelor’s Degree- Mech. Engg. |
| Experience | : | 35 years |
| Terms and conditions of appointment | : | No change in terms & conditions of appointment For FY 2023-24 |

**Remuneration:**

| Rajeev Dogra | As on 1st Apr 2023 | | As on 11th Apr 2024 | |
|---|---|---|---|---|
| Particulars | Annual | Monthly | Annual | Monthly |
| CTC (includes Guaranteed cash, Bonus, Gratuity, Reimbursement & Mediclaim) | 10598595 | 883216 | 10488273 | 874023 |
| Guaranteed Cash (Includes Salary Components) | 9246351 | 770529 | 9248125 | 770677 |
| GKN Automotive Bonus as Per GKN Automotive Rewards Policy (Target Level) | 1085859 | | 1172728 | |

| | |
|---|---|
| Shareholding in the Company | 01 share |
| Relationship with other Directors, Managers & KMPs | Nil |

**Details of Board / Committee Meetings**

| | Board | Nomination and Remuneration Committee | Corporate Social Responsibility Committee |
|---|---|---|---|
| Total number of meetings in FY 2023-24 | 4 | 3 | 3 |
| No of Meeting attended | 3 | 2 | 2 |
| Chairman / Member | Member | Member | Member |

Mr. Rajeev Dogra was appointed as Executive Director of the Company w.e.f. May 15, 2019.

Mr. Rajeev Dogra, born on April 10, 1966, holds degree in Mechanical Engineering from National Institute of Technology (REC), Srinagar.

He has been with GKN Driveline (India) Limited since August 24, 1990. He is associated with the Company since beginning of his career as Graduate Engineer. Mr. Dogra worked with GKN India in various capacities in Manufacturing Engineering , Plant Operations and Projects incl Greenfield projects. He has been associated with manufacturing technology transfer from Europe and productionisation of first plunge joints at Dharuhera in early stages of Dharuhera plant. To his credit he has been instrumental in managing the setting up of greenfield projects at Oragadam and Kadi . He is currently Plant Director for Faridabad and Dharuhera Plants.

In addition to this Mr. Rajeev Dogra was trustee with GKN Driveline (India) Limited Provident Fund Trust, Superannuation Trust and Gratuity Trust up to 10th April 2024.

The remuneration is in line with current industry standard.

None of the directors, Key Managerial Personnel or their relatives except Mr. Rajeev Dogra is concerned or interested in this resolution.

The Board recommends the resolutions set out in Item No. 7 for the approval of members.

**Item No. 8**

**Revision in remuneration of Ms. Luna Bose Roy Chowdhury as Director:**

**The details of Ms. Luna Bose Roy Chowdhury, Executive Director is given below:**

| | | |
|---|---|---|
| Age | : | 48 years |
| Qualification | : | Masters in Human Resource Management |
| Experience | : | 23 years |
| Terms and conditions of appointment | : | No change in terms & conditions of appointment For FY 2023-24 |

**Remuneration:** **INR**

| Lunna Bose | As on 1st Apr 2023 | | As on 1st Apr 2024 | |
|---|---|---|---|---|
| **Particulars** | **Annual** | **Monthly** | **Annual** | **Monthly** |
| CTC (includes Guaranteed cash, Bonus, Gratuity, Reimbursement & Mediclaim) | 10676960 | 955054 | 11957716 | 996476 |
| Guaranteed Cash (Includes Salary Components,PF) | 8229972 | 823847 | 10296921 | 858077 |
| GKN Automotive Bonus as Per GKN Automotive Rewards Policy (Target Level) | 1275523 | | 1339299 | |

| | |
|---|---|
| Shareholding in the Company | Nil |
| Relationship with other Directors, Managers & KMPs | Nil |

**Details of Board / Committee Meetings**

| | Board |
|---|---|
| Total number of meetings in FY 2023-24 | 4 |
| No of Meeting attended | 3 |
| Chairman / Member | Member |

* Resigned w.e.f. 10th June, 2024

**Profile of Ms. Luna Bose Roy Chowdhury**

Defined by a sense of purpose & a desire to make a sustainable difference to institutions ,people & environment , Lunna's career journey encompasses challenging leadership roles across VUCA business environment of Asia Pacific , India ,Middle East , Africa (APAC + IMEA) . Lunna holds MHRM from IISWBM, Calcutta University and brings in diversified experience across techno-commercial ,cross functional value streams and full spectrum of human resources development , personnel management and employee relations spanning 8 industries / sectors, various financial business models , mature high growth and maturing markets.

Travelling across 23 countries and 4 continents has enhanced Lunna's leadership agility and adaptability to work with diverse , virtual and cross cultural teams in VUCA Business Environment and Diverse Talent Markets to evolve as an inclusive business leader.

Lunna takes deep interest in partnering businesses, leadership teams & change champions in facilitating key organization design, cultural transformation & change management interventions across high performance organizations for Human Resource Transformation and Overall Organization Effectiveness .

Lunna has been a key member of core leadership teams, cross-functional resource committees , compliance and audit committees , POSH committees , governance and CSR committees across Multinational and Indian Organizations viz. GKN Automotive , Unilever Group of Companies, Mettler Toledo Group , Firmenich Group , Varroc Group etc.

Lunna's purpose centers around developing passionate ,inclusive , high performing cross functional teams while aligning employee strengths , aspirations & emotions ,organizational values and expectations to achieve business results.

None of the directors, Key Managerial Personnel or their relatives except Ms. Luna Bose Roy Chowdhury is concerned or interested in this resolution.

The Board recommends the resolutions set out in Item No. 8 for the approval of members.

**Item No. 9**

**Appointment of Ms. Rajni Sekhri Sibal as Independent Director:**

| | | |
|---|---|---|
| Age | : | 64 years |
| Qualification | : | Masters in Economics and Masters in Psychology |
| Experience | : | 37 years |
| Terms and conditions of appointment | : | Appointment we.f. 8th December 2024 |

Sitting fee: INR 75,000 per meeting subject to a maximum of INR 10 lakhs per annum.

| | |
|---|---|
| Shareholding in the Company | Nil |
| Relationship with other Directors, Managers & KMPs | Nil |

**Details of Board / Committee Meetings**

| | Board | Audit and Risk management committee | Nomination and Remuneration Committee | Corporate Social Responsibility Committee |
|---|---|---|---|---|
| Total number of meetings in FY 2023-24 | 4 | 4 | 3 | 3 |
| No of Meeting attended | 4 | 4 | 3 | 3 |
| Chairman / Member | Member | Chairperson | Member | Member |

**Profile of Ms. Rajni Sekhri Sibal**

Rajni Sekhri Sibal has over 37 years experience in the Indian administrative services. She is a master in economics and topper of the All India Civil Services Examination in 1986. She has served in the Indian revenue services and worked in the area of direct taxation, public policy formulation, project implementation in Finance and Insurance industry. As special secretary, Finance and Director Treasury, she led the team that helped prepare the annual budget for the State of Haryana. Was responsible for prudent management of the State's finances and for the State Government Treasury. She also served as additional secretary in Ministry of Entrepreneurship and Skill Development and Ministry of Home Affairs. She is currently on the board of Star Health and Allied Insurance Co Ltd as Independent Director and heads the Risk Committee.

Apart from this she is visiting faculty at renowned institutes like LBSNAA, NCGG, CRPF and Amity University. She has also authored several books like, Are You Prepared for a Disaster?' 'Clouds End and Beyond'; 'Tools for Effective Monitoring' ; 'Kamadhenu' ; 'Fragrant Words'; 'The Haunting Himalayas' ; 'Asariri' ;'Women of Influence:10 Extraordinary IAS Careers'.

None of the directors, Key Managerial Personnel or their relatives except Ms. Rajni Sekhri Sibal is concerned or interested in this resolution.

The Board recommends the resolutions set out in Item No. 9 for the approval of members.

**Item No. 10**

Appointment of Mr. Bharat Dev Singh Kanwar as Independent Director:

The details of Mr. Bharat Dev Singh Kanwar, Independent Director is given below:

| | | |
|---|---|---|
| Age | : | 67 years |
| Qualification | : | B.Tech & MBA |
| Experience | : | 42 years |
| Terms and conditions of appointment | : | Appointment we.f. 1st April 2024 |

Sitting fee: INR 75,000 per meeting subject to a maximum of INR 10 lakhs per annum.

| | |
|---|---|
| Shareholding in the Company | Nil |

| | |
|---|---|
| Relationship with other Directors, Managers & KMPs | Nil |

**Details of Board / Committee Meetings**

| | Board | Audit and Risk management committee | Nomination and Remuneration Committee | Corporate Social Responsibility Committee |
|---|---|---|---|---|
| Total number of meetings in FY 2023-24 | 4 | 4 | 3 | 3 |
| No of Meeting attended | 4 | 4 | 3 | 3 |
| Chairman / Member | Member | Member | Chairman | Member |

**Profile of Mr. Bharat Dev Singh Kanwar**

He has a Bachelor's Degree in Chemical Engineering from the Punjab University in Chandigarh, India and a Master in Business Administration from the Open University Business School in the UK.

Has vast experience in managing Manufacturing companies & Technology centre. Well-connected in the India automotive industry. My professional career started in 1978 with Organo Rubbers in Northern India till 1981.

1981 -2010 different roles for Anand Automotive, which includes ; tenure at Purolator India as General Manager (largest manufacturer and exporter of filters in India), General manager Project at Arvin Exhaust UK, VP at Arvin Exhaust India, President & COO at Spicer India.

Year 2010- 2013 have held the Managing Director and Country Head position for Dana India ,a fully owned company of Dana corporation USA.

His professional tenure spanning around 40 years was successful in strategizing, turning around 6 big companies to profitability thru various operational excellence techniques and initiatives eg Lean concepts, excellence in planning, organising & execution thru employee involvement. Various initiatives accomplished leading to companies turning good to great include- Operational excellence thru TPS, TQM in office & shop floor , business Sop preparation/ implementation as per changing Indian GAAP & business requirements, achieve excellence in corporate Governance thru compliance monitoring system, internal controls & audits , effective HR management techniques, training and implementation of lean concepts. leading to operational excellence Award for three years in a row by Arvin Exhaust India. Spicer India was adjudged amongst top 100 companies in India by great place to work.

Other key achievements include- business acquisition / customer relationship management thereby continual business pipeline fill for coming 5-10 years with business win rate of 80%, merger & acquisition of companies, Strategic business planning and execution, Best HR policies /people development from within for higher positions, strategic supplier development / management there by low cost procurement, enhance supply chain management & effective programme management thereby gaining profitability in all the companies

None of the directors, Key Managerial Personnel or their relatives except Mr. Bharat Dev Singh Kanwar is concerned or interested in this resolution.

The Board recommends the resolutions set out in Item No. 10 for the approval of members.

**For and on the behalf of the Board of Directors of**
**GKN Driveline (India) Limited**

**Richa Porwal**
**Company Secretary**
**FCS- 8318**

**Date : 23rd August, 2024**
**Place: Faridabad, NCR**

**Regd. Off:-**
270, Sector 24,
Faridabad 121 005 (Haryana), India
Tel: +91 (129) 4091100, 6621300
Fax: +91 (129) 6621349

CIN: U74999HR1985PLC034079
E-mail: gdi.stakeholder@gknautomotive.com

## STATEMENT OF PARTICULARS
## (PURSUANT TO SCHEDULE V OF THE COMPANIES ACT, 2013)

### I. GENERAL INFORMATION

| Sl. No | Particulars / Subject | Information |
|---|---|---|
| 1. | Nature of industry | Manufacturing Automotive Products |
| 2. | Date or expected date of commencement of commercial production | The Company was incorporated as Private Limited on July 25, 1985. Company's name changed more than once and latest change was from GKN Driveshafts (India) Limited to GKN Driveline (India) Limited on July 3, 2003. |
| 3. | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | Not Applicable |
| 4. | Financial performance based on given Indicators | In the Financial year ended March 31, 2024, the Company made net turnover of INR 10518 Mn and profit before tax of INR 1158 Mn. Whereas in the financial year ended March 31, 2023, the Company had registered net turnover of INR 9845 Mn and profit before tax of INR 1045 Mn. |
| 5. | Export performance and net foreign exchange collections | During the Financial year ended March 31, 2024, the Company posted foreign currency inflows of INR 507.24 Mn in comparison to foreign currency inflows of INR 566.39 Mn in the financial year ended March 31, 2023. |
| 6. | Foreign Investments or collaborators, if any. | During the period, the Company did not make any foreign investments or executed any foreign collaboration. |

### II. OTHER INFORMATION

| Sl. No | Particulars / Subject | Information |
|---|---|---|
| 1. | Current year profit update | The Company's top-line showed a growth of 6.83 % when current year is compared with previous year mainly due to increase in market demand and new business wins. The profit before interest, tax and depreciation (EBITDA) is INR 1594.05 Mn (15.16%) as compared to INR 1484.60 Mn (15.08%) in previous year. EBITDA (in absolute number) is better than previous year due to volume increase. |
| 2. | Steps taken or proposed to be taken for improvement. | The company is planning on cost rationalization through headcount optimization, fixed cost rationalization, implementation of green/solar energy projects, product localization. Your company is also expected to win some new businesses from existing and potential customers. |
| 3. | Expected increase in the productivity and profits in measurable terms. | The Company believes that the aforesaid measures would help maintain revenue and profit margin of the Company |

## DIRECTORS REPORT

To the Members of
GKN Driveline (India) Limited
Plot No. 270, Sector 24,
Faridabad-121005, Haryana

Your directors have pleasure in presenting their 39th Board Report on the audited accounts of the Company for the financial year ended March 31, 2024.

### FINANCE

The summarized financials figures are given below: (Rs.in Mn)

| | Apr 1, 2023 to Mar,31,2024 | Apr 1, 2022 to Mar,31,2023 |
|---|---|---|
| Revenue from Operations (net of excise duty) | 10518.34 | 9845.46 |
| Other Income | 82.47 | 86.18 |
| Profit /(loss) before Tax, Interest and Depreciation (EBITDA) | 1594.05 | 1484.6 |
| Profit /(loss)before Tax and Depreciation (EBTDA) | 1571.51 | 1458.71 |
| Profit /(loss) before Tax (PBT) | 1158.52 | 1045.26 |
| Tax | 299.87 | 272.06 |
| Net Profit / (Loss) | 858.65 | 773.2 |
| Other Comprehensive Income | 3.61 | 13.57 |
| Total Comprehensive Income/(loss) for the year | 862.26 | 786.77 |

**Financial performance**

The Company's top-line showed a growth of 6.83 % when current year is compared with previous year mainly due to increase in market demand and new business wins. The profit before interest, tax and depreciation (EBITDA) is INR 1594.05 Mn (15.16%) as compared to INR 1484.60 Mn (15.08%) in previous year. EBITDA is slightly better than previous year due to volume increase.

Your directors are satisfied that the accounts represent correct performance of the company and give a true and fair view of the state of affairs of the company as at March 31, 2024 and of the profit of the company for that year.

### STATE OF THE COMPANY'S AFFAIRS AND OPERATIONS

The focus in 2023-24 continued to be on maintenance of harmonious industrial relations, people safety and flexing business operations as per market changing conditions. The business environment continued to be challenging in terms of volatile demand, global situation amid geopolitical tensions causing supply chain issues . This led to fluctuating demand requiring operations and people to adjust and be flexible. Plants have responded to these challenges in business. The inflationary impact on all areas has put tremendous pressure on financials forcing operation's to be more flexible and creative. Plant operations continued with high focus on people safety ,environment and product quality.

Faridabad & Dharuhera : EHMS recertification audit ISO14001 & ISO 45001 conducted successfully without any non-compliance. Sustained Zero LTA in year 2023-2024. Continued focus on quality systems and completed IATF - 16949 surveillance audit without any major non-conformance. GKN Quality Olympics Platinum award received in 2024. Received MSIL Zero defect Quality Award in May 24. Received HCIL Quality & delivery Silver award for spares in Mar 2024. Continuous focus on behavior-based safety guidelines in order to improve compliance related to human behavior. Includes self-assessment, audits and awareness.

Pune and Kadi – GKN Quality Olympics Awards – GKN PUNE won “Platinum Award” & GKN KADI won “Silver Award”. Sustained Zero LTA in year 2023-2024. IATF 16949:2016 Surveillance 2 Audit completed successfully with Zero NC. During the year, focus was on BBS based RADAR & other BBS related activities. Appreciation Award won by GKN PUNE for achieving Quality targets in July-23 from DANA INDIA. Customer audits completed with green rating. GKN KADI plant secured 1st position in the 8th ‘Quality Circle competition’ held by ACMA in Gujarat for the West India region.

Oragadam - Plant honored with **“Best Safety Award 2023”** in the competition conducted by TNSPWA (Tamil Nadu Safety Professionals Welfare Association) for the best safety practices and **Gold award”** from Quality Circle Forum of India (QCFI) of Chennai Chapter during this year. The plant achieved 100% score from Renault-Nissan while retaining first category scores with other OEMs. ORA successfully passed all the customer audits and certification body (IATF and EHS) audits without major / blocking non-conformance in the first-time itself in this FY.

**AMOUNT PROPOSED TO BE CARRIED TO RESERVES**

No amount was transferred to reserves during the year.

**DIVIDEND**

The Board of Directors of the Company at its meeting held on 30th March 2024, declared an interim dividend of INR 64 per equity share (640%) of face value of INR 10 each for the year 2023-24. Same shall be considered as final dividend for FY 2023-24.

**INDEPENDENT AUDITORS AND AUDITORS’ REPORT**

M/s. Deloitte Haskins & Sells LLP, Gurugram are the statutory auditors of the company. The Report given by the Auditors (DHS) on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

**FOREIGN EXCHANGE EARNING AND OUTGO**

**Capital and other commitments:**

(Rs in Mn)

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| **Capital commitments** | | |
| (a) Estimated value of contracts in capital account remaining to be executed.. | 245.02 | 113.18 |

**FOREIGN CURRENCY OUTFLOW IN 2023-24**

| Foreign currency | FC Value in Mn | Value in INR Mn |
|---|---|---|
| EUR | 5.11 | 459.18 |
| USD | 10.20 | 845.69 |
| JPY | 73.06 | 42.21 |
| GBP | 1.73 | 183.33 |

**FOREIGN CURRENCY INFLOW IN 2023-24**

| Foreign Currency | FC Value in Mn | INR in Mn |
|---|---|---|
| USD | 6.14 | 507.24 |

**CHANGE IN NATURE OF BUSINESS**

There was no change in the nature of business during the year.

**CONSERVATION OF ENERGY**

**Steps taken and impact on conservation of energy:**

During the year 2023-24, Company initiated various steps for conserving electricity.

*FAR*

- *Replacement of Energy efficient Motor of Shop Floor FDV’s with old induction motor.*
- *Compressed air leakages controlled in the plant and saved 0.14 Mn KWH*
- *Auto timer system installed in M/cs / air conditioners / lights etc.*
- *Replacement of less rating coolant pump in crack check machines (09 nos.) and saved 2.2 MWH.*
- *Modification done in the Air knife on the washing machines to save the energy (07 nos.) and saved 4.7 MWH.*

- *Installation of PHE in place of refringent cooling on NOVA-2 for coolant and saved 8.8 MWH.*
- *Investment – INR 0.55 Mn. (PHE and coolant pumps, energy efficient motors.)*

*DHA*

- *Energy consumption reduced through Cooling Tower Pump replaced with more Energy Efficient pump which consumed less energy, Pump rating also reduced from 18kw to 13kw with same flow & same pressure - Saved 27 Mwh.*
- *Energy consumption reduced by replacing 18 nos Non-inverter AC'S with 5star Inverter AC'S which consumed less energy in offices – saved 30.938 Mwh.*
- *Energy consumption reduced with Compressor load / unload pressure optimization from 6 Bar to 5 Bar by providing shut off valves in Main air line on Machines & by arresting air leakage on m/c's in shop floor – Saved 8 Mwh.*
- *Energy consumption reduced in washing m/c-1, ICS-1 by replacing pump and motors with more Energy Efficient pump and motors which consumed less energy – Saved 6.3 Mwh.*
- *Energy saving through Bed switch providing for lights on/off on machines as per requirement – Saved 2.10 Mwh.*
- *Energy Consumption reduced by shut down cooling tower during Sample cutting process and cooling tower run with single pump instead of two pumps during winter season – Saved 57.5 Mwh.*
- *Energy Consumption also reduced in ATM Sample cutting m/c, Spindle motor replaced with more Energy Efficient which consumed less energy – 9 Mwh.*

*PUN*

- *Plate-type heat exchanger (PHE) to cool neat cutting/coolant. (7 Nos M/c's)- Saved 0.12 Mn units & amount Saved – INR 1.09 Mn*
- *Compressor load / unload pressure optimization & leakage prevention without any investment – Saved 0.04 Mn units & amount Saved- INR 0.37 Mn*
- *Energy Saving through various kaizens - Saved 0.08 Mn units & amount saved – INR 0.74 Mn*
- *Cycle time reduction on IR-2 Track grinding of UF3-23 model —Saved 0.16 Mn units & amount saved – INR 1.46 MN*
- *1.25 MW - 1 No -Windmill Group Captive project - Saved 0.72 Mn units & amount saved – INR 1.43 MN*
- *1.25 MW -2 Nos -Windmill- (Non-Captive) Third-party mode power purchase - Saved 2.09 Mn units & amount saved – INR 2.09 MN*
- *Energy saving by modification of some processes - Saved 0.01 Mn units & amount saved – INR 0.10 MN*

*KAD*

- *Energy saving through timer implementation for street light.*
- *Energy saving through timer implementation for Canteen Lights*
- *Office AC Power Saving:*
- *Energy Saving: - HVAC power saving:*
- *Plant Light - Electricity Saving - With Timer implementation.*
- *Water and Energy Saving in HVAC*
- *Domestic Water & Energy Saving*
- *Total savings from above and other initiatives – INR 3 Mn*

*ORA*

- *Energy saving from canteen and Gemba Lighting*
- *Energy saving by SIPCOT water pump elimination*
- *Solar sunlight implementation*
- *Renewable power procurement*
- *Heat exchanger in place of chillers*
- *Rain water harvesting at PF cooling towers*
- *Total savings from above and other initiatives – INR 0.25 Mn*

**TECHNOLOGY ABSORPTION**

The Company maintains interaction with GKN Group internationally. The benefits derived by the Company through technology absorption and Research & Development are detailed in **Annexure A** with this Report. Company continuously imports technology from GKN Group under the Technical Collaboration Agreement and the same is fully absorbed. Company is receiving support and guidance from GKN Group to drive functional excellence in marketing, human resource, application engineering, supply management and information technology, among others, which helps Company to remain competitive and further step-up its overall business performance. GKN is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of the Company and enables it to continue as market leader.

**AUTOMOTIVE INDUSTRY AND OUTLOOK:**

**Indian Automotive Industry FY 2024**

**Robust Sector-Wide Growth:** In FY'24, the Indian Auto Retail sector achieved a notable 10% YoY growth, with the 2W, 3W, PV, Trac and CV segments registering growth rates of 9%, 49%, 8.45%, 8% and 5% respectively, setting record highs in the 3W, PV and Trac categories.

**Two-Wheeler Resurgence:** The 2W segment experienced a 9% growth, fueled by enhanced model availability, the introduction of new products and a positive market sentiment, alongside the burgeoning EV market and strategic premium segment launches.

**Three-Wheeler Benchmark Setting:** A remarkable 49% YoY growth in the 3W segment was driven by the introduction of cost-effective CNG fuel options, new EV models, expanding city landscapes, demand in last mile mobility in urban centers resulting in strong demand, marking a new industry benchmark.

**Passenger Vehicle Milestone:** The PV segment's growth of 8.45% to reach an all-time high was propelled by improved vehicle availability, a compelling model mix and significant contributions from the SUV segment, which now claims 50% market share.

**Commercial Vehicle Growth:** Demonstrating strategic market adaptability, the CV segment grew by 5%, with improved vehicle supply and planning, alongside significant purchases spurred by government tenders and bulk deals.

**FY'25 Optimistic Outlook:** The industry looks forward to FY'25 with optimism, focusing on new product launches, especially in EVs and leveraging economic growth, favorable government policies and expected good monsoon to fuel demand, despite facing challenges like competition and the need for strategic market engagement

**FY24 Retail Sales**

In FY24, the 2W segment saw a 9% growth, driven by a rich mix of factors including enhanced model availability, new product introductions, and positive market sentiment, further augmented by special schemes and the rural market's recovery from COVID. The growth in EVs and strategic launches in premium segments also played a critical role, overcoming challenges such as supply constraints and heightened competition

The 3W segment's growth soared to 49% YoY, setting a new benchmark. This remarkable achievement was fuelled by the introduction of cost-effective CNG fuel options and new EV models, alongside strong market sentiment and the seamless integration of high-quality after-sales service. These elements, combined with the sector's innovative approach, catapulted the 3W segment to new heights.

For the PV segment, FY24 was a milestone year, achieving an 8.45% YoY growth and reaching an all-time high. Factors such as improved vehicle availability, a compelling model mix and the launch of new models played pivotal roles. Enhanced supply dynamics, strategic marketing efforts, ever expanding quality road infrastructure and strong demand in the SUV segment, now holding a 50% market share, significantly contributed to this success

The CV segment experienced a 5% growth in FY24, demonstrating the sector's strategic response to diverse market dynamics. Improved vehicle supply, effective planning, and increased freight movement drove significant replacement purchases. Additionally, the segment capitalized on government tenders, better road connectivity and bulk deals, showcasing its adaptability and strategic market positioning."

**Long-Term Outlook Heading into FY'25,** the Indian Auto Industry is poised for growth amidst a mix of optimism and challenges. The excitement around new product launches, particularly electric vehicles, sets a forward-looking tone. Manufacturers are gearing up with better supply chains and an array of models to meet diverse consumer demands. Economic growth, favourable government policies and an anticipated good monsoon are expected to fuel demand, especially in rural areas and the commercial vehicle sector, which is closely linked to infrastructure projects and economic activity. Market sentiment is cautiously optimistic, with the industry banking on improved customer engagement and financing schemes to boost sales. However, it faces challenges like high base in PV segment and intense competition. The focus is on overcoming these hurdles with innovation and strategic market engagement, aiming for a balance growth across all segments. As FY25 unfolds, the Indian auto industry is navigating through evolving market demands and economic conditions, leveraging its strengths for sustainable growth and a wider reach.

| CATEGORY | FY’24 | FY’23 | YOY % |
|---|---|---|---|
| 2 WHEELER | 1,75,17,173 | 1,60,27,411 | 9.30% |
| 3 WHEELER | 11,65,699 | 7,83,257 | 48.83% |
| E-RICKSHAW (P) | 4,90,726 | 3,49,892 | 40.25% |
| E-RICKSHAW WITH CART (G) | 40,798 | 24,076 | 69.46% |
| THREE WHEELER (GOODS) | 1,21,506 | 90,923 | 33.64% |
| THREE WHEELER (PASSENGER) | 5,11,754 | 3,17,753 | 61.05% |
| THREE WHEELER (PERSONAL) | 915 | 613 | 49.27% |
| PASSENGER VEHICLE | 39,48,143 | 36,40,399 | 8.45% |
| TRACTOR | 8,92,313 | 8,29,639 | 7.55% |
| COMMERCIAL VEHICLE | 10,07,006 | 9,60,655 | 4.82% |
| LCV | 5,61,097 | 5,67,302 | -1.09% |
| MCV | 72,907 | 62,056 | 17.49% |
| HCV | 3,24,308 | 3,01,421 | 7.59% |
| OTHERS | 48,694 | 29,876 | 62.99% |
| TOTAL | 2,45,30,344 | 2,22,41,361 | 10.29% |

| PV OEM | FY'24 | Market Share (%) FY'24 | FY'23 | Market Share (%) FY'23 |
|---|---|---|---|---|
| MARUTI SUZUKI INDIA LTD | 16,05,264 | 40.66% | 14,90,202 | 40.94% |
| HYUNDAI MOTOR INDIA LTD | 5,61,371 | 14.22% | 5,27,481 | 14.49% |
| TATA MOTORS LTD | 5,38,264 | 13.63% | 4,92,122 | 13.52% |
| MAHINDRA & MAHINDRA LIMITED | 4,24,570 | 10.75% | 3,26,213 | 8.96% |
| KIA MOTORS INDIA PVT LTD | 2,25,539 | 5.71% | 2,35,435 | 6.47% |
| TOYOTA KIRLOSKAR MOTOR PVT LTD | 2,12,646 | 5.39% | 1,59,322 | 4.38% |
| SKODA AUTO VOLKSWAGEN GROUP | 88,412 | 2.24% | 88,492 | 2.43% |
| *SKODA AUTO VOLKSWAGEN INDIA PVT LTD* | *87,289* | 2.21% | *86,818* | 2.38% |
| *VOLKSWAGEN AG/INDIA PVT. LTD.* | *21* | 0.00% | *249* | 0.01% |
| *AUDI AG* | *1,082* | 0.03% | *808* | 0.02% |
| *SKODA AUTO INDIA/AS PVT LTD* | *20* | 0.00% | *617* | 0.02% |
| HONDA CARS INDIA LTD | 79,454 | 2.01% | 83,491 | 2.29% |
| MG MOTOR INDIA PVT LTD | 49,737 | 1.26% | 41,859 | 1.15% |
| RENAULT INDIA PVT LTD | 46,614 | 1.18% | 75,447 | 2.07% |
| NISSAN MOTOR INDIA PVT LTD | 27,317 | 0.69% | 30,395 | 0.83% |
| MERCEDES -BENZ GROUP | 15,599 | 0.40% | 14,456 | 0.40% |
| *MERCEDES-BENZ INDIA PVT LTD* | *14,267* | 0.36% | *13,882* | 0.38% |
| *MERCEDES -BENZ AG* | *1,282* | 0.03% | *552* | 0.02% |
| *DAIMLER AG* | *50* | 0.00% | *22* | 0.00% |
| BMW INDIA PVT LTD | 13,542 | 0.34% | 10,900 | 0.30% |
| PCA AUTOMOBILES INDIA PVT LTD | 8,330 | 0.21% | 5,990 | 0.16% |
| FORCE MOTORS LIMITED, A FIRODIA ENTERPRISE | 7,548 | 0.19% | 5,639 | 0.15% |
| FIAT INDIA AUTOMOBILES PVT LTD | 6,166 | 0.16% | 11,839 | 0.33% |
| JAGUAR LAND ROVER INDIA LIMITED | 3,764 | 0.10% | 2,069 | 0.06% |
| VOLVO AUTO INDIA PVT LTD | 2,127 | 0.05% | 1,752 | 0.05% |
| BYD INDIA PRIVATE LIMITED | 1,774 | 0.04% | 1,096 | 0.03% |
| Others | 30,105 | 0.76% | 36,199 | 0.99% |
| **Total** | **39,48,143** | **100%** | **36,40,399** | **100%** |

**HUMAN RESOURCES**

Human Resource Development focuses on the following strategic priorities:

1. **Partnering Business for Organisation Effectiveness**
2. **Employee Experience and Employee Engagement**
3. **Talent Acquisition, Development and Succession Plan**
4. **Equity, Diversity, and Inclusion**
5. **Employee and Industrial Relations**

The HR strategy focuses on driving a performance-driven environment where innovation is encouraged, performance is recognized, and employees are enabled and empowered to optimize their performance and potential. The Company believes in a strong performance driven culture. With an aim to align individual competencies with available organizational opportunities, the Company continues to provide performance development support for employee development and organizational growth. Regarding industrial relations, the Company continues to manage the process by aligning workforce with business.

**1)** **<u>Partnering Business for Organisation Effectiveness</u>**

a) Facilitate constructive social climate. Provide strategic support to Business in organisational design, culture and change management initiatives, workforce planning, talent management, policies and processes integrated within Business. Drive competent workforce and working Organization. Deliver optimized people solution for meeting business ambition based on deep business acumen.

b) The organization design is being periodically re-calibrated to cater to current and future business requirements, and to further improve efficiency and effectiveness through acquisition of right skill and competencies in alignment with GKN Values and Behaviours.

c) Rightsizing and rationalization are a continuous exercise through which Company drives for optimal productivity. The Human Resources function has driven changes in striking a balance between business needs, individual strengths and individual aspirations.

**2)** **<u>Employee Experience and Employee Engagement:</u>**

HR team partners and coached People Managers in delivery of Positive Employee Experience through Employee Enablement and Employee Engagement

a) GKN believes in the culture of driving employee engagement through people managers who are the best engagers of people. GKN encourages Participative Management. The Company encourages ‘Open Door Policy’ in the organization. Employees can approach any level of the Management for his/her individual or group issues / grievances. In addition, to facilitate the interaction between Employees and Management, many forums of interactions are organized on regular basis wherein employees can share their views and put forth their issues before Management in a constructive manner. Employees are provided opportunities to be involved in decision-making process through various Committees / Forums and Cross Functional Resource Committees.

b) The Company has set up adequate cross functional forums for Redressal of Grievance of Associates. All associates can take part and attend these forums & seek redressals of their grievance, if any. Some of these cross functional formal forums are as follows:

- Quality Circles
- Kaizen Circles
- Canteen /Cafeteria Committee Meeting
- Safety Committee Meeting
- Grievance Handling Procedure
- Anti-Harassment Policy

c) GKN continues to invest in employee engagement to further improve employee engagement and enablement through action planning with people managers.

3. **Talent Acquisition, Development and Succession Plan:**

   a) Develop effective talent acquisition, retention approach for organization outcomes of winning in markets with people

   b) GKN encourages integration and strategic deployment of Talent Development and Succession Planning outcome to enable delivery of business strategy . GKN invests in Top Talent in order that People strategy supports business outcome through Talent Exchange and Culture of Talent Development ensuring inclusion and diversity outcomes. The Talent Development process identifies and mitigates people related risks to address attrition and retention of critical people to meet current and future needs of the Business. Training, development, and the recruitment of the next generation of employees with right skill and competencies inventory is an ongoing focus.

   c) Blended learning of 70% on the job, 20% through coaching and mentoring and 10% through e-learning or curriculum-based learning is encouraged.

   d) Training and development focus on values, code of ethics and compliance, safety of the employees and customers, health and environmental awareness receive the top priority of the management.

4. **Equity, Diversity, and Inclusion:**

   a) People are at the heart of our strategy; and we want to ensure that we create an environment in which everyone can be their best self, can thrive, is appreciated, and feels included. We have fantastic breadth of experience across GKN Automotive, but we also recognize we are on a journey. Diversity, Equity, and Inclusion (DEI) covers a lot of things and will resonate differently for different people. Platforms are created for cultural awareness, conversation on DEI ,interventions to build and deliver initiatives that are meaningful and relevant.

   b) Prevention of Sexual Harassment: Provide a framework for educational initiatives to increase the awareness levels on recognizing and dealing with incidents of sexual harassment in the workplace. Make a clear distinction between accepted and unaccepted social interaction. Deploy an effective sexual harassment complaint resolution mechanism

5. **Employee & Industrial Relations:**

   a) Partner Business in deployment of effective Employee and Industrial Relations. Human Resources partner business in the process of IR environment sensing, formulating, and enabling deployment of overall strategy of managing employee and third-party labour relations and internal relations with Trade Unions groups to ensure progressive IR climate.

**Particulars of Employees**

Details of employee remuneration, pursuant to Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and any amendments thereof, are attached with the Report in **Annexure B.**

Disclosures with respect to the remuneration of Directors and Key Managerial Personnel as required under Section 197 of Companies Act, 2013 and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended in Policy of Director Remuneration and Related Party Transaction section.

**CORPORATE SOCIAL RESPONSIBILITY**

Section 135 of the Companies Act 2013 and Rules made there under on Corporate Social Responsibility is applicable to the Company for the financial year 2023-2024. The company has earned profit that exceeds the threshold limit. In alignment with its CSR strategy, the Company has been continuing to contribute for betterment of the society and the community in which it operates, to help promote their sustained growth. The Company spent time, effort and money on different CSR projects focusing on infrastructure development of Government schools. Further CSR activity includes construction of toilets, classrooms, building renovation work in government Primary school. Construction of building of Aganvari at Gokalpur, Phideri and Akera villages in Rewari . Solar lights and panels were installed at streets and government schools as a measure of environmental sustainability

Total amount spent on CSR activities during the FY 2023-24 was INR 16.91 Mn.

The contents of the CSR policy are attached as **Annexure C.**

**LOANS, GUARANTEES OR INVESTMENTS**

During the period, the Company did not extend loans or guarantees or invested in other companies.

**SECRETARIAL STANDARDS**

The Directors state that applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to requirement under Section 134 (3) and (5) the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a. in the preparation of the annual accounts for the period ended on March 31, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. the directors had 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 at March 31, 2024 and of the profit and loss of the company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the directors had prepared the annual accounts on a going concern basis; and

e. the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**HEALTH, SAFETY AND ENVIRONMENT**

The company is committed for continual improvement in Health & Safety performance with goal of zero preventable accidents. During April 2023 – March 2024, we achieved zero loss time accident at all plants. We have a comprehensive safety program in place that includes training, education, and enforcement.

**LEGAL AND GOVERNANCE**

GKN has a strong legacy of practicing fair, transparent and ethical governance par excellence. Besides complying with the statutorily prescribed legal and Governance practices, the Company has voluntarily adopted and evolved various practices governance conforming to highest ethical and responsible standards of business, globally benchmarked. GKN views legal compliance and Governance more as a way of life than a mere legal obligation. It forms part of business strategy which includes, inter-alia, creating an organization intended to maximise wealth of shareholders, establish productive and lasting relationship with all stakeholders with emphasis laid on fulfilling the responsibility towards entire community and society. 'Good Governance' is not an end, it is just a beginning towards growth of company for a long term prosperity.

The Company has established systems, procedures and policies to ensure that its Board of Directors is well informed and well equipped to discharge its overall responsibilities and provide the management with the strategic direction catering to exigency of long-term shareholders value. It`s initiatives towards adhering to highest standards of governance include self-governance, professionalization of the Board, fair and transparent processes and reporting systems and going beyond the mandated Corporate Governance requirements as per the Companies Act 2013 and any amendment thereof.

**<u>Corporate Governance</u>**

Corporate Governance is modus operandi of governing a corporate entity which includes a set of systems, procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders i.e., shareholders, employees, suppliers, customers and society in general. Fundamentals of Corporate Governance includes transparency, accountability and independence. For accomplishment of the objectives of ensuring fair Corporate Governance the Government of India has put in place a framework based on the stipulations contained under the Companies Act, SEBI Regulations, Accounting Standards, Secretarial Standards, etc. Corporate Governance has become a buzzword in the corporate world. Globalization, widespread of shareholders, changing ownership structure, greater expectations, etc. have made a good Corporate Governance sin-quo-nun of modern management. Your Company strictly and strongly adheres to these requirements and norms.

We at GKN, confirm to highest standards of Corporate Governance through regular Board and committee reviews, business reviews, submission of various certifications to the GKN group by the top management. Internal audit conducted throughout the year with quarterly scope covering every function.

**Vigil Mechanism/Whistle Blow System**

To support Company's employee Disclosure Procedure Policy, the Company operates Group-wide international whistleblowing hotline. Run by an external and independent third party, the hotline facilitates arrangement whereby employees can make confidential disclosures about suspected impropriety and wrongdoing. Further, in terms of section 143 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended, notifications / circulars issued by the Ministry of Corporate Affairs from time to time, no fraud has been reported by the Auditors of the Company where they have reason to believe that an offence involving fraud is being or has been committed against the Company by officers or employees of the Company. There were a few complaints which were investigated and appropriate action was taken suitably. There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or board under section 143(12) of the Act and the rules framed there under.

**Secretarial Audit**

In terms of provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration) Rules, 2014, the Secretarial Audit was carried out by M/s Ranjeet Pandey & Associates, Company Secretaries, and Secretarial Auditor of the Company for the financial year 2023-24. There were few observations or remarks given by Secretarial Auditors of the Company. The report on Secretarial Audit is appended as an **Annexure D** to this Report.

**POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

**Managerial remuneration for FY 2023-24:**

During the Financial Year 2023-24, the Managerial remuneration was paid to Mr. Sanjay Katyal, Managing Director, Mr. Madan Singh Sisodia, Executive Director, Mr. Rajeev Dogra, Executive Director and Ms. Lunna Bose, Executive Director.

The remuneration paid details are as follows;

| S No. | Name and designation of Managerial person | Amount paid during the FY 2023-2024 (INR) |
|---|---|---|
| 1. | Mr. Sanjay Katyal, Managing Director | 1,18,50,127 |
| 2. | Mr. Madan Singh Sisodia, Executive Director | 1,25,25,819 |
| 3. | Mr. Rajeev Dogra, Executive Director | 1,05,56,752 |
| 4. | Ms. Lunna Bose, Executive Director | 1,04,12,889 |

Your company has a policy in place governing the appointment and remuneration to Directors, KMPs and SMPs. The contents of the policy are attached as **Annexure E** to this report.

**Board of Directors & Key Management Personnel**

(a) *Policy of appointment & remuneration:*

The Directors of the Company are appointed by Members at the General Meetings. All Directors, except Independent Directors are liable to retire by rotation at the Annual General Meeting and, if eligible, they can offer themselves for re-election. The Managing Director of the Company is appointed for a term not exceeding five years as per the Companies Act 2013. The Executive Directors on the Board serve in accordance with the terms of their contract of service with the Company.

(b) *Board Structure and changes in composition:*

The Company's Board comprises of Mr. Anthony Bell – Chairman, Mr. Sanjay Katyal- Managing Director Mr. Madan Singh Sisodia – Executive Director, , Mr, Rajeev Dogra as Executive Director, Ms. Lunna Bose Roy Chowdhury as Executive Director, Mr. Bharat Dev Singh Kanwar, as Independent Director and Ms. Rajni Sekhri Sibal Independent Director as on March 31, 2024.

*(c) Board Meetings:*

The Board meets at regular intervals to discuss and decide on Company policy and strategy apart from other Board business. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed in the subsequent Board meeting. The Directors also attend the board meetings through Video conferencing with recording facility, in case they are unable to attend the meeting physically, of which a proper record is maintained. During the period under review, four board meetings were held on 23rd June 2023, 26th August 2023, 1st December 2023 and 30th March 2024. The maximum interval between any two meetings did not exceed 120 days. The number of meetings attended by each director is attached to this report as **Annexure F.**

*(d) Key Managerial Personnel:*

Mr. Sanjay Katyal- Managing Director, Mr. Madan Singh Sisodia – Executive director, Mr. Rajeev Dogra- Executive Director, Ms. Luna Bose Roy Chowdhury- Executive Director, Mr. Tushar Jain - Chief Financial Officer and Ms. Richa Porwal- Company Secretary are the designated Key Managerial Personnel of the Company as on 31st March, 2024.

**Audit and Risk Management Committee**

Audit & Risk Management Committee of the Board comprises of Ms. Rajni Sekhri Sibal (Chairperson) Mr. Madan Singh Sisodia and Mr. Bharat Dev Singh Kanwar as members. Committee Meetings are pre-scheduled and a tentative annual calendar of the Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The committee members also attend the meetings through Video conferencing with recording facility, in case they are unable to attend the meeting physically, of which a proper record is maintained. During the period, the Committee met four times i.e., on 23rd June 2023, 26th August 2023, 1st December 2023 and 30th March 2024. The number of meetings attended by each director is attached to this report as **Annexure F.**

**Nomination & Remuneration Committee**

The Committee comprises of Mr. Bharat Dev Singh Kanwar (Chairperson) Ms. Rajni Sekhri Sibal, Mr. Anthony Bell and Mr. Rajeev Dogra as members. Committee Meetings are pre-scheduled and a tentative annual calendar of the Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The committee members also attend the meetings through Video conferencing with recording facility, in case they are unable to attend the meeting physically, of which a proper record is maintained. The Committee met two times on 23rd June 2023 and 30th March 2024. The number of meetings attended by each director is attached to this report as **Annexure F.**

**Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee is comprised of Mr. Anthony Bell – Chairman, Mr. Madan Singh Sisodia, Ms. Richa Porwal and Mr. Sanjay Katyal as members. The committee members also attend the meetings through Video conferencing with recording facility, in case they are unable to attend the meeting physically, of which a proper record is maintained. During the period, the Committee met four times on 23rd June 2023, 26th August 2023, 1st December 2023 and 30th March 2024 to redress/address shareholders' grievances and requests. The number of meetings attended by each director is attached to this report as **Annexure F.**

**Corporate Social Responsibility Committee**

The company framed a comprehensive CSR policy and constituted a CSR committee for the implementation of policy. The CSR policy is formulated as per Section 135 of the Companies Act 2013. A three-tier governance structure is responsible for implementing CSR activities for the company. These include the CSR Committee of the Board, Central CSR Team, and Operational CSR Teams located at respective plant sites. CSR Committee consists of four directors of which at least two are independent directors. The CSR Committee of the Board consists of its chairman, Mr. Sanjay Katyal, Managing Director, Mr. Rajeev Dogra- (member), Mr. Bharat Dev Singh Kanwar– Independent Director (member) and Ms. Rajni Sekhri Sibal – Independent Director (member). Company Secretary of the Company will be responsible for activation, coordination between CSR Committee, Board, Sub – Committee and Plant Committees.

To ensure effective implementation of the CSR programmes undertaken at each Plant, a monitoring mechanism has been put in place. The CSR plan for Financial Year 2024-2025 was finalized and the projected amount of spent is INR 19 Mn approx. The contents of the policy are attached as **Annexure C.**

During the year, the Committee met three times on 23rd June 2023, 1st December 2023 and 30th March 2024. The number of meetings attended by each director is attached to this report as **Annexure F.**

**Independent Director's meeting**

Independent Directors of the Company met separately on 27th February 2024 for FY 2023-2024 without the presence of Non-Independent Directors and members of management. In accordance with the Companies Act 2013 requirements, following matters were, inter alia, reviewed and discussed in the meeting:

- Performance of Non-Independent Directors and the Board of Directors as a whole.
- Performance of the Chairman of the Company taking into consideration the views of executive and Non-Executive Directors.
- Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**RELATED PARTY TRANSACTIONS (SECTION 188)**

In line with the requirements of the Companies Act, 2013 the Company has adopted a consistency on Related Party Transactions. It is ensured that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

The Board and Audit & Risk Management Committee specifically deals with the review and approval of Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. The company takes omnibus approval of estimated Related party transactions in the beginning of the Financial year. All actual Related Party Transactions are placed before the Audit Committee for review and approval. Approval is obtained for Related Party Transactions in each of the board meeting for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. At the time of transfer pricing audit, all the Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions.

All Related Party Transactions entered during the period were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual turnover as per the last audited financial statements, were entered during the financial year by the Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

**RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL FINANCIAL CONTROLS**

The Board gives significant attention to, and accepts its responsibility for, the company's risk management internal control and internal financial controls. The Board has systems in place which optimizes the Company's ability to manage risk in an effective and appropriate manner.

The Audit and Risk Management Committee is responsible for reviewing the ongoing control processes and reporting to the Board on the operation of the systems of internal control, internal financial controls and risk management. The Board uses feedback from Audit & Risk Management Committee to form its own view on the effectiveness of the systems.

**Risk Management**

Company's enterprise risk management facilitates a common, company-wide method to the assessment of risks and the way in which these are monitored, managed and controlled. Risk profiling is undertaken at plant, function/business stream. A web-based software tool is used which provides a consistent set of risk definitions and a common approach to probability and impact. A broad range of risks is considered, including those relating to strategy, operational performance, financial, product engineering and technology, business reputation, human resources, health and safety, and the environment. Consolidated 'risk maps' are reviewed by company management, the Audit & Risk Management Committee and the Board.

**Internal Audit**

Internal audit is part of the Company's Internal Control on Financial Reporting Programme (ICOFR). The Company has appointed M/s R Mahajan & Co, Chartered Accountants, who conducts internal audit of the company and its five plants on quarterly basis, the auditors submits plant wise and areas wise report every quarter. Internal audit reports of the Plants are presented to the Executive Team of the Company during Plant Review Meetings. Action plan is drawn on each observation and same are closed in timely manner. Internal audit areas include capital expenditure, statutory compliances, procurement & logistics, quality, inventory management, customer collection, dispatches, loans & advances, legatrix audit, intercompany transactions and employee cost etc. Internal Audit recommendations are analyzed and if found appropriate, are implemented.

**Internal Financial Controls**

The Company has adopted adequate policies and procedures for robust internal controls to ensure orderly conduct of business, adherences to such policies and procedures, safeguarding of assets, true and fair conduct of business, prevention and detection of fraud & errors, accuracy and completeness of accounting records and timely preparation of reliable information. Components of internal controls include management commitment to integrity and ethics, independence between Board & management, establishment of appropriate authorities & responsibilities, commitment to attract and retain competent individuals.

In pursuit to follow strict controls over financial reporting and pursuant to Section 143(3) (i) of Companies Act, 2013, the Company has conducted Internal Financial Control Audit.

IFC management testing was conducted by an Independent agency called DM And Company, Chartered Accountants, and independent testing by Internal auditors of SOPs was conducted to ensure adherence to the standard processes and controls. The independent testing of the processes is ongoing activity. During IFC management testing, internal controls have been found operating satisfactorily.

**Compliance, Governance & Risk Framework**

CGRF is another initiative of the Company on ICOFR. The Company has constituted a compliance, governance and risk framework at Plant and at Central level. The framework is bestowed with the responsibility to review compliances, governance and risk on periodic basis, draw road map to resolve the issues and implement the decisions taken for effective internal controls on compliances, governance and management of the Risks.

**Standard Processes**

The standard processes for all functions i.e., finance, human resource, purchasing, application engineering, supply chain, manufacturing engineering, sales & marketing, quality, production and operations developed and implemented during the period in all the plants of the Company. Effective adherence to processes is good sign of good internal control system in the Company.

**Reporting & Integrity Process**

Your Company observes strong controls and robust reporting processes to ensure that true and fair view of company’s affairs are reported. Reporting and integrity processes of the Company are audited on quarterly and yearly basis.

**Cost Audit**

Cost audit is not applicable to the Company for the FY 2023-2024

**MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRING BETWEEN DATE OF FINANCIAL STATEMENTS AND THE BOARD’S REPORT**

There were no material changes affecting financial position of the company

**MANNER IN WHICH FORMAL ANNUAL EVALUATION OF THE PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS HAS BEEN CARRIES OUT {SEC. 134(3) (P) READ WITH RULE 8(4)}**

The provisions of Section 134(3) (q) of the Companies Act, 2013 read with Rule 8(4) of the Companies (Accounts) Rules 2014 is not applicable over the Company.

**SIGNIFICANT AND MATERIAL ORDERS**

During the period, no order had been passed by the regulators or courts or tribunals impacting the going concern status and company’s operations in future.

**APPLICATIONS PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE**

Not Applicable

**DETAILS RELATING TO DEPOSIT**

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

**DECLARATION GIVEN BY INDEPENDENT DIRECTOR**

All the Independent Directors have given their declarations under section 149 (6) and section 149 (7) of the Companies Act, 2013 and the Rules made thereunder. In the opinion of the Board, the Independent Directors fulfill the conditions relating to their status as an Independent Director as specified in section 149 of the Companies Act, 2013 read with rules made thereunder.

**SHARE CAPITAL (INCLUDING RULE 12(9) OF THE COMPANIES (SHARE CAPITAL & DEBENTURES) RULES, 2014)**

There was no change in share capital of the company during the year.

| **Reconciliation of number of shares** | | | | |
|---|---|---|---|---|
| **Equity Shares:** | | | | |
| **Particulars** | **As at March 31, 2024** | | **As at March 31, 2023** | |
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| **Balance as at the beginning of the year /period** | **12,773,061** | **127,730,610** | **12,773,061** | **127,730,610** |
| **Add: Shares issued during the year/period** | **-** | **-** | **-** | **-** |
| **Less: Share bought back** | **-** | **-** | **-** | **-** |
| **Balance as at the end of the year/period** | **12,773,061** | **127,730,610** | **12,773,061** | **127,730,610** |

**PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 (‘Act’) and Rules made thereunder, the Company has constituted Internal Complaints Committees (ICC). The Company has designated the external independent individuals as members of the Committees as per the requirements of law. During the period, one complaint was received which was not within the purview of Internal Committee. However, same was duly investigated and report was submitted to the management for further action.

**THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF NOTE IF NOT APPLICABLE THEN STATEMENT THAT IT IS NOT APPLICABLE ON COMPANY**

Not Applicable.

**THE NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR**

None

**CAUTIONARY STATEMENT**

This report has been prepared as per the provision of Companies Act, 2013.

**APPRECIATIONS AND ACKNOWLEDGEMENT**

Your directors take this opportunity to thank the GKN group, customers, vendors, dealers, investors, business associates, bankers and all other stakeholders for their continued support during the year. We place on record our appreciation of the contribution made by all the employees of the company at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

Your directors also thank the Government of India, the State Governments where we have operations and other government agencies for their support and look forward to their continued support in the future.

For and on the behalf of the Board of Directors
GKN Driveline (India) Limited

Rajni Sekhri Sibal
Independent Director
DIN – 09176377
G-9,2nd-floor
Maharani Bagh
New Delhi 110065

Rajeev Dogra
Executive Director
DIN – 05270378
Flat No. 501, Tower C12,
The Pranayam, Sector 82-85,
Faridabad 121004

Sanjay Katyal
Managing Director
DIN- 08354025
House No. 839, Sector-16,
Faridabad, 121002

Date: 24th August, 2024
Place: Faridabad, NCR

**"Annexure A"**

**THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND COMPANIES (ACCOUNTS) RULES, 2014.**

**FORM B (See Rule 2)**

**Form for disclosure of particulars with respect to technology absorption.**

**RESEARCH AND DEVELOPMENT (R&D)**

1. **Specific areas in which R&D carried out by the Company.**

   **Product Development**

   - Third generation plunging and fixed joints developed for local and global OEMs.
   - Second-generation plunging boots developed for local and global OEMs.
   - New generation fixed boots developed and implemented for local and global OEMs.
   - Development of New Driveshaft for Global & Indian OEMs (Original Equipment Manufacturer) for Petrol & Diesel vehicles.
   - Development of Long stem tulips for OEMs.
   - VAVE, Localization effort: Implementation of New VAVE (Value Analysis / Value Engineering) ideas in Product design, Forging, Steel, Grease Projects.
   - Successful calibration of test rigs completed by GDI engineers.
   - Radmin software installed in test rigs for remote maintenance.
   - Radmin software installed in laptops also to monitor the actual testing.
   - Test rigs programming sharing server configured to test rigs to avoid multiple license purchases.
   - SD solution software installed in Test engineer PC for, real-time post-processing, and M Graph analysis.
   - GDI rigs test plan replaced by Product Test planning Portal.
   - Design capabilities has expanded to handle CAD activities for Japan & Thailand sites, added CATIA and NX CAD software for fulfil customer requirements. Also added Teamcenter for data management.
   - Self-calibration of test rigs & virtual access to Global rig centre for remote maintenance.
   - New grease cleaning machine installed.
   - New MPI machine added to check the crack.
   - Qliksense site introduced to see the test lab performance. & tracking design tasks and performance.

2. **Benefits derived as a result of the above R&D activities.**

   - Won new business in ICE and EV segment from local and global OEMs.
   - Response time to customer improved by developing local design capability.
   - Reduction in cost of product.
   - Report releasing time improved after implementation of grease cleaning machine.
   - Increase in export business of precision forging parts.
   - Customer Engineering relationship enhanced.
   - Additional cost saving option for 3W market with IRD based design.

3. **Future plan of action**

   - Development of new generation, Light weight Joints which help to reduce CO2 emissions.
   - Expand NVH (Noise, Vibration & Harshness) analysis capabilities.
   - Planning to add Analysis activity software to check our product performance.
   - Working on Commonization of change management process across globe (in GKN) to improve design working.
   - GI4, DO2L, SX8.1L, SX6.1 joints promotion.
   - Develop low cost rear joint.

4. **Expenditure on R&D**

   (a) Capital

   (b) Recurring

(c) Total

(d) R & D expenditure as a percentage of total turnover

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts, in brief, made towards technology absorption, adaptation and innovation.**

- Creation of driveshaft and component level drawings for 3rd generation joints in India
- Design team capability increased, organized refresher training in Japan.
- Testing and validation capability increased.
- Maintaining Data quality reports to align with global way of working.
- Educated local OEMs on use of hollow shaft technology in place of solid barshaft design. It helped Indian OEMs to design vehicles to improve NVH characteristics.
- Local engineering capability enhanced in handling AWD and Electric vehicle applications.
- Training of engineers outside India to enhance NVH measurement capability and CATIA software to service global OEMs creating drawings and maintaining libraries.
- Forging optimization, boot design change and joint performance benchmarking done under VAVE activities.
- WTS (Welded tubular shaft) and MTS (Mono-block Tubular Shaft) Technology introduced for some of new customer programs.
- FB5.1 boot design implementation for MG Motor, MSIL customers.
- Technology enhancement for TML with VAVE ideas proposition for ACi1700 with FB 5.1 series boot proposed.
- New grease development for 3W application.
- Alternate new configuration development for 3W application.
- Working with various customers for E-powertrain solutions.
- SX new technology joints adopted in Toyota, Mahindra models.
- PB4.2F plunge boots adopted to have reduced packaging and grease volume.

**2. Benefits derived as a result of the above efforts, e.g., Product Development, Import Substitution, etc.**

- Quick and accurate response to customers and GKN global teams.
- Support Light weight product development.
- Online Creation and modification of Drawings and 3D models.
- Online design data control (Drawings release system).
- Development of new Business for upcoming Hybrid and Electric Car applications.
- GDI test site release test reports at an avg. lead time of 2.7 days - best among all other sites & Reports on Time 99.4%, ranking 1st in all test sites in GKN.
- Competitiveness in GKN product against competitor.

**3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial Year), following information may be furnished:**

| | | |
|---|---|---|
| **a)** | **Technology imported** | - |
| **b)** | **Year of Import** | - |
| **c)** | **Has technology been fully absorbed?** | - |
| **d)** | **If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action** | - |

For and on the behalf of the Board of Directors
GKN Driveline (India) Limited

| | | | |
|---|---|---|---|
| | Rajni Sekhri Sibal<br>Independent Director<br>DIN – 09176377<br>G-9,2nd-floor<br>Maharani Bagh<br>New Delhi 110065 | Rajeev Dogra<br>Executive Director<br>DIN – 05270378<br>Flat No. 501, Tower C12,<br>The Pranayam, Sector 82-85,<br>Faridabad 121004 | Sanjay Katyal<br>Managing Director<br>DIN- 08354025<br>House No. 839, Sector-16,<br>Faridabad, 121002 |

Date: 24th August, 2024
Place: Faridabad, NCR

**Annexure-B**

## Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with the Companies (Particulars of Employees) Rules 1975 and Section 197 of the Companies Act 2013

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|
| **Name of the Employee** | **Designation** | **Remuneration received;** | **Nature of employment, (contractual)/ otherwise;** | **Qualifications and experience** | **Date of commencement of employment;** | **Age** | **Last employment held by such employee before joining the company;** | **Percentage of equity shares held in the company** | **Relationship with any director or manager of the company and if so, name of such director or manager** |
| Madan Singh Sisodia | Executive Director | 12525819 | Employment | Chartered Accountant & Cost and Management Accountant - 28 years | 12 April 2007 | 53 | Dy. General Manager, General Motors India Pvt. Ltd. | Negligible | N.A. |
| Sanjay Katyal* | Managing Director | 11850127 | Employment | Bachelor's Degree- Mech. Engg. & Post Diploma in Production Engg. - 35 years | 12 August 1992 | 58 | Quality Engineer - Eicher Tractors Ltd. | Negligible | N.A. |
| K.P. Madhusudhan | Director Sales | 10917924 | Employment | Bachelor's Degree- Mech. Engg. & PG Diploma in Financial Management - 26 years | 20 September 2013 | 49 | "DGM - Marketing - Rane NSK Steering Ltd. | Nil | N.A. |
| Rajeev Dogra | Executive Director | 10556752 | Employment | Bachelor's Degree- Mech. Engg. - 35 years | 24 August 1990 | 58 | GET- The Printer House, Ballabhgarh | Negligible | N.A. |
| Lunna Bose | HR Director- Asia Pacific | 10412889 | Employment | "Master's degree in Human Resources Management from Calcutta University - 23 years" | 23 September 2019 | 48 | AVP HR, Varroc Engineering Limited | Nil | N.A. |
| Vinod Appu Nirmal | Plant Director- Oragadam Plant | 9550531 | Employment | Bachelor's Degree- Mech. Engg. & Master in Business Administration - 27 years | 24 September 2021 | 49 | NA | Nil | N.A. |
| Manish Gupta | Deputy General Manager - Programme Management | 9297380 | Employment | B.Tech - 26 Years | 19 January 2015 | 49 | General Manager - R&D - Magneti Marelli India Ltd. | Nil | N.A. |
| Nitin Gupta | Deputy General Manager - IT | 7428109 | Employment | Bachelor's Degree- Mech. Engg. & Master in Business Administration - 32 Years | 19 May 2014 | 54 | "Asst.Director - IT iGate" | Nil | N.A. |
| Dev Raj Sharma | Deputy General Manager Procurement | 7127919 | Employment | B. Tech Mechanical, PG Diploma in Material Management - 29 years | 14 March 1995 | 53 | Quality Engineer at New Allenberry Gears Pvt Ltd | Negligible | N.A. |
| Tushar Jain | Deputy General Manager - Finance | 6630836 | Employment | Chartered Accountan - 22 years | 28 August 2009 | 49 | Sr Manager Finance - Donaldson India Filter Systems (P) Ltd. | Negligible | N.A. |

*Date of appointment as Managing Director is 1st February 2019. The original date of employment is August 12, 1992.

Notes:

1. Remuneration shown above includes salary, allowances, ex-gratia, expenditure incurred by the Company on residential accomodation, leave travel assistance and other facilities.
2. None of the employee is relative of any Director of the Company.
3. The Company did not have an employee either in the whole or part of the year under review who held by himself or alongwith his spouse and dependent children, two percent or more Equity Shares of the Company.

Rajni Sekhri Sibal
Independent Director
DIN – 09176377
G-9,2nd-floor
Maharani Bagh
New Delhi 110065

Rajeev Dogra
Executive Director
DIN – 05270378
Flat No. 501, Tower C12,
The Pranayam, Sector 82-85,
Faridabad 121004

Sanjay Katyal
Managing Director
DIN- 08354025
House No. 839, Sector-16,
Faridabad, 121002

Date: 24th August, 2024
Place: Faridabad, NCR

**"Annexure C"**

1. **Contents of the Corporate Social Responsibility Policy**

GKN Driveline (India) Ltd has Five plants. Two plants are in Haryana, one in Maharashtra one in Tamilnadu and one in Gujarat.

Plants are located where basic civic infrastructure is inadequate and socio-economic profile is on weaker side. GDI's mission is to contribute towards improving the quality of life of the communities living in these areas. The Company believes that its success in executing and operating plants is critically dependent on following a participatory development-oriented approach that strengthens our bond with the local population.

**Guiding Principles:** GKN Driveline (India) Ltd. in its continuous efforts to positively impact the society, especially the areas around its sites and offices, has formulated policies for social development that are based on the following guiding principles:

- Honor the spirit of law and be a responsible corporate citizen.
- Pursue growths through harmony with the community via innovative management techniques.
- Adopt an approach that aims at achieving a greater balance between social development and economic development.
- Respect culture and customs of every project / plant location.
- Work towards elimination of all barriers for the social inclusion of disadvantaged groups - such as the poor, socially backward, differently abled and others.
- Develop practices aimed at inclusive growth.
- Thrust on Environment Protection.

**Focus Areas:** GDI CSR areas targets inclusive growth of all stakeholders under nine categories, mentioned under Sch. VII of The Companies Act, 2013.

These primarily fall under drinking water, sanitation, education, healthcare, social development, livelihood opportunities and environment protection. These are

- Rural Development Projects
- Healthcare including sanitation and drinking water
- Education & Vocational Skills (incl. Educational Infrastructure)
- Gender Equality & Women Empowerment (Incl. Old age homes)
- Environmental Sustainability
- Heritage Protection (Incl. Art and Culture)
- Training for Promotion of Sports Talent
- Clean Ganga & Swach Bharat Abhiyan
- Disaster management
- Other items as may be prescribed from time to time under Sch. VII of The Companies Act, 2013

2. **The Composition of the CSR Committee:**

The CSR Committee of the Board consists of its chairman, Mr. Sanjay Katyal - Managing Director, Mr. Rajeev Dogra, Executive Director, Mr. Bharat Dev Singh Kanwar, Independent Director and Ms. Rajni Sekhri Sibal Independent Director.

3. **Average net profit of the Company for the last three financial years is INR 880.6 Mn**

4. **Prescribed CSR Expenditure (Two percent of the average net profit) - The total spent required on CSR activities was INR 17.61 Mn.**

5. **Detail of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year: The total spend required on CSR activities was INR Mn 17.61 against actual spent of INR 16.91 Mn. Difference was set off against surplus from previous year, INR 0.70 Mn.

(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the financial year is detailed below:

| CSR Budget 2023-2024 | | | | Budget | Actual Spent | |
|---|---|---|---|---|---|---|
| **Sector** | **Project** | Details | No of Beneficiaries | Budget (INR MN) | Location | (INR MN) |
| Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects, infrastructure development in schools. | Salamangalam Govt. Middle school | Toilet facility for girls | 300 | 1.30 | ORA | 1.32 |
| | Zila Parishad School, Wadu Khurd | Construction of two classrooms, roof over staircase | 172 | 2.32 | PUN | 2.32 |
| | Govt School, Vithalpura near Kadi | Construction of two classrooms | 100 | 2.85 | KAD | 2.85 |
| | Anganbari, Akera Village, Rewari | Construction of RCC Building (Hall-60*20 feet ) with Ladies and gents' washroom (11*12 feet). Water tank (750 Liter) and Sewerage tank with pipeline and plumbing and lightings . | 600 | 1.94 | DHA | 1.94 |
| | Aanganvaari Kendra, Gokalpur Village, Rewari | Construction of RCC Building (Hall-60*20 feet ) with Ladies and gents' washroom (11*12 feet). Water tank (750 Liter) and Sewerage tank with pipeline and plumbing and lightings . | 600 | 1.94 | DHA | 1.94 |
| | Anganbari, Phideri Village, Rewari | Construction of RCC Building (Hall-60*20 feet ) with Ladies and gents' washroom (11*12 feet). Water tank (750 Liter) and Sewerage tank with pipeline and plumbing and lightings . | 500 | 1.94 | DHA | 1.94 |
| | Govt. Primary School, Harijan Basti, Ballabhgarh | To install solar panels and solar Lights-5 Nos. | 450 | 0.38 | FAR | 0.44 |
| | Govt. Primary School, Tirkha Colony Ballabhgarh | To ensure Preventive Health care through 2 nos water cooler at Govt. Primary School - Senior Secondary School (One Campus), | 500 | 0.05 | FAR | 0.11 |
| Environmental sustainability and Ecological Balance | Gram Panchayat Sahupura Khadar, Tigaon, Faridabad | To install solar panels (Community Hall-Samudayik Bhawan-7.5 KW)and solar Lights-20 Numbers | 1500 | 0.83 | FAR | 0.83 |
| | People for Animals Trust | Blood testing machine | 200 | 0.28 | FAR | 0.32 |
| | Tender Heart Education society, Bhatola ,Tigaon, Faridabad | To install off-grid solar plant (5KW+ 3KW), One rainwater harvesting & Pavers approx. 3000 ft. in a School (for Rural women & Underprivileged Children) | 100 | 1.08 | FAR | 0.37 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Promoting health care including preventinve health care and sanitation | Gram Panchayat- Nariyala , Ballabhgarh, & Sihi Faridabad | To ensure Preventive Health care through 2 nos water cooler at Govt. Primary School - Senior Secondary School (One Campus), | 800 | 0.10 | FAR | 0.11 |
| | New health center in Nattarasanpattu village | Demolishing current building and constructon of new building for PHC, painting of school building, tree plantation etc | 5500 | 2.40 | ORA | 2.42 |
| TOTAL BUDGET 2023-24 | | | | 17.41 | - | 16.91 |

The CSR committee hereby confirms that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For and on the behalf of the Board of Directors
GKN Driveline (India) Limited

| | | | |
|---|---|---|---|
| | Rajni Sekhri Sibal<br>Independent Director<br>DIN – 09176377<br>G-9,2nd-floor<br>Maharani Bagh<br>New Delhi 110065 | Rajeev Dogra<br>Executive Director<br>DIN – 05270378<br>Flat No. 501, Tower C12,<br>The Pranayam, Sector 82-85,<br>Faridabad 121004 | Sanjay Katyal<br>Managing Director<br>DIN- 08354025<br>House No. 839, Sector-16,<br>Faridabad, 121002 |

Date: 24th August, 2024
Place: Faridabad, NCR

**Annexure -II**

**Format for the Annual Report on CSR Activities to be Included in the Board's Report For Financial Year Commencing on or After 1st Day of April, 2020**

1. Brief outline on CSR Policy of the Company. As per annexure attached
2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1. | Sanjay Katyal | Chairman / Managing Director | 03 | 03 |
| 2. | Rajeev Dogra | Member / Executive Director | 03 | 02 |
| 3. | Bharat Dev Singh Kanwar | Member/ Independent Director | 03 | 03 |
| 4. | Rajni Sekhri Sibal | Member/ Independent Director | 03 | 03 |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. Company doesn't have a dedicated website
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). Impact assessment not applicable as spent is less than INR 10 Crore.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in Rs Mn) | Amount required to be set-off for the financial year, if any (in Rs Mn) |
|---|---|---|---|
| 1 | 2021-22 | 1.11 | 0.47 |
| 2 | 2022-23 | 0.64 | (1.03) |
| 3 | 2023-24 | 1.67 | 0.70 |
| | **Balance available** | **Rs 0.97 Mn** | |

6. Average net profit of the company as per section 135(5). INR 880.60 Mn
7. (a) Two percent of average net profit of the company as per section 135(5) INR 17.61 Mn
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. None
   (c) Amount required to be set off for the financial year, if any None
   (d) Total CSR obligation for the financial year (7a+7b-7c). INR 17.61 Mn
8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| NIL | | | | | |

(b) Detail of CSR Amount spend against ongoing project for the F.Y

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No). | Location of the project. | | Project duration. | Amount allocated for the project (in Rs.). | Amount spent in the current financial Year (in Rs.). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| 1. | | | | | | | | | | | | |
| 2. | | | | | | | | | | | | |
| 3. | | | | | | | | | | | | |
| | **Total** | | | | | | | | | | | |

NA

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in Rs.). | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | State. | District. | | | Name | CSR Registration number. |
| 1. | As per Annexure Attached | | | | | | | | |
| 2. | | | | | | | | | |
| 3. | | | | | | | | | |
| | **Total** | | | | | | | | |

(d) Amount spent in Administrative Overheads NIL

(e) Amount spent on Impact Assessment, if applicable NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) INR 17.61 Mn

(g) Excess amount for set off, if any

| Sl. No. | Name of the Project | Amount (in Rs.) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 17.61 |
| (ii) | Total amount spent for the Financial Year | 16.91 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | (0.70) |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | 1.67 |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 0.97 |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in Rs.) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in Rs). | Date of transfer. | |
| 1. | | NIL | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| | **Total** | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in Rs.). | Amount spent on the project in the reporting Financial Year (in Rs). | Cumulative amount spent at the end of reporting Financial Year. (in Rs.) | Status of the project - Completed / Ongoing. |
| 1. | | | NIL | | | | | |
| 2. | | | | | | | | |
| 3. | | | | | | | | |
| | **Total** | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

**(asset-wise details).**

(a) Date of creation or acquisition of the capital asset(s). None

(b) Amount of CSR spent for creation or acquisition of capital asset. None

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. None

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). None

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

**Not Applicable**

| | |
|---|---|
| **Sd/-** | **Sd/-** |
| **(Managing Director)** | **(Chairman CSR Committee).** |

**"Annexure D"**

# SECRETARIAL AUDIT REPORT

**For the financial year ended on 31st March, 2024**

**[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**
**GKN Driveline (India) Limited**
**Plot No. 270, Sector- 24,**
**Faridabad- 121005, Haryana**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **"GKN Driveline (India) Limited"** (Corporate Identity Number U74999HR1985PLC034079) (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **GKN Driveline (India) Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31stMarch, 2024, according to the provisions of:

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

ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;

iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment;

iv) As explained by the Company, there is no other law, related to the industry in which the Company is operating, is applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India, which is complied except on few occasions.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above. Except the Company's accounting Software did not have a feature of recording audit trail (edit log) facility as provided under Rule 3 (1) of the companies (Accounts) Rules,2014

With respect to Fiscal laws such as Income Tax, Goods and service Tax based on the information and explanation provided to us by the management and officers of the Company and also on verification of reports of professionals including reports of Internal Audit, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws.

**We further report that:-**

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

Adequate notice has been given to all directors/members of the committee, as the case may be, to schedule the Board Meetings including committee meeting during the financial year under review, agenda and detailed notes on agenda were sent properly before the scheduled meeting, 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.

In terms of the minutes of Board and committee meetings, we report that all the decisions are carried unanimously. The members of the Board have not expressed dissenting views on any of the agenda items during the financial year under review.

**We further report that** the systems and processes in the Company to monitor and ensure the compliance with applicable laws, rules, regulations and guidelines, are commensurate with the size and operations of the Company subject to the following observation; -

1. *M/s Casa Grande Propcare Private Limited was engaged as a Contractor at Factory located in Oragadam on June 22, 2023. However, application for amendment in Registration Certificate was not made by the Company within prescribed time.*

2. *M/s BSA Corporation Limited was engaged as a Contractor at Factory located in Oragadam from June 1, 2021, to May 30, 2023. However, the application for amendment in Registration Certificate was not made by the Company.*
3. *M/s Ecolife Facility and Enviro Management Private Limited" was engaged as a Contractor at Factory located in Oragadam. However, the Contractor employed by the company did not hold a valid license for undertaking any work during its tenures (i.e. on or before August 23, 2023).*

**We further report that** during the audit period, the Company has declared and paid dividend in accordance with the provisions of the Act and necessary compliances of the Act was made.

**FOR RANJEET PANDEY & ASSOCIATES**
**COMPANY SECRETARIES**

**CS RANJEET PANDEY**
**FCS- 5922, CP No.- 6087**
**UDIN: F005922F001064441**
**PR No:-1912/2022**

**PLACE: NEW DELHI**
**DATE: 17th August, 2024**

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

**Annexure -I**

**To**
**The Members**
**GKN Driveline (India) Limited**
**Plot No. 270, Sector- 24,**
**Faridabad- 121005, Haryana**

Our report of even date is to be read along with this letter:

1. Management 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.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance on happening of the events for which documents are not required to be maintained statutorily by the Company.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of Compliances/procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR RANJEET PANDEY & ASSOCIATES**
**COMPANY SECRETARIES**

**CS RANJEET PANDEY**
**FCS- 5922, CP No.- 6087**
**UDIN: F005922F001064441**
**PR No:-1912/2022**

**PLACE: NEW DELHI**
**DATE: 17th August, 2024**

**“Annexure E” to the Board Report**

**Contents of the remuneration policy and other best practices**

The policy concerns the remuneration and other terms of employment for GKN Driveline (India) Employees, including the directors, the Managing Director and other Senior Management Personnel. The policy is approved by the Nomination and Remuneration Committee and the Board of Directors.

**Objectives:**

The policy aims to:

- Attract and retain the best qualified people available to achieve the organization’s objectives.
- Provide equitable and consistent remuneration to employees.
- Pay for performance: Differentiate performers from non-performers.
- Enable an appropriate compensation structure.
- Communicate the staff the basic parameters of Salary Structure.
- Build external competitiveness and internal performance related equivalences.

**Guiding principles for remuneration and other terms of employment**

- The remuneration and the other terms of employment for the Employees shall be competitive in order to ensure that GKN Driveline (India) Limited can attract and retain competent Executives.
- The Employee’s fixed salary shall be competitive and based on the individual Employee’s responsibilities and performance.
- Competitiveness of the salary will be decided as per Market Survey.
- Taxing implications are of paramount importance. There will be no rule bending/compromises.

**Criteria for appointment**

The appointment shall be based on the following criteria:

- Qualification, experience and expertise of the person for appointment.
- Specialization, special achievements which contributed to growth in the business/functional area.
- Active participation in the affairs of the company.
- Diversity of the Board.
- Demonstrable leadership qualities and interpersonal communication skills.
- Transparent, unbiased and impartial execution.
- Appointment of Directors and KMPs is in compliance with the procedure laid down under the provisions of the Companies Act 1013, and rules made thereunder.

**Criteria for remuneration**

The remuneration to Directors, Key Managerial Personnel and Senior Management Personnel involves a balance between fixed and variable pay reflecting short term and long term performance objectives.

The Managing Director’s remuneration is a combination of fixed and variable pay. The Non-Executive Directors are not paid any remuneration by the Company as directors. Independent Directors are paid sitting fee for attending each meeting(s) of the Board and Committees thereof.

The remuneration is within the statutory limits and approved by the Shareholders of the Company.

For and on the behalf of the Board of Directors
GKN Driveline (India) Limited

Rajni Sekhri Sibal
Independent Director
DIN – 09176377
G-9,2nd-floor
Maharani Bagh
New Delhi 110065

Rajeev Dogra
Executive Director
DIN – 05270378
Flat No. 501, Tower C12,
The Pranayam, Sector 82-85,
Faridabad 121004

Sanjay Katyal
Managing Director
DIN- 08354025
House No. 839, Sector-16,
Faridabad, 121002

Date: 24th August, 2024
Place: Faridabad, NCR

**"Annexure F"**

**Statement of Board and committee meetings attended by the directors and KMP during the year**

| **No. of meetings held during the year** | | | **4** | **2** | **4** | **4** | **3** | **1** |
|---|---|---|---|---|---|---|---|---|
| **Name of Director/KMP** | **DIN/PAN** | **Category** | **Board** | **NRC** | **SRC** | **ARMC** | **CSR** | **ID** |
| Sanjay Katyal | 08354025 | Managing Director | 4 | NA | 4 | NA | 3 | NA |
| Madan Singh Sisodia | 08111748 | Executive Director | 3 | NA | 3 | 3 | NA | NA |
| Rajeev Dogra | 05270378 | Executive Director | 3 | 1 | NA | NA | 2 | NA |
| Bharat Dev Singh Kanwar | 00428180 | Independent Director | 4 | 2 | 4 | 4 | 3 | 1 |
| Rajni Sekhri Sibal | 09176377 | Independent Director | 4 | 2 | 4 | 4 | 3 | 1 |
| Luna Bose Roy Chowdhury | 09800540 | Executive Director | 3 | NA | NA | NA | NA | NA |
| Anthony Bell | 08754802 | Chairman | 4 | 2 | 4 | NA | NA | NA |
| Tushar Jain | ADJPJ4792J | Chief Financial Officer | 4 | 2 | 4 | 4 | 3 | NA |
| Richa Porwal | ASAPP5814F | Company Secretary | 4 | 2 | 4 | 4 | 3 | NA |

Rajni Sekhri Sibal
Independent Director
DIN – 09176377
G-9,2nd-floor
Maharani Bagh
New Delhi 110065

Rajeev Dogra
Executive Director
DIN – 05270378
Flat No. 501, Tower C12,
The Pranayam, Sector 82-85,
Faridabad 121004, Haryana, India

Sanjay Katyal
Managing Director
DIN- 08354025
House No. 839, Sector-16,
Faridabad, 121002
Haryana, India

Date: 24th August, 2024
Place: Faridabad, NCR

**INDEPENDENT AUDITORS' REPORT**

**To The Members of GKN Driveline India Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of GKN Driveline India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director'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 during the course of our 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**

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

in India, including Ind AS 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 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.

In preparing the financial statements, management and Board of Directors 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibility for the Audit of the Financial Statements**

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 financial controls that we identify during our audit.

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 not complying with the requirement of audit trail as stated in j(iv) below.

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

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f) The modification/s relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above.

g) 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”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to financial statements.

h) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 13(b) & 32 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Notes 40 (xiii) to the financial statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 42 to the financial statements.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer Note 40 (iv) to the financial statements.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer Note 40 (v) to the financial statements.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The interim dividend declared and paid by the Company during the year and until the date of this report is in accordance with section 123 of the Companies Act 2013.. Refer Note 11(v) to the financial statements.

vi. Based on our examination, the Company has used accounting software for maintaining its books of account for the year ended March 31, 2024 wherein:

(a) an accounting software did not have a feature of recording audit trail (edit log) facility, and

(b) in respect of the other accounting software used for maintaining its payroll records, which is operated by a third party software service provider and in absence of Service Organization Control Type 2 (SOC2) report we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with

vii. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended March 31, 2024.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
**Nilesh H. Lahoti**
(Partner)
(Membership No. 130054)
(UDIN: 24130054BKFRRN9559)

Place: Gurugram
Date: August 24, 2024

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report on the financial statements for the year ended March 31, 2024 to the members of GKN Driveline (India) Limited of even date)**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of GKN Driveline (India) Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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.

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

**Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control 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 control 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 Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to financial statements established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
**Nilesh H. Lahoti**
(Partner)
(Membership No. 130054)
(UDIN: 24130054BKFRRN9559)

Place: Gurugram
Date: August 24, 2024

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.

The Company has maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment, capital work-in-progress and right-of-use assets were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed /conveyance deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories except for goods-in-transit and stocks held with third parties, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories/ alternate procedures performed as applicable, when compared with books of account.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence, reporting under Clause 3(ii)(b) of the Order is not applicable.

(iii) (a) The Company has granted loans during the year and details of which are given below: (Rs. in million)

| Particulars | Loans |
|---|---|
| A. Aggregate amount granted during the year: | |
| Other Parties | |
| -Employees | 1.70 |
| -Fellow Subsidiary | |
| **B. Balance outstanding as at balance sheet date in respect of above case:** | |
| Other Parties | |
| -Employees | 2.77 |
| -Fellow Subsidiary | 150.00 |

The Company has not made any investments in, provided any guarantee or security or granted any advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties during the year.

(b) The terms and conditions of the grant of all the above-mentioned loans provided during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) Loan of Rs. 150 million granted by the Company which has fallen due during the year, has been renewed. The details of such loan that fell due and those renewed during the year are stated below:

(Rs. in million)

| Name of Party | Aggregate amount of overdues of existing loans renewed | Percentage of the aggregate to the total loans granted during the year |
|---|---|---|
| GKN Automotive Bengaluru Private Limited | 150.00 | 98.88% |

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) of the Order is not applicable.

(iv) The Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of loans granted. Further the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 of the Companies Act, 2013.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified for the activities of Company by the Central Government under Section 148(1) of the Companies Act, 2013.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Excise, cess and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024 on account of disputes are given below:

| Name of the Statute | Nature of Dues | Gross Amount (Rs. In Million)# | Amount paid under protest (Rs. In Million) | Period to which the Amount Relates | Forum where the dispute is pending |
|---|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | 24.31 | - | AY 2017-18 | Income Tax Appellate Tribunal (ITAT) |
| The Income Tax Act, 1961 | Income Tax | 15.86 | - | AY 2019-20 | Assistant Commissioner of Income Tax (OSD), New Delhi |
| The Income Tax Act, 1961 | Income Tax | 233.34 | - | AY 2020-21 | Assistant Commissioner of Income Tax (OSD), New Delhi |
| The Tamil Nadu Value Added Tax (VAT) Act, 2006 | Tamil Nadu VAT | 3.70 | 1.50 | FY 2014-15 | High Court |
| The Finance Act, 1994 | Service Tax | 1.99 | - | FY 2005-06<br>FY 2008-10<br>FY 2009-11<br>FY 2011-12<br>FY 2014-16 | Commissioner (Appeal) |
| | | 53.44 | 0.82 | FY 2005-08<br>FY 2010-11<br>FY 2014-16 | Customs, Excise & Service Tax Appellate Tribunal (CESTAT) |
| | | 2.63 | - | FY 2004-08 | Joint Commissioner of GST & Central Excise |
| Goods and Services Tax Act, 2017 | Gujrat GST | 0.64 | - | FY 2020-21 | Additional/Deputy Commissioner of State Tax (Appeals) |
| Goods and Services Tax Act, 2017 | Gujrat GST | 0.70 | - | FY 2018-19 | Deputy Commissioner of State Tax |
| Goods and Services Tax Act, 2017 | Haryana GST | 2.73 | | FY 2018-19 | Excise & Taxation Officer |

#amounts disclosed above are as per show cause notices/demand orders including consequential interest as determined by the management till balance sheet date. (Also refer Note 13(b) and Note 32 to the financial statements for the year ended March 31, 2024 in respect of provision for entry tax and duty of Customs respectively).

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year on the pledge of securities and hence, reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) We have taken under consideration the whistle blower complaint received by the Company during the year and provided to us, when performing our audit.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto December, 2023 and the Internal Audit Reports were issued after the balance sheet date covering the period from January 2024 to March 2024 for the period under audit.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 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. Hence reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and the Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
**Nilesh H. Lahoti**
(Partner)
(Membership No. 130054)
(UDIN: 24130054BKFRRN9559)

Place: Gurugram
Date: August 24, 2024

## BALANCE SHEET AS AT March 31, 2024

(Rs. in million)

| Particulars | Note No. | March 31, 2024 | March 31, 2023 |
|---|---|---|---|
| **A. ASSETS** | | | |
| **1. Non-current assets** | | | |
| (a) Property, plant and equipment | 3 | **2,587.33** | 2,663.09 |
| (b) Capital work-in-progress | 3 | **102.84** | 94.29 |
| (c) Intangible assets | 3 | **3.18** | 0.89 |
| (d) Right-of-use assets | 3 | **67.70** | 79.24 |
| (e) Financial assets | | | |
| (i) Loans | 6 | **0.81** | 1.37 |
| (ii) Other financial assets | 5 | **61.48** | 53.47 |
| (f) Deferred tax assets (net) | 26 | **43.59** | 23.44 |
| (g) Non-current tax assets | 7 | **9.43** | 34.83 |
| (h) Other non-current assets | 8 | **145.41** | 69.68 |
| **Total non-current assets** | **(A)** | **3,021.78** | 3,020.30 |
| **2. Current assets** | | | |
| (a) Inventories | 4 | **1,003.64** | 883.60 |
| (b) Financial assets | | | |
| (i) Trade receivables | 9 | **1,224.50** | 940.18 |
| (ii) Cash and cash equivalents | 10 | **1,105.41** | 351.39 |
| (iii) Bank Balances other than (ii) above | 10A | **1.13** | 1.13 |
| (iv) Loans | 6 | **151.96** | 152.54 |
| (v) Other financial assets | 5 | **4.75** | 8.13 |
| (c) Other current assets | 8 | **94.31** | 58.92 |
| **Total current assets** | **(B)** | **3,585.70** | 2,395.89 |
| **Total assets** | **(A+B)** | **6,607.48** | 5,416.19 |
| **B. EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 11 | **127.73** | 127.73 |
| (b) Other equity | 12 | **2,877.82** | 2,833.03 |
| **Total equity** | **(C)** | **3,005.55** | 2,960.76 |
| **Liabilities** | | | |
| **1. Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 14 | **48.80** | 61.38 |
| (ii) Other financial liabilities | 16 | **10.33** | 9.99 |
| (b) Provisions | 13 | **126.68** | 133.85 |
| (c) Other non-current liabilities | 17 | **0.65** | - |
| **Total non-current liabilities** | **(D)** | **186.46** | 205.22 |
| **2. Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 14 | **12.57** | 10.77 |
| (ii) Trade payables | | | |
| - total outstanding dues of small enterprises and micro enterprises | 15 | **88.46** | 96.66 |
| - total outstanding dues of creditors other than small enterprises and micro enterprises | 15 | **1,841.63** | 1,527.62 |
| (iii) Other financial liabilities | 16 | **797.89** | 50.88 |
| (b) Other current liabilities | 17 | **232.78** | 120.95 |
| (c) Provisions | 13 | **442.14** | 443.33 |
| **Total current liabilities** | **(E)** | **3,415.47** | 2,250.21 |
| **Total liabilities** | **(D+E)** | **3,601.93** | 2,455.43 |
| **Total equity and liabilities** | **(C+D+E)** | **6,607.48** | 5,416.19 |

See accompanying notes to the financial statements 1 to 42

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

**Nilesh H. Lahoti**
Partner

Place: Gurugram
Date: August 24, 2024

**For and on behalf of the Board of Directors of GKN Driveline (India) Limited**

| | | |
|---|---|---|
| Rajni Sekhri Sibal | (DIN 09176377) | Independent Director<br>Chairman - ARMC |
| Madan Singh Sisodia | (DIN 08111748) | Executive Director |
| Rajeev Dogra | (DIN 05270378) | Executive Director |
| Tushar Jain | (Mem. No. 500602) | Chief Financial Officer |
| Richa Porwal | (Mem. No. F8318) | Company Secretary |

Place: Faridabad
Date: August 23, 2024

| | | |
|---|---|---|
| Sanjay Katyal | (DIN 08354025) | Managing Director |

Place: Faridabad
Date: August 24, 2024

## Statement of Profit and Loss for the year ended March 31, 2024

(Rs. in million)

| Particulars | | Note No. | March 31, 2024 | March 31, 2023 |
|---|---|---|---|---|
| 1. | **Income** | | | |
| | (a) Revenue from operations | 18 | **10,518.34** | 9,845.46 |
| | (b) Other income | 19 | **82.47** | 86.18 |
| 2. | **Total income** | | **10,600.81** | 9,931.64 |
| 3. | **Expenses** | | | |
| | (a) Cost of materials consumed | 20 | **5,711.64** | 5,390.07 |
| | (b) Changes in inventories of finished goods and work-in-progress and stock-in-trade | 21 | **(65.28)** | 25.19 |
| | (c) Employee benefits expense | 22 | **1,388.68** | 1,268.20 |
| | (d) Finance costs | 23 | **22.54** | 25.89 |
| | (e) Depreciation and amortisation expense (net) | 3 | **412.99** | 413.45 |
| | (f) Other expenses | 24 | **1,971.72** | 1,763.58 |
| 4. | **Total expenses** | | **9,442.29** | 8,886.38 |
| 5. | **Profit before tax (2-4)** | | **1,158.52** | 1,045.26 |
| 6. | **Tax expense** | | | |
| | (a) Current tax | 25(a) | **318.13** | 289.11 |
| | (b) Current tax - related to prior years | 25(a) | **3.10** | 1.38 |
| | (c) Deferred tax | 25(b) | **(21.36)** | (18.43) |
| 7. | **Total tax expense** | | **299.87** | 272.06 |
| 8. | **Profit for the period from continuing operation (5-7)** | | **858.65** | 773.20 |
| 9. | **Other comprehensive income/(loss)** | | | |
| | (i) Items that will not be reclassified to profit or loss: | | | |
| | (a) Remeasurement of defined benefit obligations | | **4.82** | 18.13 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | **(1.21)** | (4.56) |
| | **Total Other comprehensive (loss)/income** | | **3.61** | 13.57 |
| 10. | **Total comprehensive income for the period (8+9)** | | **862.26** | 786.77 |
| 11. | **Earnings per equity share (EPS)** (Face value of Rs. 10 in absolute amount per share) | | | |
| | Basic (in Rs.) (absolute Amount) | 28 | **67.22** | 60.53 |
| | Diluted (in Rs.) (absolute Amount) | 28 | **67.22** | 60.53 |

See accompanying notes to the financial statements 1 to 42

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

**Nilesh H. Lahoti**
Partner

Place: Gurugram
Date: August 24, 2024

**For and on behalf of the Board of Directors of GKN Driveline (India) Limited**

| | | |
|---|---|---|
| Rajni Sekhri Sibal | (DIN 09176377) | Independent Director<br>Chairman - ARMC |
| Madan Singh Sisodia | (DIN 08111748) | Executive Director |
| Rajeev Dogra | (DIN 05270378) | Executive Director |
| Tushar Jain | (Mem. No. 500602) | Chief Financial Officer |
| Richa Porwal | (Mem. No. F8318) | Company Secretary |

Place: Faridabad
Date: August 23, 2024

| | | |
|---|---|---|
| Sanjay Katyal | (DIN 08354025) | Managing Director |

Place: Faridabad
Date: August 24, 2024

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

(Rs. in million)

| Particulars | | March 31, 2024 | March 31, 2023 |
|---|---|---|---|
| **A. Cash flow from operating activities** | | | |
| Profit before tax | | **1,158.52** | 1,045.26 |
| Adjustments for : | | | |
| Depreciation and amortisation expense | | **412.99** | 413.45 |
| Finance costs | | **22.54** | 25.89 |
| Unrealised loss/(gain) on foreign currency transactions and translation (net) | | **8.64** | 3.81 |
| Interest income | | **(32.49)** | (30.18) |
| Unclaimed deposits written back | | **-** | - |
| Net (Gain)/Loss on sale/disposal of Property, plant, equipment and intangible assets | | **(3.60)** | (1.51) |
| Provision/ (reversal of provision) towards write-down of Inventories (net) | | **(5.30)** | (31.56) |
| Provision for mark to market losses/ (gain) on forward contracts (net) | | **4.36** | (5.10) |
| Provision/ (write back of provisions) for contingencies (net) | | **(8.84)** | 2.66 |
| Provision/ (write back of provisions) for doubtful and other receivables (net) | | **0.24** | (1.29) |
| Credit impaired receivables written-off | | **-** | 0.08 |
| Provision/ (write back of provisions) for warranty (net) | | **(0.46)** | (0.57) |
| **Operating profit before working capital changes** | | **1,556.60** | 1,420.94 |
| Changes in working capital: | | | |
| Adjustments for (increase)/ decrease in operating assets: | | | |
| Trade receivables | | **(284.59)** | 64.66 |
| Other current/non current assets | | **(38.13)** | (12.91) |
| Other financial assets (including loans/advances) | | **(1.60)** | (14.74) |
| Inventories | | **(114.74)** | 22.53 |
| Adjustments for increase / (decrease) in operating liabilities: | | | |
| Trade payables | | **298.41** | (199.58) |
| Other financial liabilities | | **1.32** | (6.47) |
| Other current/non-current liabilities | | **29.55** | (11.24) |
| Provisions | | **(14.71)** | (0.89) |
| Cash generated from/ (used in) operations | | **1,432.11** | 1,262.30 |
| Income tax paid (net of refunds during the year) | | **(296.05)** | (326.46) |
| **Net cash flow from operating activities** | **(A)** | **1,136.06** | 935.84 |

(Rs. in million)

| Particulars | | March 31, 2024 | March 31, 2023 |
|---|---|---|---|
| **B. Cash flow from investing activities** | | | |
| Capital expenditure on Property, plant, equipment and intangible assets including capital advances | | **(398.20)** | (292.98) |
| Loan granted during the year | | **-** | (200.00) |
| Loan repaid during the year | | **-** | 50.00 |
| Proceeds from sale of Property, plant, equipment and intangible assets | | **4.22** | 3.40 |
| Proceeds from sale of Equity Instruments | | **-** | 0.61 |
| Increase in bank balances not considered in Cash and Cash Equivalents | | **-** | (0.26) |
| Interest received | | **30.59** | 29.65 |
| **Net cash used in investing activities** | **(B)** | **(363.39)** | (409.58) |
| **C. Cash flow from financing activities** | | | |
| Finance costs paid | | **(2.23)** | (5.97) |
| Dividend on equity shares | | **(0.00)** | (1,673.01) |
| Repayment of lease liabilities (including interest) | | **(16.43)** | (15.65) |
| **Net cash used in financing activities** | **(C)** | **(18.66)** | (1,694.63) |
| **Net increase in cash and cash equivalents** | **(A+B+C)** | **754.01** | (1,168.37) |
| Cash and cash equivalents as at the beginning of the year | | **351.39** | 1,519.76 |
| **Cash and cash equivalents as at the end of the year *** | | **1,105.41** | 351.39 |

* Components of cash and cash equivalents:

| | | |
|---|---|---|
| a. Cash on hand | **-** | 0.09 |
| b. Balance with scheduled banks | | |
| i. in current accounts | **455.41** | 351.30 |
| ii. in deposit accounts | **650.00** | - |
| | **1,105.41** | 351.39 |

The above cash flow statement has been prepared under the “Indirect method” as set out in Ind AS 7 “Statement of cash flows.

See accompanying notes to the financial statements 1 to 42

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

**Nilesh H. Lahoti**
Partner

Place: Gurugram
Date: August 24, 2024

**For and on behalf of the Board of Directors of GKN Driveline (India) Limited**

| | | |
|---|---|---|
| Rajni Sekhri Sibal | (DIN 09176377) | Independent Director Chairman - ARMC |
| Madan Singh Sisodia | (DIN 08111748) | Executive Director |
| Rajeev Dogra | (DIN 05270378) | Executive Director |
| Tushar Jain | (Mem. No. 500602) | Chief Financial Officer |
| Richa Porwal | (Mem. No. F8318) | Company Secretary |

Place: Faridabad
Date: August 23, 2024

| | | |
|---|---|---|
| Sanjay Katyal | (DIN 08354025) | Managing Director |

Place: Faridabad
Date: August 24, 2024

## Statement of Changes in Equity for the year ended March 31, 2024

### a. Equity share capital

(Rs. in million)

| Particulars | Amount |
|---|---|
| Balance at April 1, 2022 | 127.73 |
| Changes in equity shares during the year | - |
| Balance at March 31, 2023 | 127.73 |
| Changes in equity shares during the year | - |
| **Balance at March 31, 2024** | **127.73** |

### b. Other equity

(Rs. in million)

| Particulars | Reserves and Surplus | | | | | |
|---|---|---|---|---|---|---|
| | Securities premium | General reserve | Share based payment reserve* | Retained earnings | Other Compre-hensive Income / (loss)# | Total |
| Balance as at April 1, 2022 | 214.16 | 150.17 | 9.79 | 2,562.84 | (9.36) | 2,927.60 |
| Profit for the year | - | - | - | 773.20 | | 773.20 |
| Other Comprehensive income for the year | - | - | - | - | 13.57 | 13.57 |
| Dividend paid [Refer note 11 (v)] | | | | (881.34) | - | (881.34) |
| Balance at March 31, 2023 | 214.16 | 150.17 | 9.79 | 2,454.70 | 4.21 | 2,833.03 |
| **Profit for the year** | **-** | **-** | **-** | **858.65** | **-** | **858.65** |
| **Other Comprehensive income for the year** | **-** | **-** | **-** | **-** | **3.61** | **3.61** |
| **Dividend paid [Refer note 11 (v)]** | **-** | **-** | **-** | **(817.47)** | **-** | **(817.47)** |
| **Balance at March 31, 2024** | **214.16** | **150.17** | **9.79** | **2,495.88** | **7.82** | **2,877.82** |

* This represents the charge for issue of shares of GKN Plc by group parent company to employees of the Company under the GKN Share retention and incentive plan 2015, GKN Sustainable earning Plan 2016 and GKN Deferred Bonus Plan 2017 (collectively called as " Schemes"), in earlier years.

# Remeasurement of defined benefit obligations and income taxes thereon.

See accompanying notes to the financial statements 1 to 42

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

**Nilesh H. Lahoti**
Partner

Place: Gurugram
Date: August 24, 2024

**For and on behalf of the Board of Directors of**
**GKN Driveline (India) Limited**

| | | |
|---|---|---|
| Rajni Sekhri Sibal | (DIN 09176377) | Independent Director<br>Chairman - ARMC |
| Madan Singh Sisodia | (DIN 08111748) | Executive Director |
| Rajeev Dogra | (DIN 05270378) | Executive Director |
| Tushar Jain | (Mem. No. 500602) | Chief Financial Officer |
| Richa Porwal | (Mem. No. F8318) | Company Secretary |

Place: Faridabad
Date: August 23, 2024

Sanjay Katyal (DIN 08354025) Managing Director
Place: Faridabad
Date: August 24, 2024

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

**1. Corporate information**

GKN Driveline (India) Limited is a public limited company and domiciled in India was incorporated on 25 July,1985. The Company is engaged primarily in the manufacture and sale of driveshafts to original equipment manufacturers (OEMs) in the automobile industry. The Company has five manufacturing locations in India at Faridabad, Dharuhera, Oragadam, Pune and Kadi. The address of its registered office is Plot No 270, Sector 24 Faridabad, Haryana.

The Company is a subsidiary of GKN Driveline international GmbH, Germany and Melrose Industries PLC, UK (Melrose) is the ultimate holding company. Melrose demerged its Automotive, Hydrogen and Powder Metallurgy arm into a new entity known as Dowlais Group PLC on April 20, 2023. Accordingly, the ultimate holding company is Dowlais Group PLC w.e.f. April 20, 2023.

The financial statements for the year ended March 31, 2024 were approved by the Board of Directors and authorised for issue on August 23, 2024.

**2. Material accounting policies**

**2.01 Basis of preparation**

**(i) Statement of Compliance**

The financial statements of the Company have been prepared in accordance with The Indian Accounting Standards (hereinafter referred to as the “Ind AS”) as notified by Ministry of Corporate Affairs (‘MCA’) under the Section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provision of the Act.

**(ii) Basis of preparation and presentation**

The financial statements have been prepared in accordance with Ind AS and accounting principles generally accepted in India on historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in relevant accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services. The accounting policies followed in preparation of the Financial Statements are consistent with those followed in the preparation of Financial Statements for the year ended March 31, 2023 except for certain amendments in Ind AS and the Act as notified by MCA.

a) Current and non-current classification

The Company presents assets and liabilities in the financial statements based on current/non-current classification according to the Company’s operating cycle.

b) Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the 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 non-current classification of assets and liabilities.

Previous year figures have been regrouped/ reclassified to make comparable with the current year figures for better presentation.

**(iii) Use of estimates and judgements**

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results may differ from those 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

**2.02 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balances with banks and similar institutions, and short-term deposits which are readily convertible to cash and are subject to insignificant risks of changes in value. For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank/book overdrafts as they are considered an integral part of Company's cash management.

**2.03 Statement Cash flows**

Cash flows are reported using indirect method, whereby Profit before tax reported under Statement of Profit and loss is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information.

**2.04 Property, plant and equipment**

Property, plant and equipment are stated at cost or deemed cost and subsequent costs thereto net of GST input credit less accumulated depreciation/amortization and provision/impairment of damaged/non-usable assets.

Cost of acquisition includes expenditure that is directly attributable to the acquisition of the items. 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. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Depreciation methods, estimated useful lives and residual value**

Depreciation on property, plant and equipment is provided on the straight-line method ('SLM'), over the useful life prescribed in Schedule II to the Companies Act, 2013 ('Act') or useful life determined based on technical evaluation and past trends, upto the estimated residual value of the depreciable assets, as follows :

| Category of Fixed Assets | Life of assets (in Years) |
|---|---|
| Computer & software | 3 |
| Electric installation | 15 |
| Furniture & fixtures | 8 |
| Office equipment | 8 |
| Mobile phones | 3 |
| Plant & machinery | |
| - Short life | 6 |
| - Medium Life | 10 |
| - Long Life | 15 |
| Material handling equipment | 8 |
| Mechanical testing | 3 |
| Trollies | 3 |
| Vehicles | 4 |
| Building including Roads | 30 |
| Employees white goods<br>(Furniture & fixtures, Office equipment & computers) | 4 |

All assets, the individual written down value of which at the beginning of the year is Rs. 5,000 or less, are depreciated at the rate of 100%. Assets purchased during the year costing Rs. 5,000 or less are depreciated at the rate of 100%. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work-in-progress comprises the cost of property, plant and equipment that are not yet ready for their intended use on the reporting date and materials at site.

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1 April, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

**2.05 Intangible assets**

Intangible assets with finite useful lives (viz. software) that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized on a straight-line basis over the period of three years or the period of license . The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognized.

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

**2.06 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). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

**2.07 Inventories**

Inventories are valued at cost or net realizable value whichever is lower with due allowance being made for obsolete and slow moving items. Cost is determined on First in First out (FIFO) basis.

The cost of raw materials and stores and spares comprises all cost of purchase, costs of conversion and other costs incurred in bringing inventories to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct cost, related fixed and variable production overheads. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable 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.

Machinery spares (other than those supplied along with main plant and machinery, which are capitalised and depreciated accordingly) are charged to Statement of Profit and Loss on consumption.

**2.08 Revenue recognition**

The Company derives revenues primarily from sale of manufactured goods.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, discounts, price reductions and Goods & Service tax.

The Company recognises revenue when the amount of revenue and its related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and degree of managerial involvement associated with ownership or effective control have been met for the Company’s activity.

Revenue from the sale of driveshaft is recognized at the point in time when control is transferred to the customer, depending upon contractual terms this may be at the point of despatch or acceptance by the customer. The revenue recognised is the transaction price as it is the observable selling price per product.

Contracts are reviewed to identify each performance obligation relating to a distinct good or service and the associated consideration. A performance obligation is identified if the customer can benefit from the good or service on its own or together with other readily available resources, and it can be separately identified within the contract. This review is performed by reference to the specific contract terms.

The Company’s revenue is derived from the single performance obligation to transfer primarily its products under arrangements in which the transfer of control of the products and the fulfilment of the Company’s performance obligation occur at the same time. Revenue from the sale of goods is recognized when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Discount to customers are based on certain percentages agreed with the customers, which are typically earned by the customer over an annual period. These are allocated to performance obligations and are recorded as a reduction in revenue at the point of sale based on the estimated future outcome. Due to the nature of these arrangements an estimate is made based on historical results to date, estimated future results across the contract period and the contractual provisions of the customer agreement.

Company procured / manufactured tooling which is explicitly funded by the customer, whether up-front or over time, and is included within part of a broader production contract.

The Company has the practice of recovering the market movement of steel, obsolete inventory, prototype development and exchange rate from its customers. The revenue for these recoveries are booked only after settlement of prices with customers.

Revenue from services is recognised on rendering of related services to the customers and when there is no uncertainty in receiving the same.

Export Incentives under various schemes are accounted in the year of export.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

**2.09 Other income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**2.10 Foreign Currencies**

The functional currency for the Company is determined as the currency of the primary economic environment in which it operates. For the Company, the functional currency is the local currency of the country in which it operates, which is Indian Rupees (Rs.).

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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 recognised in profit or loss.

**2.11 Financial instruments**

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 assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value 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 recognised immediately in profit or loss.

**Financial assets**

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

**Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

**Investments in equity instruments at FVTOCI**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

**Financial assets at fair value through profit or loss (FVTPL)**

Investments in equity instruments are classified as at FVTPL, 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.

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**Impairment of financial assets**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, lease receivables, trade receivables and other contractual rights to receive cash or other financial assets and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 115, the Company measures the loss allowance at an amount equal to expected credit losses. The expected credit losses on trade receivables and other financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company follows simplified approach for recognition of impairment loss allowance for Trade Receivables.

The application of the simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising an impairment loss allowance based on a twelve months ECL. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls).

**Derecognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**2.12 Financial liabilities and equity instruments**

**Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

**Financial liabilities**

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

**a) Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Other income’ line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability’s credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

**b) Financial liabilities subsequently measured at amortized cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the ‘Finance costs’ line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**c) Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in 'Other income'.

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

**d) Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**2.13 Employee benefit costs**

**Retirement benefits and termination benefits costs**

**a) Defined contribution plans:**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Company contributes towards State governed provident fund linked with employee pension scheme and superannuation fund managed by LIC for certain employees. The contribution paid/ payable under the scheme is recognized during the period in which the employee renders the related service.

**b) Defined benefit plans:**

(i) The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering all employees in accordance with the Payment of Gratuity Act, 1972 without any limits on the amount. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company funds the benefits through annual contributions to Life Insurance Corporation of India (LIC) under its Group's Gratuity Scheme.

The Company's liability and the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment, and the date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)

b) net interest expense or income; and

c) remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The liability or asset recognised in the financial statements in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

(ii) Provident Fund contributions for certain employees are made to a Trust administered by the Company. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund maintained by the Trust is additionally provided for in the financial statements. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**c. Other Long-term employee benefits:**

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Discount rates used for determining present value of the obligation under the defined benefit plan, are based on the market yield on Government Securities as at the balance sheet date. Actuarial gains and losses arising from past-experience and changes in actuarial assumptions are credited or charged to the standalone statement of profit and loss in the year in which such gains or losses are determined.

**d. Short-term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, and exgratia are recognized in the period the related service is rendered at undiscounted amount of benefits expected to be paid in exchange for that service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

**2.14 Leases:**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time is exchange for consideration.

Where a lease arrangement is identified, a liability to the lessor is included in the Balance Sheet as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded in property, plant and equipment.

The Company recongnises a right-of use assets and a lease liability at the lease commencement date except for lease with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease term is a non-cancellable period together with period covered by an option to extend the lease if the Company is reasonably certain to exercise that option: and period covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred, less any lease incentive received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying assets to the Company by the end of the lease term or code of the right-of-use assets reflects that the Company will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of the underlying assets.

They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use asset are depreciated over the shorter of asset's useful life and the lease term on a straight-line basis. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable

The lease liability is initially measured at the present value of the lease payments to be paid over the lease term at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method.

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 rate of interest implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lesse's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in the similar economic environment with similar terms, security and conditions.

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract in accordance with Ind AS 116 and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the statement of profit and loss, unless they are directly attributable to qualifying assets. Variable lease payments are recognised in the statement of profit and loss in the period in which the condition that triggers those payments that occur.

**2.15 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.16 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of exceptional items, if any) by the weighted average number of equity shares outstanding during the year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of exceptional items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for employee share options and bonus shares, if any, as appropriate.

**2.17 Taxation**

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

**Current tax**

The tax currently payable 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 or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognised 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 profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 realized, 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

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 assets to be recovered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

**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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**2.18 Provisions, Contingent assets and Contingent liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

Litigations often involve complex legal/regulatory issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management.

**Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow to the Group are not recognised but disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

**2.19 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**2.20 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors assess the financial performance and position of the Company and makes strategic decisions and therefore the board would be the chief operating decision maker or ‘CODM, within the meaning of Ind AS 108 “Operating Segments”. The CODM evaluates the Company’s performance

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

and allocates resources based on the dominant source, nature of product and nature of risks and returns. The Company's primary business segment is manufacturing of driveshafts accordingly there is only one reportable business segment which is consistent with the internal reporting to the chief operating decision maker ("CODM").

**2.21 Dividends paid**

Dividend to shareholders is recognised as a liability and deducted from equity, in the year in which the dividends are approved by the shareholders. However, interim dividends declared by the Board of directors, which does not need shareholders' approval, are recognised as a liability and deducted from retained earnings, in the year in which the dividends are so declared.

**2.22 Use of estimates and judgments**

The preparation of these financial statements in conformity with the recognition and measurement principles of applicable Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the period presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect the following:

- Useful lives and Impairment of Property, Plant and Equipment and Intangible Assets – (Also refer Note 2.04, 2.05 and 2.06)

  The estimated useful lives, residual value, depreciation/ amortisation method and impairment are reviewed periodically, with the effect of any changes in estimate accounted for on a prospective basis. This reassessment may result in change in depreciation/ amortisation and impairment expense in future periods.

- Contingent liabilities and provisions for contingencies – (Also refer Notes 2.18, 13 and 32)

  The contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

The Company evaluates the obligation through Probable, Possible or Remote model ('PPR'). In making the evaluation for PPR, the Company takes into consideration the industry perspective, legal and technical view, availability of documentation/agreements, interpretation of the matter, independent opinion from professionals (specific matters) etc. which can vary based on subsequent events. The Company provides the liability in the books for probable cases, while possible cases are shown as contingent liability. The remote cases are not disclosed in the financial statements.

- Inventory provisioning (Also refer Note 2.07)

The calculation of inventory provisions requires judgement by management of the expected value of future sales. Further if the carrying value of inventory is higher than the expected recoverable value, the Company makes provisions writing inventory down to its net recoverable value. The inventory is initially assessed for impairment by comparing inventory levels to recent utilization rates and carrying values to historical selling prices. A detailed review is completed for inventory lines identified in the initial assessment considering sales activity, order flow, customer contracts and current selling price.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

- Provision for income taxes and deferred tax – (Also refer Note 2.17)

Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments.

A tax assessment can involve interpretation issues, which can only be resolved over extended time periods. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

- Provision for employee benefits – (Also refer Note 2.13)

Provision for employee benefits requires that certain assumptions such as expected future salary increases, average life expectancy and discount rates etc. are made in order to determine the amount to be recorded for retirement benefit obligations. Substantial changes in the assumed development of any of these variables may significantly change the Company's retirement benefit obligations.

**2.23 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules, as issued from time to time. For the year ended March 31, 2024 MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

**Note 3: Property, plant and equipment (including capital work - in - progress), Intangible Assets & Right-of-use Assets** (Rs. in million)

| | Tangible Assets | | | | | | | | Intangible Assets | Right-of-use Assets (Refer note 35) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold Land | Buildings# | Plant and Machinery | Computers | Office and other equipment | Furniture and fixtures | Vehicles | Total | Software | Land | Buildings | Total |
| Gross Carrying amount | | | | | | | | | | | | |
| Balance at April 1, 2022 | 206.74 | 737.03 | 4,028.57 | 59.27 | 120.86 | 27.98 | 18.46 | 5,198.91 | 22.79 | 26.11 | 100.01 | 126.12 |
| Additions | - | 2.12 | 212.34 | 16.08 | 6.71 | 0.81 | - | 238.06 | - | - | - | - |
| Disposals | - | (1.72) | (20.16) | (3.27) | (2.67) | (0.06) | - | (27.88) | (1.27) | - | - | - |
| Reclassification | - | - | - | - | - | - | - | - | | - | - | - |
| **Balance at March 31, 2023** | **206.74** | **737.43** | **4,220.75** | **72.08** | **124.90** | **28.73** | **18.46** | **5,409.09** | **21.52** | **26.11** | **100.01** | **126.12** |
| Gross Cossing Amount | | | | | | | | | | | | |
| **Balance at April 1, 2023** | **206.74** | **737.43** | **4,220.75** | **72.08** | **124.90** | **28.73** | **18.46** | **5,409.09** | **21.52** | **26.11** | **100.01** | **126.12** |
| Additions | - | - | 262.62 | 36.45 | 22.49 | 0.62 | 2.78 | 324.96 | 3.65 | - | - | - |
| Disposals | - | (0.12) | (11.23) | (8.30) | (0.98) | (0.07) | (13.04) | (33.75) | (1.61) | - | - | - |
| Impairment | | | | | | | | | | | | - |
| **Balance at March 31, 2024** | **206.74** | **737.31** | **4,472.14** | **100.22** | **146.40** | **29.28** | **8.20** | **5,700.30** | **23.56** | **26.11** | **100.01** | **126.12** |
| **Accumulated depreciation/ Amortisation** | | | | | | | | | | | | |
| Balance at April 1, 2022 | - | 168.59 | 2,081.69 | 47.27 | 46.08 | 14.98 | 10.52 | 2,369.13 | 20.58 | 0.88 | 34.46 | 35.34 |
| Depreciation expense*/ Amortisation | | 29.37 | 342.37 | 10.85 | 13.34 | 2.93 | 4.00 | 402.86 | 1.32 | 0.30 | 11.24 | 11.54 |
| Reclassification | | | | | | | | - | | | | - |
| Elimination on disposals of assets | - | (1.72) | (18.35) | (3.27) | (2.59) | (0.06) | - | (25.99) | (1.27) | - | - | - |
| Balance at March 31, 2023 | - | 196.24 | 2,405.71 | 54.85 | 56.83 | 17.85 | 14.52 | 2,746.00 | 20.63 | 1.18 | 45.70 | 46.88 |
| **Accumulated depreciation/ Amortisation** | | | | | | | | | | | | |
| Balance at April 1, 2023 | - | **196.24** | **2,405.71** | **54.85** | **56.83** | **17.85** | **14.52** | **2,746.00** | **20.63** | **1.18** | **45.70** | **46.88** |
| Depreciation expense/Amortisation | - | **29.39** | **336.35** | **14.73** | **14.07** | **2.78** | **2.78** | **400.10** | **1.35** | **0.30** | **11.24** | **11.54** |
| Elimination on disposal of assets | - | **(0.12)** | **(11.23)** | **(8.30)** | **(0.93)** | **(0.07)** | **(12.48)** | **(33.13)** | **(1.61)** | - | - | - |
| **Balance at March 31, 2024** | - | **225.51** | **2,730.83** | **61.28** | **69.97** | **20.57** | **4.82** | **3,112.97** | **20.38** | **1.48** | **56.94** | **58.42** |
| Balance at March 31, 2024 | - | 225.51 | 2,730.83 | 61.28 | 69.97 | 20.57 | 4.82 | 3,112.97 | 20.38 | 1.48 | 56.94 | 58.42 |
| **Net book value at March 31, 2023** | 206.74 | 541.19 | 1,815.04 | 17.23 | 68.07 | 10.88 | 3.94 | 2,663.09 | 0.89 | 24.93 | 54.31 | 79.24 |
| Net book value at March 31, 2024 | 206.74 | 511.80 | 1,741.31 | 38.95 | 76.43 | 8.72 | 3.39 | 2,587.33 | 3.18 | 24.63 | 43.07 | 67.70 |
| **Capital work in progress March 31, 2023** | | | | | | | | **94.29** | | | | |
| **Capital work in progress March 31, 2024** | | | | | | | | **102.84** | | | | |

a) Disclosure of contractual commitments for acquisition of Property, Plant, Equipment (including Capital Work-in-Progress) and Intangible Assets (refer note 33).

* b) Depreciation Expense include INR Nil (previous year INR 2.27 million) amortisation for EPCG license received in July 2007

# c) Includes building on Leasehold land, net book value amounting INR 240.91 million (Previous year INR 255.60 million).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

**Depreciation and Amortisation Expense:** **(Rs. in Millions)**

| | **Year ended March 31, 2024** | Year ended March 31, 2023 |
|---|---|---|
| Depreciation on Tangible Assets | 400.10 | 402.86 |
| Amortisation of Intangible Assets | 1.35 | 1.32 |
| Depreciation on Right Of Use Assets | 11.54 | 11.54 |
| | 412.99 | 415.72 |
| Less:EPCG license* | | 2.27 |
| Depreciation and amortisation expense (net) | 412.99 | 413.45 |

**(b) Capital work-in-progress (CWIP)**

**CWIP ageing schedule** (Rs. in million)

| | **Amount in CWIP for a period of** | | | | **Total** |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| **Projects in progress** | | **-** | **-** | **-** | **-** |
| **Projects temporarily suspended** | **102.84** | **-** | **-** | **-** | **102.84** |
| As at March 31, 2024 | **102.84** | **-** | **-** | **-** | **102.84** |
| | **Amount in CWIP for a period of** | | | | **Total** |
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Projects in progress | 91.25 | 2.60 | 0.03 | 0.41 | 94.30 |
| Projects temporarily suspended | - | - | - | - | - |
| **As at March 31, 2023** | 91.25 | 2.60 | 0.03 | 0.41 | 94.30 |

**(c) Expected CWIP Completion schedule whose completeness is overdue or has exceeded original plan**

(Rs. in million)

| | **As at March 31, 2023** | | | | **Total** |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| **Projects in progress** | **-** | **-** | **-** | **-** | **-** |
| **As at March 31, 2024** | **-** | **-** | **-** | **-** | **-** |

| | As at March 31, 2022 | | | | **Total** |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Projects in progress | 3.04 | | | | 3.04 |
| As at March 31, 2023 | 3.04 | - | - | - | 3.04 |

(Rs. in million)

| **Particulars** | **As at 31 March 2024** | As at 31 March 2023 |
|---|---|---|
| **4. Inventories** | | |
| Inventories (lower of cost and net realisable value) | | |
| (i) Raw materials and components (Net of Provision Rs. 50.43 million, Year 2023: Rs. 57.27 million) | **449.51** | 387.29 |
| (ii) Work-in-progress (Net of Provision Rs. 47.20 million, Year 2023: Rs. 45.10 million) | **323.60** | 305.23 |
| (iii) Finished goods (Net of Provision Rs. 13.86 million, Year 2023: Rs. 10.55 million) | **118.99** | 72.08 |
| (iv) Stores and spares (Net of Provision Rs. 31.35 million, Year 2023: Rs. 43.55 million) | **50.09** | 40.79 |
| (v) Loose Tools (Net of Provision Rs. 79.68 million, Year 2023: Rs. 75.20 million) | **61.45** | 78.21 |
| **Total** | **1,003.64** | **883.64** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

(Rs. in million)

| | Particulars | | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|---|---|
| | **Inventory includes goods - in- transit:** | | | |
| | (i) Raw materials | | **97.92** | 59.85 |
| | (ii) Finished goods | | **26.14** | 8.32 |
| | | **Total** | **124.06** | 68.17 |

The cost of Inventories recognised as an expense during the year was Rs. 5,646.36 million (Previous year: Rs. 5,415.26 million) - Refer notes 20 and 21

| | | | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|---|---|
| 5 | **Other financial assets** | | | |
| | **Non-current** | | | |
| | (i) Security deposits | | **61.48** | 53.47 |
| | | **Total** | **61.48** | 53.47 |
| | **Current** | | | |
| | (i) Security deposits | | **0.62** | 0.79 |
| | (ii) Interest accrued but not due | | **4.13** | 2.23 |
| | (iii) Receivables on forward contracts | | **-** | 5.11 |
| | | **Total** | **4.75** | 8.13 |
| 6. | **Loans** | | | |
| | **At amortised cost** | | | |
| | **Non- Current** | | | |
| | (i) Loans to employees - Unsecured, considered good | | **0.81** | 1.37 |
| | | | **0.81** | 1.37 |
| | **Current** | | | |
| | (i) Loans to employees - Unsecured, considered good (See note 38) | | **1.96** | 2.54 |
| | (ii) Loan to related party - Unsecured, considered good* | | **150.00** | 150.00 |
| | *Refer Note 30(d) & Note 31 | | | |
| | | **Total** | **151.96** | 152.54 |
| 7 | **Non- Current tax assets** | | | |
| | a. Tax payments less tax provisions (net) | | **9.43** | 34.83 |
| | | **Total** | **9.43** | 34.83 |
| 8. | **Other assets** | | | |
| | **Non-current** | | | |
| | (i) Prepaid expenses | | **5.91** | 5.00 |
| | (ii) Balance with government authorities | | **71.33** | 46.18 |
| | (iii) Gratuity Fund (Refer note 27) | | **-** | 18.50 |
| | (iv) Capital advances | | **68.17** | - |
| | | | **145.41** | 69.68 |
| | **Current** | | | |
| | (i) Prepaid expenses | | **17.65** | 21.73 |
| | (ii) Balance with government authorities | | **2.07** | 1.16 |
| | (iii) Others | | | |
| | - Advance to suppliers | | **9.05** | 6.52 |
| | - Recoverable towards tooling developments | | **56.22** | 23.92 |
| | - Export incentives receivables | | **0.96** | 1.76 |
| | - Other receivables | | **8.36** | 3.83 |
| | | **Total** | **94.31** | 58.92 |

| | | | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|---|---|
| 9. | **Trade receivables** | | | |
| | **Current** | | | |
| | (i) Trade receivables [See notes below] | | | |
| | - Secured, considered good | | **4.08** | 4.90 |
| | - Unsecured, considered good | | **1,220.42** | 935.28 |
| | - Credit Impaired receivables | | **1.19** | 0.95 |
| | | | **1,225.69** | 941.13 |
| | Less: Provision for credit Impaired receivables | | **(1.19)** | (0.95) |
| | | **Total** | **1,224.50** | 940.18 |

**Notes:**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

a) The credit period on sales of goods ranges between 30 to 90 days. No interest is charged on any overdue trade receivables.

b) The Trade receivables from contracts with customers is net of estimated liability towards customer Incentives and Discounts aggregating Rs. 144.38 Million (previous year Rs. 177.35 Million).

c) The concentration of credit risk is limited due to the fact that the Company is a market leader in supply of driveshafts and has many customers in India which are mainly OEM (Original Equipment Manufacturers).

d) The Company has recognised a loss allowance of 100% against receivables which are 90 days past due, leading to an increase in credit risk based on historical experience.

**Trade Receivable Ageing Schedule as at March 31, 2024** (Rs. in million)

| | **Outstanding for following periods from due date of payments** | | | | | | **Total** |
|---|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 6 months** | **6 months -1 years** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| **Undisputed trade receivables** | | | | | | | |
| (a) Considered good | **1,162.52** | **61.32** | **0.10** | **0.56** | **-** | **-** | **1,224.50** |
| (b) Which have significant increase in credit risk | **-** | **0.65** | **0.34** | **0.04** | **0.09** | **0.07** | **1.19** |
| (c) Credit impaired | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Disputed trade receivables | | | | | | | |
| (a) Considered good | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| (b) Which have significant increase in credit risk | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| (c) Credit impaired | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **1,162.52** | **61.96** | **0.44** | **0.60** | **0.09** | **0.07** | **1,225.69** |
| **Less: Allowance for credit impaired balances** | **-** | **(0.65)** | **(0.34)** | **(0.04)** | **(0.09)** | **(0.07)** | **(1.19)** |
| **Total** | | | | | | | **1,224.50** |

Trade Receivable Ageing Schedule as at March 31, 2023 (Rs. in million)

| | Outstanding for following periods from due date of payments | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months -1 years | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivables | | | | | | | |
| (a) Considered good | 885.16 | 54.87 | 0.14 | - | - | - | 940.17 |
| (b) Which have significant increase in credit risk | - | 0.28 | 0.46 | 0.13 | 0.08 | - | 0.95 |
| (c) Credit impaired | | | | | | | |
| Disputed trade receivables | | | | | | | |
| (a) Considered good | - | - | - | - | - | - | - |
| (b) Which have significant increase in credit risk | - | - | - | - | - | - | - |
| (c) Credit impaired | - | - | - | - | - | - | - |
| Total | 885.16 | 55.15 | 0.60 | 0.13 | 0.08 | - | 941.12 |
| Less: Allowance for credit impaired balances | - | (0.28) | (0.46) | (0.13) | (0.08) | - | (0.95) |
| Total | | | | | | - | 940.17 |

(Rs. in million)

| **Particulars** | **As at 31.03.2024** | As at 31.03.2023 |
|---|---|---|
| **10. Cash and cash equivalents** | | |
| (i) Cash in hand | **-** | 0.09 |
| (ii) Balance with scheduled banks | | |
| - in current accounts | **455.41** | 351.30 |
| - in deposit accounts | **650.00** | - |
| **Total** | **1,105.41** | 351.39 |

**10A. Bank Balances other than cash and cash equivalents**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

| | | |
|---|---|---|
| Earmarked balances with bank (Unpaid Dividend) | **1.13** | 1.13 |
| **Total** | **1.13** | 1.13 |

**11. Equity share capital**

| | | |
|---|---|---|
| **Authorised share capital:** | | |
| 15,100,000 (31.03.2023- 15,100,000) equity shares of Rs.10/- (absolute amount) each | **151.00** | 151.00 |
| **Issued and subscribed capital comprises:** | | |
| 12,773,061 (31.03.2023- 12,773,061 ) equity shares of Rs.10/- (absolute amount) each (fully paid up) | **127.73** | 127.73 |
| | **127.73** | 127.73 |

| **Fully paid equity shares:** | Number of shares |
|---|---|
| Balance at April 01, 2023 | 1,27,73,061 |
| Add: Issue of shares during the year | - |
| **Closing balance at March 31, 2024** | **1,27,73,061** |

**(i)**

| **Reconciliation of Equity share capital** | **No of shares** | **Equity share capital (In million)** |
|---|---|---|
| As at April 1, 2022 | **1,27,73,061** | 127.73 |
| Changes during the year | **-** | - |
| As at March 31, 2023 | **1,27,73,061** | 127.73 |
| Changes during the year | **-** | - |
| **As at March 31, 2024** | **1,27,73,061** | **127.73** |

**(ii)** Equity Shares: The Company has one class of equity shares having a par value of Rs.10 (absolute amount) per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the 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 preferential amounts, in proportion to their shareholding.

**(iii) Details of shares held by the holding company.**

| **Name of Shareholder** | **As at 31.03.2024** | | As at 31.03.2023 | |
|---|---|---|---|---|
| | **No. of** | **%** | No. of | % |
| **Fully paid equity shares with voting rights:** | | | | |
| GKN Driveline International GmbH, Germany | **1,23,93,808** | **97.03%** | 1,23,93,808 | 97.03% |

**(iv) Details of shares held by each shareholder holding more than 5% shares:**

| **Name of the Shareholder** | **As at 31.03.2024** | | As at 31.03.2023 | |
|---|---|---|---|---|
| | **No. of Shares** | **% Holding** | No. of Shares | % Holding |
| **Fully paid equity shares with voting rights:** | | | | |
| GKN Driveline International GmbH, Germany | **1,23,93,808** | **97.03%** | 1,23,93,808 | 97.03% |

(Rs. in million)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

**(v) Dividend**

| | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| **A) Declared during the year and paid Subsequently** | | |
| (i) Interim Dividend for 2023-24 @ Rs. 64*/- per share | **817.48** | - |
| **B) Declared and paid during the year** | | |
| (ii) Interim Dividend for 2022-23 @ Rs. 69*/- per share | **-** | 881.34 |
| *absolute amount | | |
| **Total** | **817.48** | **881.34** |
| ***absolute amount** | | |

**(vi) Shares held by promoters at year end**

| S. No. | Promoter name | No. of shares | % of total shares | % change during the year |
|---|---|---|---|---|
| 1 | GKN Driveline International GmbH | 1,23,93,808 | 97.03% | 0% |

**12. Other equity**

| | | | |
|---|---|---|---|
| Securities premium | | **214.16** | 214.16 |
| General reserve | | **150.17** | 150.17 |
| Share based payment reserve | | **9.79** | 9.79 |
| Retained earnings | | **2,495.88** | 2,454.70 |
| Other comprehensive income / (loss) | | **7.82** | 4.21 |
| | | **2,877.82** | 2,833.03 |
| **a. Securities premium** | | **214.16** | 214.16 |
| | (A) | **214.16** | 214.16 |
| **b. General reserve** | | **150.17** | 150.17 |
| | (B) | **150.17** | 150.17 |
| **c. Retained earnings** | | | |
| i. Opening balance | | **2,454.70** | 2,562.84 |
| ii. Add: Profit for the year | | **858.65** | 773.20 |
| iii Less: Payment of Dividend | | **(817.47)** | (881.34) |
| iv. Closing balance | | **2,495.88** | 2,454.70 |
| **d. Share based payment reserve** | | **9.79** | 9.79 |
| | (D) | **9.79** | 9.79 |
| **e. Other Comprehensive Income/(Loss)** | | | |
| Opening balance | | **4.21** | (9.36) |
| Other Comprehensive Income for the year | | **3.61** | 13.57 |
| Closing balance | | **7.82** | 4.21 |

**Description of nature and purpose of each reserve:**

a. **Securities Premium:** This represents premium received on issue of shares in earlier years. The reserves can be utilised by the Company in accordance with the provisions of the Companies Act 2013.

b. **General Reserve:** The general reserve is free reserve which is created from time to time on transfer of profits from retained earnings.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

c. **Retained Earnings:** This represents accumulated profits of the Company after appropriation of reserves.

d. **Share based payment reserve:** This represents the charge for issue of shares of GKN Plc by group parent company to employees of the Company under the GKN Share retention and incentive plan 2015, GKN Sustainable earning Plan 2016 and GKN Deferred Bonus Plan 2017 (collectively called as " Schemes"), in earlier years.

e. **Other Comprehensive Income/(Loss):** This represents remeasurement of defined benefit obligations and income taxes thereon.

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| **13. Provisions** | | |
| **Non-current** | | |
| a. Employee benefits | | |
| - Compensated absences | **126.24** | 132.89 |
| b. Other provisions | | |
| - Provision for Warranty [Refer note (a)] | **0.44** | 0.96 |
| | **126.68** | 133.85 |
| **Current** | | |
| a. Employee benefits | | |
| - Compensated absences | **22.29** | 14.56 |
| - Provident fund | **-** | 1.82 |
| b. Other provisions | | |
| - Provision for Warranty [Refer note (a)] | **0.21** | 0.54 |
| - Provision for contingencies [Refer note (b)] | **419.64** | 426.41 |
| | **442.14** | 443.33 |
| **(a) Movements in provision of warranty** | | |
| Opening balance | **1.50** | 2.97 |
| Addition/ (write back) during the year | **(0.39)** | (0.91) |
| Utilised during the year | **(0.46)** | (0.56) |
| Closing balance | **0.65** | 1.50 |

**(b) Movement in Provision for Contingencies**

The Company has made a provision for various contingencies resulting mainly from the matters as below, which are under litigation/related disputes based on management judgement.

(Rs. in Million)

| Particulars | Indirect Tax Matters $ | Entry Tax* | Extension fee # | Other Matters## | Total |
|---|---|---|---|---|---|
| Balance as at April 1, 2022 | 69.53 | 150.16 | 124.02 | 64.62 | 408.33 |
| Addition (including interest for the year) | 4.02 | - | 11.40 | 7.71 | 23.13 |
| Reversal during the year | (1.22) | - | - | (3.83) | (5.05) |
| **Balance as at April 1, 2023** | **72.33** | **150.16** | **135.42** | **68.50** | **426.41** |
| **Addition (including interest for the year)** | **3.15** | **-** | **12.50** | **8.46** | **24.11** |
| **Reversal during the year** | **(19.38)** | **-** | **-** | **(11.50)** | **(30.88)** |
| **Balance as at March 31, 2024** | **56.10** | **150.16** | **147.92** | **65.46** | **419.64** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

**Breakup of Expense recognised in Statement of Profit and Loss is as follows:-** (Rs. in Million)

| | | |
|---|---|---|
| Finance costs | **15.65** | 15.42 |
| Other Expenses | **8.46** | 7.71 |
| | **24.11** | 23.13 |

*Applicability of Entry tax on goods brought into the local area (jurisdiction of State of Haryana) for consumption and/or use is pending with the Hon'ble High Court of Punjab and Haryana. In the event of any adverse Order from the High Court, the Company would be required to file returns and pay Entry Tax. Pending final outcome of the matter, on prudent basis the Company has made provision for the potential tax liability and interest.
#Extension fee relating to delay in work of construction at Dharuhera plant payable to Harayana Urban Development Authority (HUDA).
##Other matters mainly includes various labour cases being contested by the Company.
$ Against demand and/ or show cause notice received from the respective departments.

(Rs. in Million)

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| **14. Lease Liabilities (Refer note 34)** | | |
| **Non-Current** | | |
| a Lease Liabilities | **48.80** | 61.38 |
| | **48.80** | 61.38 |
| **Current** | | |
| a Lease Liabilities | **12.57** | 10.77 |
| | **12.57** | 10.77 |
| **15. Trade payables** | | |
| Trade payables - Other than acceptances | | |
| - total outstanding dues of small enterprises and micro enterprises [See note 35] | **88.46** | 96.66 |
| - total outstanding dues of creditors other than small enterprises and micro enterprises | **1,841.63** | 1,527.62 |
| | **1,930.09** | 1,624.28 |

**Trade payables ageing schedule as at March 31, 2024** (Rs. in million)

| | **Outstanding for following periods from due date of payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| **(i) MSME** | **84.95** | **3.51** | **-** | **-** | **-** | **88.46** |
| **(ii) Others** | **1,354.08** | **485.64** | **0.75** | **1.16** | **-** | **1,841.63** |
| **(iii) Disputed Dues-MSME** | **-** | **-** | **-** | **-** | **-** | **-** |
| **(iv) Disputed Dues-Others** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **1,439.03** | **489.15** | **0.75** | **1.16** | **-** | **1,930.09** |

Trade payables ageing schedule as at March 31, 2023 (Rs. in million)

| | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not Due* | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 93.25 | 3.41 | - | - | - | 96.66 |
| (ii) Others | 1,220.65 | 305.17 | 1.80 | - | - | 1,527.62 |
| (iii) Disputed Dues-MSME | - | - | - | - | - | - |
| (iv) Disputed Dues-Others | - | - | - | - | - | - |
| Total | 1,313.90 | 308.58 | 1.80 | - | - | 1,624.28 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024**

*includes unbilled dues aggregating Rs. 298.16 million (previous year: Rs. 338.40 million)

(Rs. in Million)

| | Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|---|
| **16.** | **Other financial liabilities** | | |
| | **Non-current** | | |
| | a. Security deposits received | **10.33** | 9.99 |
| | | **10.33** | 9.99 |
| | **Current** | | |
| | a. Payables to Capital Creditors | **55.89** | 48.77 |
| | b. Security deposits received | **1.96** | 0.98 |
| | c. Payables on forward contracts | **4.36** | - |
| | d. Dividend payable [Refer Note 11(v)] | **734.55** | - |
| | e. Unpaid Dividend | **1.13** | 1.13 |
| | | **797.89** | 50.88 |
| **17.** | **Other liabilities** | | |
| | **Non-current** | | |
| | i) Gratuity Fund (Refer note 27) | **0.65** | - |
| | | **0.65** | - |
| | **Current** | **103.90** | 206.19 |
| | a. Statutory remittances | | |
| | - GST, TDS, PF, ESIC, etc. | **217.31** | 103.90 |
| | b. Other payables | | |
| | (i) Advances from customers | **15.47** | 17.05 |
| | | **232.78** | 120.95 |

(Rs. in million)

| | Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|
| **18.** | **Revenue from operations** | | |
| | a. Sale of goods | **10,365.22** | 9,669.29 |
| | b. Sale of services | **3.39** | 5.54 |
| | c. Other operating revenue | | |
| | i. Scrap sales | **53.89** | 52.36 |
| | ii. Other ancillary revenue* | **92.18** | 111.85 |
| | iii. Export incentives | **3.66** | 6.42 |
| | | **10,518.34** | 9,845.46 |

* towards development and/or sale of toolings and prototypes.

i) **Disaggregation of revenue**

Revenue recognised mainly comprises of sale of driveshraft and components thereof. Set out below is the disaggregation of the Company's revenue from contracts with customers:

**Revenue from contracts with customers**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

| | | |
|---|---|---|
| Sale of goods | **9,817.40** | 9,125.59 |
| Domestic | **547.82** | 543.70 |
| Overseas | **10,365.22** | 9,669.29 |
| | | |
| Sale of services | **3.39** | 5.54 |
| Domestic | **3.39** | 5.54 |
| | | |
| Other Operating Revenue | **149.73** | 170.63 |
| Total Revenue covered under Ind AS 115 | **10,518.34** | 9,845.46 |

**ii) Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

| | | |
|---|---|---|
| **Contract liabilities** | | |
| Advances from consumers | **15.47** | 17.05 |
| Deposits from dealers | **8.21** | 8.41 |
| **Total contract liabilities** | **23.68** | 25.46 |
| | | |
| **Receivables** | | |
| Trade receivables | **1,225.69** | 941.12 |
| Less : Allowances for expected credit loss | **1.19** | 0.95 |
| **Net receivables** | **1,224.50** | 940.17 |

a. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance.

b. Contract assets (unbilled receivables) are transferred to receivables when the rights become unconditional and contract liabilities are recognised as and when the performance obligation is satisfied.

**iii) Reconciliation of revenue recognised with contract price :**

| | | |
|---|---|---|
| Contract Price (for Sale of goods, services and Other operating revenue) | **10,521.29** | 9,846.46 |
| Adjustment as per Ind AS 115 for : | | |
| Export incentives | **3.66** | 6.42 |
| Customer Incentives and Discounts (net of reversals) | **(6.61)** | (7.42) |
| **Revenue from Operations** | **10,518.34** | 9,845.46 |

**iv) Significant changes in the contract liabilities balances during the year are as follows:**

| | | |
|---|---|---|
| **Advances from customers** | | |
| Opening balance 01.04.2023 | **17.05** | 6.58 |
| Additions during the year | **5.46** | 16.51 |
| Revenue recognised during the year/amount refunded | **(7.04)** | (6.04) |
| Closing balance | **15.47** | 17.05 |
| | | |
| **Deposits from dealers** | | |
| Opening balance 01.04.2023 | **8.41** | 8.31 |
| Additions during the year | **0.50** | 0.10 |
| Revenue recognised during the year/amount refunded | **(0.70)** | - |
| Closing balance | **8.21** | 8.41 |

**19 Other income**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

| Particulars | | | Year ended 31.03.2024 | Year ended 31.03.2023 |
|---|---|---|---|---|
| a. | Interest income on financial assets measured at amortised cost | | | |
| | i. | bank deposits | **13.38** | 11.39 |
| | ii. | security deposits | **2.84** | 1.76 |
| | iii. | inter corporate loan (Refer note 31) | **16.00** | 16.79 |
| | iv. | loan to employees | **0.27** | 0.24 |
| b. | Reversal of provision towards write-down of Inventories (net)* | | **5.30** | 31.56 |
| c. | Provision for Warranty written back (Refer note 13) | | **0.46** | 0.57 |
| d. | Provision for Credit Impaired receivables written-back (net) | | **-** | 1.65 |
| e. | Profit on sale of property, plant and equipment (net) | | **3.60** | 1.51 |
| f. | Mark to market gain on forward contracts (net) | | **-** | 5.10 |
| g. | Provision for contingencies written-back | | **17.30** | 5.05 |
| h. | Provision for interest on contingencies written-back | | **13.58** | |
| i. | Miscellaneous income | | **9.74** | 10.56 |
| | **Total** | | **82.47** | 86.18 |

* Net of provision towards write-down of inventories aggregating Rs. 65.86 million (previous year Rs. 57.97 million))

**20. Cost of materials and components consumed**

| | | |
|---|---|---|
| Raw materials and components at the beginning of the year | **387.29** | 371.09 |
| Add: Purchases during the year | **5,773.86** | 5,406.27 |
| Less: Raw materials and components at the end of the year | **(449.51)** | (387.29) |
| Cost of materials and components consumed | **5,711.64** | 5,390.07 |

**21. Changes in inventories of finished goods and work in progress**

| | | |
|---|---|---|
| Inventories at the end of the year: | | |
| Finished goods | **118.99** | 72.08 |
| Work-in-progress | **323.60** | 305.23 |
| | **442.59** | 377.31 |
| Less : Inventories at the beginning of the year : | | |
| Finished Goods | **72.08** | 93.56 |
| Work in progress | **305.23** | 308.94 |
| | **377.31** | 402.50 |
| **Net decrease/(increase)** | **(65.28)** | 25.19 |

**22. Employee benefits expense**

| | | | |
|---|---|---|---|
| a. | Salaries and allowances | **1,215.92** | 1,102.47 |
| b. | Contribution to provident and other funds [See note 36] | **80.35** | 77.33 |
| c. | Gratuity expense [See note 36] | **23.97** | 24.13 |
| d. | Staff welfare expenses | **68.44** | 64.27 |
| | **Total** | **1,388.68** | 1,268.20 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

| Particulars | | | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|---|
| **23.** | **Finance costs** | | | |
| | a. | Interest cost on financial liabilities measured at amortised cost | | |
| | | i. Bank overdraft | **-** | 0.23 |
| | | ii. Dealer deposits | **0.38** | 0.38 |
| | | iii. Trade Payables - MSME | **0.64** | 2.16 |
| | b. | Interest on lease liabilities (Refer note 34) | **5.65** | 6.48 |
| | c. | Provision for interest on: | | |
| | | i. Contingencies [Refer note 13(b)] | **15.65** | 15.42 |
| | | ii. Delayed payment of statutory dues | **0.22** | 1.22 |
| | | | **22.54** | 25.89 |
| **24.** | **Other Expenses** | | | |
| | a. | Consumption of stores | **376.11** | 360.59 |
| | b. | Jobwork charges | **335.70** | 297.40 |
| | c. | Repair and Maintenance | | |
| | | i. Plant and equipment | **173.12** | 175.34 |
| | | ii. Buildings | **19.96** | 12.43 |
| | | iii. Others | **1.91** | 2.31 |
| | d. | Power and fuel | **303.53** | 294.89 |
| | e. | Legal and professional services# | **31.37** | 31.24 |
| | f. | Expenditure on corporate social responsibility( Refer note 36) | **16.91** | 17.86 |
| | g. | Management consultancy and business auxiliary services | **172.16** | 71.62 |
| | h. | Strategic management charges | **55.41** | 43.93 |
| | i. | Royalty | **7.28** | 22.54 |
| | j. | Travel and conveyance | **69.08** | 39.76 |
| | k. | Selling and transportation expenses | **93.13** | 97.48 |
| | l. | Communication and information technology expenses | **15.90** | 13.98 |
| | m. | Trademark fees | **130.37** | 121.51 |
| | n. | Cash discount on sales | **5.24** | 5.64 |
| | o. | Insurance | **49.09** | 43.62 |
| | p. | Rates and taxes | **6.53** | 14.60 |
| | q. | Provision for contingencies | **8.46** | 7.71 |
| | r. | Provision for mark to market losses on forward contracts (net) | **4.36** | - |
| | s. | Net loss on foreign currency transactions and translation | **18.91** | 10.09 |
| | t. | Provision for doubtful and other receivables | **0.24** | 0.36 |
| | u. | Credit impaired receivables written-off | **-** | 0.08 |
| | v. | Miscellaneous expenses | **76.95** | 78.60 |
| | | **Total** | **1,971.72** | 1,763.58 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

| Particulars | | Year ended 31.03.2024 | Year ended 31.03.2023 |
|---|---|---|---|
| # Legal and professional charges (net of GST) includes payment to auditors: | | | |
| To statutory auditors | | | |
| For Audit | | **9.26** | 8.42 |
| For Tax Audit | | **2.27** | 2.27 |
| For reimbursement of expenses | | **0.50** | 0.50 |
| | | **12.03** | 11.19 |
| **25. Income tax recognised in Statement of Profit and Loss** | | | |
| **(a) Current tax** | | | |
| In respect of current year | | **318.13** | 289.11 |
| In respect of prior years | | **3.10** | 1.38 |
| | | **321.23** | 290.49 |
| **(b) Deferred tax [See note 26]** | | | |
| Decrease/(increase) in deferred tax assets | | **4.35** | 11.06 |
| (Decrease)/increase in deferred tax liabilities | | **(25.71)** | (29.49) |
| | | **(21.36)** | (18.43) |
| Total tax expense recognised in Statement of Profit and Loss | | **299.87** | 272.06 |
| **(c) The income tax expense for the year can be reconciled to the accounting profit as follows:** | | | |
| Profit before tax | | **1,158.52** | 1,045.26 |
| Income tax expense calculated at 25.168% (Previous year - 25.168%)* | (a) | **291.55** | 263.08 |
| **Tax effect of amounts which are not deductible in calculating taxable income:** | | | |
| Expenditure on corporate social responsibility | | **4.20** | 4.49 |
| Interest on MSME | | **0.16** | 0.46 |
| Provision for contingencies | | **2.38** | 4.00 |
| Interest on taxes | | **0.06** | - |
| Others (including taxes relating to prior years) | | **1.52** | 0.03 |
| | (b) | **8.32** | 8.98 |
| Income tax expense recognised in Statement of Profit and Loss | (a+b) | **299.87** | 272.06 |

* The tax rates used above are the corporate tax rate payable by corporate entities in India on taxable profits under the Income tax Act, 1961.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**26 Current Tax and Deferred Tax**

**(I) For the year ended 31 March, 2024**

(Rs. in million)

| **Particulars** | **Year ended 31.03.2024** | | | |
|---|---|---|---|---|
| | **Opening Balance** | **Recognised in profit and Loss** | **Recognised in OCI** | **Closing Balance** |
| **Tax effect of items constituting deferred tax liabilities** | | | | |
| **Property, plant and equipment and intangible assets** | **(127.16)** | **19.67** | **-** | **(107.49)** |
| **Gratuity fund asset (Net)** | **(4.66)** | **6.03** | **(1.21)** | **0.16** |
| | **(131.82)** | **25.70** | **(1.21)** | **(107.33)** |
| **Tax effect of items constituting deferred tax assets** | | | | |
| **Provision for bonus** | **2.31** | **-** | **-** | **2.31** |
| **Provision for entry tax** | **37.79** | **-** | **-** | **37.79** |
| **Provision for compensated absences** | **37.11** | **0.27** | **-** | **37.38** |
| **Provision towards write-down of Inventories and supplier claims** | **57.26** | **(1.25)** | **-** | **56.01** |
| **Provision for indirect tax** | **19.75** | **(6.79)** | **-** | **12.96** |
| **Provision for Credit Impaired receivables** | **0.26** | **0.06** | **-** | **0.32** |
| **Other temporary differences** | **0.78** | **3.36** | **-** | **4.14** |
| | **155.26** | **(4.35)** | **-** | **150.91** |
| **Deferred tax assets (net)** | **23.44** | **21.35** | **(1.21)** | **43.58** |

(II) For the year ended 31 March, 2023

(Rs. in million)

| Particulars | Year ended 31.03.2023 | | | |
|---|---|---|---|---|
| | Opening Balance | Recognised in profit and Loss | Recognised in OCI | Closing Balance |
| Tax effect of items constituting deferred tax liabilities | | | | |
| Property, plant and equipment and intangible assets | (150.59) | 23.43 | - | (127.16) |
| Gratuity fund asset (net) | (6.17) | 6.07 | (4.56) | (4.66) |
| | (156.76) | 29.50 | (4.56) | (131.82) |
| Tax effect of items constituting deferred tax assets | | | | |
| Provision for bonus | 2.18 | 0.13 | - | 2.31 |
| Provision for entry tax | 37.79 | - | - | 37.79 |
| Provision for compensated absences | 37.44 | (0.33) | - | 37.11 |
| Provision towards write-down of Inventories | 65.24 | (7.98) | - | 57.26 |
| Provision for indirect tax | 17.50 | 2.25 | - | 19.75 |
| Provision for Credit Impaired receivables | 0.66 | (0.40) | - | 0.26 |
| Other temporary differences | 5.51 | (4.73) | - | 0.78 |
| | 166.32 | (11.06) | - | 155.26 |
| Deferred tax assets/(Liabilities) (net) | 9.56 | 18.44 | (4.56) | 23.44 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**27. Employee benefit plans**

(i) **Defined contribution plans**

The Company operates defined contribution retirement benefit plans for all its qualifying employees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

**The Company has recognised the following amounts in the Statement of Profit and Loss:**

(Rs. in million)

| | **Year ended 31.03.2024** | Year ended 31.03.2023 |
|---|---|---|
| Contribution to Regional Provident Fund | **17.81** | 20.50 |
| Contribution to Superannuation Fund | **13.81** | 13.06 |
| Contribution to Employee's Pension Scheme 1995 | **12.88** | 14.86 |

**Superannuation Fund**

Invel Transmission Limited Superannuation Fund Trust ("The Trust") was incorporated to provide superannuation amount to the eligible employees of the Company on their retirement or resignation from the Company. The Trust has taken Employees Group Superannuation Scheme policy from Life Insurance Corporation of India (LIC).

The quarterly contributions equivalent to 15% of the Basic Salary of eligible employees are paid to LIC which manages the fund.

(ii) **Defined benefit plans**

**A Provident Fund**

Provident fund for certain eligible employees is managed by the Company through the Employees Provident Fund Trust in line with the Provident Fund and Miscellaneous Provision Act 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated hereon are payable to employees at the time of their separation from the company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

The company has obtained an acturial valuation of provident fund liability as at the Balance Sheet date and accordingly the company has recognised a provision of Rs. Nil (Previous year:Rs 1.82) towards provident fund liability.

**B Gratuity plan**

The Company operates gratuity plan administered through Gratuity Trust which further invests in Life Insurance Corporation of India (LIC) under its group gratuity scheme. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Company pays contribution to LIC to fund its plan.

The present value of the Gratuity and related current service cost are measured using the Projected Unit Credit method. The valuation of gratuity liability and corresponding gratuity fund are carried out by qualified Actuary using actuarial valuations techniques as at balance sheet date.

**These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk, salary risk and Investment risk.**

| | |
|---|---|
| **Interest risk** | The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase. |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

| | |
|---|---|
| **Longevity risk** | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| **Salary risk** | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |
| **Investment Risk** | This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. LIC of India primarily invests in debt instruments such as Government securities and highly rated corporate bonds wherein the risk of downward fluctuation in value is minimal. |

a) **The principal assumptions used in determining obligations for the Company's plan are shown below:**

| **Particulars** | **Gratuity Fund** | |
|---|---|---|
| | **As at 31.03.2024** | As at 31.03.2023 |
| **Discount Rate(s)** | **7.23%** | 7.32% |
| **Expected return on Plan Assets** | **7.23%** | 7.32% |
| **Salary Rise** | **8.00%** | 8.00% |
| **Attrition Rate** | **5.00%** | 5.00% |
| **Expected average remaining working lives of employees (years)** | **17.26 years** | 18.25 years |

**Components of expenses recognised in the Statement of Profit and Loss in respect of:** (Rs. in million)

| **Particulars** | **As at 31.03.2024** | | As at 31.03.2023 | |
|---|---|---|---|---|
| | **Gratuity** | **Provident Fund** | Gratuity | Provident Fund |
| **Past Service Cost** | **-** | **-** | **-** | |
| **Current Service Cost** | **25.45** | **31.30** | **25.80** | 28.59 |
| **Actuarial loss/(gain)** | **-** | **-** | **-** | - |
| **Net Interest Cost/(Income)** | **(1.35)** | **-** | **(1.68)** | - |
| **Expenses recognised in the Statement of Profit and Loss** | **24.10** | **31.30** | **24.12** | 28.59 |

**Components of expenses recognised in the other comprehensive income in respect of:** (Rs. in million)

| **Particulars** | **As at 31.03.2024** | | As at 31.03.2023 | |
|---|---|---|---|---|
| | **Gratuity** | **Provident Fund** | Gratuity | Provident Fund |
| Actuarial (gain)/loss | | | | |
| - Experiences Adjustment | **(6.40)** | **(0.22)** | (3.74) | 0.14 |
| - Differences in present value of obligations | **2.31** | **0.61** | (12.80) | (0.07) |
| - Demographic Assumption | **-** | **-** | - | - |
| Return on Plan Assets, excluding amounts included in Net Interest Expense | **(0.73)** | **(8.46)** | (1.59) | 10.61 |
| Restricted to defined obligation liability | **-** | **8.07** | - | (10.67) |
| Component of defined benefit costs recognised in other comprehensive loss/(Income) | **(4.82)** | **-** | (18.13) | - |

**The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plan is as follows:** (Rs. in million)

| **Particulars** | **As at 31.03.2024** | | As at 31.03.2023 | |
|---|---|---|---|---|
| | **Gratuity** | **Provident Fund** | Gratuity | Provident Fund |
| Present Value of obligation | **481.50** | **971.23** | 457.12 | 857.86 |
| Fair value of plan assets | **480.85** | **977.48** | 475.62 | 856.04 |
| Net asset/(liability)* | **(0.65)** | **6.25** | 18.50 | (1.82) |

*For Provident Fund, fair value of plan assets have been limited to the net defined benefit liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

**Classification into current and non-current**

(Rs. in million)

| Particulars | As at 31.03.2024 | | As at 31.03.2023 | |
|---|---|---|---|---|
| | **Gratuity** | **Provident Fund** | Gratuity | Provident Fund |
| Non-current asset/(liability) | **(0.65)** | **-** | 18.50 | (1.82) |
| current asset/(liability) | **-** | | - | |

**Movement in the present value of the defined benefit obligation are as follows**

(Rs. in million)

| Particulars | As at 31.03.2024 | | As at 31.03.2023 | |
|---|---|---|---|---|
| | **Gratuity** | **Provident Fund** | Gratuity | Provident Fund |
| Present value of the obligation as at the beginning | **457.12** | **857.86** | 444.45 | 766.19 |
| Current Service cost | **25.45** | **31.30** | 25.80 | 28.59 |
| Interest expense or cost | **33.46** | **78.04** | 30.40 | 69.03 |
| Employee's contribution | **-** | **47.86** | - | 44.37 |
| Remeasurement (or actuarial) (gain)/loss arising from: | | | | |
| - Experience Adjustment | **(6.40)** | **(0.22)** | (3.74) | 0.14 |
| - Change in Financial Assumption | **2.31** | **0.61** | (12.80) | (0.07) |
| Settlements/Transfer In | **-** | **4.36** | - | 3.04 |
| Benefits paid | **(30.44)** | **(48.59)** | (26.98) | (53.42) |
| Present value of the obligation as at the end | **481.50** | **971.22** | 457.12 | 857.87 |

**Movement in the fair value of the plan asset are as follows**

(Rs. in million)

| Particulars | As at 31.03.2024 | | As at 31.03.2023 | |
|---|---|---|---|---|
| | **Gratuity** | **Provident Fund** | Gratuity | Provident Fund |
| Fair Value of plan asset at the beginning | **475.63** | **856.04** | 468.95 | 775.04 |
| Interest Income | **35.54** | **86.50** | 33.66 | 58.42 |
| Employer's contribution | **-** | **31.30** | - | 28.59 |
| Employee's contribution | **-** | **47.86** | | 44.37 |
| Actuarial gain/(loss) | **0.13** | **-** | - | - |
| Settlements/Transfer In | **-** | **4.36** | - | 3.04 |
| Benefits paid | **(30.44)** | **(48.59)** | (26.98) | (53.42) |
| Fair Value of plan asset at the end | **480.85** | **977.47** | 475.63 | 856.04 |

The Company expects to make a contribution to gratuity fund of Rs. 28.87 million (Previous Year: Rs. 27.00 million) & to provident fund of Rs. 35.21 million (Previous Year: Rs. 34.10 million) to the defined benefit plans during the next financial year.

**Sensitivity Analysis**

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary growth rate, attrition rate and mortality rate. The sensitivity analysis below have been determined based on reasonably possible changes in respective assumption occurring at the end of reporting period, while holding all other assumptions constant.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**A quantitative sensitivity analysis for significant actuarial assumptions is given as:**

(Rs. in million)

| ***Gratuity plan*** | **As at 31.03.2024** | As at 31.03.2023 |
|---|---|---|
| **Impact of the change in discount rate on liability- increase/(decrease)** | | |
| Present value of obligation at the end of the year | **481.50** | 457.12 |
| - Impact due to increase of 0.50 % | **(12.60)** | (12.67) |
| - Impact due to decrease of 0.50 % | **13.33** | 13.40 |
| **Impact of the change in salary on liability- increase/(decrease)** | **-** | - |
| Present value of obligation at the end of the year | **481.50** | 457.12 |
| - Impact due to increase of 0.50 % | **13.17** | 13.25 |
| - Impact due to decrease of 0.50 % | **12.56** | (12.65) |
| ***Provident Fund*** | | |
| **Impact of the change in discount rate on liability- increase/(decrease)** | | |
| Present value of obligation at the end of the year | **971.22** | 857.87 |
| - Impact due to increase of 0.50 % | **(0.09)** | (0.08) |
| - Impact due to decrease of 0.50 % | **0.09** | 0.08 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years..

**Maturity Profile of Defined Benefit Obligation**

(Rs. in million)

| | Year | Gratuity |
|---|---|---|
| a) | 0 to 1 Year | 85.02 |
| b) | 1 to 2 Year | 60.07 |
| c) | 2 to 3 Year | 49.36 |
| d) | 3 to 4 Year | 42.74 |
| e) | 4 to 5 Year | 37.39 |
| f) | 5 to 6 Year | 32.54 |
| g) | 6 year onwards | 174.35 |

(Rs. in million)

| | Year | Gratuity |
|---|---|---|
| a) | Within the next 12 months | 296.70 |
| b) | Between 1 and 5 years | 204.90 |
| c) | Between 5 and 10 years | 177.00 |
| d) | Beyond 10 years | 292.60 |

| **Particulars** | **Year ended 31.03.2024** | Year ended 31.03.2023 |
|---|---|---|
| | **(Rs. Per share)** | (Rs. Per share) |
| **28. Earnings per share (EPS)** | | |
| Basic earnings per share (Rs. In absolute amount) | **67.22** | 60.53 |
| Diluted earnings per share * (Rs. In absolute amount) | **67.22** | 60.53 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**Basic earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:

| | | **Year ended 31.03.2024** | Year ended 31.03.2023 |
|---|---|---|---|
| Profit for the year. | Rs. in Million | **858.65** | 773.20 |
| Weighted average number of equity shares for the purposes of basic earnings per share [Face Value of Rs. 10 (absolute amount) each] | Numbers | **1,27,73,061** | 1,27,73,061 |

**Diluted earnings per share**

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows:

| | | **Year ended 31.03.2024** | Year ended 31.03.2023 |
|---|---|---|---|
| Profit after tax for the year. | Rs. in Million | **858.65** | 773.20 |
| Weighted average number of equity shares for the purposes of diluted earnings per share [Face Value of Rs. 10 (absolute amount) each] | Numbers | **1,27,73,061** | 1,27,73,061 |

* There are no potential dilutive equity shares.

**29. Financial Instruments and Risk Management**

**29.1 Financial instruments by category**

(Rs. in million)

| | **As at 31.03.2024** | | | | **As at 31.03.2023** | | | |
|---|---|---|---|---|---|---|---|---|
| | **FVTPL** | **FVOCI** | **Amortised cost** | **Total Carrying Value** | FVTPL | FVOCI | Amortised cost | Total Carrying Value |
| **Financial assets** | | | | | | | | |
| Trade Receivable | - | - | **1,224.50** | **1,224.50** | - | - | 940.18 | 940.18 |
| Cash and bank balances | - | - | **1,105.41** | **1,105.41** | - | - | 351.39 | 351.39 |
| Loans | - | - | **152.77** | **152.77** | - | - | 153.91 | 153.91 |
| Security deposits | - | - | **62.10** | **62.10** | - | - | 54.26 | 54.26 |
| Interest accrued | - | - | **4.13** | **4.13** | - | - | 2.23 | 2.23 |
| Investments | | | | | | | | - |
| Earmarked Bank Balance (Unpaid Dividend) | - | - | **1.13** | **1.13** | - | - | 1.13 | 1.13 |
| Others Receivable | - | - | **-** | **-** | - | - | | - |
| **Total financial assets** | **-** | **-** | **2,550.04** | **2,550.04** | - | - | 1,503.10 | 1,503.10 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | | |
| Lease liability | - | - | **61.37** | **61.37** | - | - | 72.15 | 72.15 |
| Trade payables | - | - | **1,930.09** | **1,930.09** | - | - | 1,624.28 | 1,624.28 |
| Deposits from dealers, contractors and others | - | - | **12.29** | **12.29** | - | - | 10.97 | 10.97 |
| Payable to capital creditors | - | - | **55.89** | **55.89** | - | - | 48.77 | 48.77 |
| Unpaid Dividend | - | - | **1.13** | **1.13** | - | - | 1.13 | 1.13 |
| forward contracts | - | - | **4.36** | **4.36** | - | - | - | - |
| Others | - | - | **734.55** | **734.55** | - | - | - | - |
| **Total financial liabilities** | **-** | **-** | **2,799.68** | **2,799.68** | - | - | 1,757.30 | 1,757.30 |

**Fair value hierarchy**

Level 1: Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market. This category consists of quoted equity shares and debt based open ended mutual funds

Level 2: Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of debt based close ended mutual fund investments and over the counter (OTC) derivative contracts.

Level 3: Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main item in this category are unquoted equity instruments.

**29.2 Financial risk management objective and policies**

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 of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Aging analysis/ Credit rating | Diversification of bank deposits, credit limits and letter of credit |
| Liquidity risk | Business commitment and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk - foreign exchange | Commercial transactions recognised financial assets and liabilities not denominated in Indian rupee | Cash flow forecasting Sensitivity analysis | Forward foreign exchange contracts |

The financial risk management of the Company is carried out under the policies approved by the Board of Directors. Within these policies, the Board provides written principles for overall risk management including policies covering specific areas, such as foreign exchange risk management, commodity risk management and investment of funds.

**(i) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, balances with banks and security deposits. The credit risk on bank balances is limited because the counterparties are banks with good credit ratings. Trade receivables mainly consist of Original Equipment Manufacturers as customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company's policies on assessing expected credit losses is detailed in note 2.11 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**(ii) Liquidity risk**

Liquidity risk refers to the risk that the Company can not meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure funds are available for use as per the requirements.

The Company operates with a low Debt Equity ratio. The Company raises short term rupee borrowings for cash flow mismatches and hence carries no significant liquidity risk. The Company has access to the borrowing facilities to honour any liquidity requirements arising for business needs. The Company has large investments in debt mutual funds which can be redeemed on a very short notice and hence carries negligible liquidity risk.

(a) Financing arrangements

Undrawn borrowing facilities at the end of the reporting period - Rs 1,350 Million ( March 31, 2023- Rs 1,350 Million)

(b) Maturities of financial liabilities

The tables 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**

As at 31.03.2024 (Rs. in million)

| | **<1 year** | **1-3 Years** | **3-5 Years** | **> 5 Years** | **Total** |
|---|---|---|---|---|---|
| **Non current** | | | | | |
| **- Non current** | **-** | **10.33** | **-** | **-** | **10.33** |
| **- Right-of-use Liability** | | **31.32** | **17.48** | **0.00** | **48.80** |
| **Current** | | | | | |
| **- Right-of-use Liability** | **12.57** | **-** | **-** | **-** | **12.57** |
| **- Trade payables** | **1,930.09** | **-** | **-** | **-** | **1,930.09** |
| **- Other financial liabilities** | **797.89** | **-** | **-** | **-** | **797.89** |
| **Total** | **2,740.55** | **41.65** | **17.48** | **0.00** | **2,799.68** |

As at 31.03.2023 (Rs. in million)

| | <1 year | 1-3 Years | 3-5 Years | > 5 Years | Total |
|---|---|---|---|---|---|
| Non current | | | | | |
| - Other financial liabilities | - | 9.99 | - | - | 9.99 |
| - Right-of-use Liability | | 16.64 | 23.04 | 21.70 | 61.38 |
| Current | | | | | |
| - Right-of-use Liability | 10.77 | - | - | - | 10.77 |
| - Trade payables | 1,624.28 | - | - | - | 1,624.28 |
| - Other financial liabilities | 50.88 | - | - | - | 50.88 |
| Total | 1,685.93 | 26.63 | 23.04 | 21.70 | 1,757.30 |

**(iii) Market risk**

Market risk is the risk that the fair value of financial instruments will fluctuate because of change in market price. Market risk comprises of three types of risks - interest risk, foreign currency, and other price risk, such as equity price risk.

The Company's activities expose it primarily to currency risk and other price risk such as equity price risk. The financial instruments affected by market risk includes other current financial liabilities.

**(iii. a) Foreign currency risk**

The Company has exposure to foreign currency risk on account of its payables and receivables in foreign currency which are mitigated through the guidelines under the foreign currency risk management policy approved by the Board of Directors. The Company enters into derivative financial instruments to mitigate the foreign currency risk including forward foreign exchange and options contracts for foreign currency risk mitigation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

**Foreign currency risk exposure**

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods expressed in foreign currency, are as follows:

(Rs. in million)

| | JPY | USD | EURO | GBP |
|---|---|---|---|---|
| **As at March 31, 2024** | | | | |
| **Financial assets** | | | | |
| Trade receivables and other financial assets | **-** | **1.1** | **0.0** | **0.0** |
| Foreign exchange derivative contracts | **-** | **-** | **-** | **-** |
| **Net exposure to foreign currency risk (assets)** | **-** | **1.1** | **0.0** | **0.0** |
| **Financial liabilities** | | | | |
| Trade payables and other financial liabilites | **1.4** | **1.9** | **1.3** | **0.4** |
| Foreign exchange derivative contracts | **-** | **2.5** | **4.1** | **-** |
| **Net exposure to foreign currency risk (liabilities)** | **1.4** | **4.4** | **5.4** | **0.4** |
| **As at March 31, 2023** | | | | |
| **Financial assets** | | | | |
| Trade receivables and other financial assets | - | 0.6 | - | - |
| Foreign exchange derivative contracts | - | - | - | - |
| **Net exposure to foreign currency risk (assets)** | - | 0.6 | - | - |
| **Financial liabilities** | | | | |
| Trade payables and other financial liabilites | 9.4 | 1.2 | 0.8 | 0.1 |
| Foreign exchange derivative contracts | - | - | 2.7 | - |
| **Net exposure to foreign currency risk (liabilities)** | 9.4 | 1.2 | 3.5 | 0.1 |

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods expressed in INR, are as follows:

(Rs. in million)

| | JPY | USD | EURO | GBP |
|---|---|---|---|---|
| **As at March 31, 2024** | | | | |
| **Financial assets** | | | | |
| Trade receivables and other financial assets | **-** | **92.9** | **0.3** | **0.5** |
| Foreign exchange derivative contracts | **-** | **-** | **-** | **-** |
| **Exposure to foreign currency risk - fianncial assets** | **-** | **92.9** | **0.3** | **0.5** |
| **Financial liabilities** | | | | |
| Trade payables and other financial liabilites | **0.8** | **160.2** | **123.9** | **44.4** |
| Foreign exchange derivative contracts | - | 215.2 | 382.3 | - |
| Exposure to foreign currency risk - fianncial liabilities | **0.8** | **375.4** | **506.2** | **44.4** |
| **Net eposure to foreign currency risk - asset/ (liability)** | **(0.8)** | **(282.5)** | **(505.9)** | **(43.9)** |
| **As at March 31, 2023** | | | | |
| **Financial assets** | | | | |
| Trade receivables and other financial assets | - | 50.1 | - | - |
| Foreign exchange derivative contracts | - | - | - | - |
| **Exposure to foreign currency risk - fianncial assets** | - | 50.1 | - | - |
| **Financial liabilities** | | | | |
| Trade payables and other financial liabilites | 5.9 | 98.9 | 71.3 | 12.4 |
| Foreign exchange derivative contracts | - | - | 242.6 | - |
| Exposure to foreign currency risk - fianncial liabilities | 5.9 | 98.9 | 313.9 | 12.4 |
| **Net eposure to foreign currency risk - asset/ (liability)** | (5.9) | (48.8) | (313.9) | (12.4) |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**Sensitivity**

If INR is depreciated or appreciated by 5% vis-s-a-vis foreign currency, the impact thereof on the profit and loss of the company are given below:

(Rs. in million)

| Currency Exposure | Change in currency exchange rate | Effect on profit before tax | |
|---|---|---|---|
| | | **As at 31.03.2024** | As at 31.03.2023 |
| USD | +5% | **(14.13)** | (2.44) |
| | -5% | **14.13** | 2.44 |
| EUR | +5% | **(25.30)** | (15.70) |
| | -5% | **25.30** | 15.70 |
| JPY | +5% | **(0.04)** | (0.30) |
| | -5% | **0.04** | 0.30 |
| GBP | +5% | **(2.19)** | (0.62) |
| | -5% | **2.19** | 0.62 |

**(iii. b) Interest rate risk**

The Company is exposed to interest rate risk on fixed deposits outstanding as at the year end. These exposures are reviewed by appropriate levels of management on a monthly basis. The Company invests in fixed deposits to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

**29.3 Capital Management**

The Company manages its capital to ensure that it will be able to continue as going concern, support business stability and growth, while maximising the return to stakeholders. The Company funds its operations majorly through internal accruals. To ride over short term working capital needs, the Company occasionally avails temporary credit facilities.

As at the year end, the cash and cash equivalents were higher than the short term debts availed by the Company. The capital structure of the Company consists of no debt. The Company is not subject to any externally imposed capital requirements.

The following table provides detail of the debt and equity at the end of the reporting period :

(Rs. in million)

| | **As at 31.03.2024** | As at 31.03.2023 |
|---|---|---|
| Borrowings | **-** | - |
| Cash and cash equivalents | **1,105.41** | 351.39 |
| Net debt | **-** | - |
| Total equity | **3,005.55** | 2,960.76 |
| Net debt to equity ratio | **N.A** | N.A |

**30(a). Related Party Disclosures**

**I. List of related parties**

| | Nature of relationship | Party Name |
|---|---|---|
| **A** | Ultimate holding company | Dowlais Group PLC, UK* |
| **B** | Intermediate holding company | GKN Limited UK |
| | | GKN Holdings Ltd., UK |
| | | GKN Enterprise Ltd., UK |
| | | GKN Industries Ltd., UK |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

| | | |
|---|---|---|
| C | Holding company | GKN Driveline International GmbH, Germany |
| D | **Other related parties where transactions have taken place:** | |
| | | GKN Driveline Eskisehir, Turkey |
| | | GKN Driveline Japan Ltd, Japan |
| | | GKN Do Brasil Ltd, Brasil |
| | | GKN Driveline Zumaia SA, Spain |
| | | GKN Automotive Ltd, U.K |
| | | GKN Investments III GP Limited, UK |
| | | GKN Freight Services Ltd, UK |
| | | GKN Driveline Deutschland Gmbh, Germany |
| | | GKN Driveline North America, Inc, USA |
| | | GKN Driveline Malaysia Sdn Bhd, Malaysia |
| | | GKN Driveline (Thailand) Ltd, Thailand |
| **(i)** | Fellow subsidiaries | GKN Driveline SA , France |
| | | GKN Driveline Slovenija, d.o.o, Slovenia |
| | | GKN Driveline Polska Sp.zo.o,Poland |
| | | GKN Sinter Metals Components GMBH , Germany |
| | | GKN Driveline Vigo, Spain |
| | | GKN Driveline Legazpia, S A |
| | | GKN Driveline Mexico Ltd , Mexico |
| | | GKN Automotive Portugal , LDA |
| | | GKN Driveline Birmingham Limited, UK |
| | | GKN Automotive Bengaluru Private Limited , India |
| | | GKN Driveline Korea Ltd, South Korea |
| **(ii)** | Joint ventures of GKN Plc, UK. | Shanghai GKN Huayo Driveline System Co. Ltd ,China |
| | | Taiway Ltd, Taiwan |
| | | Transejes Transmisiones Homocineticas de ,Colombia |
| **(iii)** | Board and Key Managerial Personnel | Mr. Sanjay Katyal (Managing Director) |
| | | Mr. Madan Singh Sisodia (Executive Director) |
| | | Mr. Rajeev Dogra (Executive Director) |
| | | Mr. Bharat Dev Singh Kanwar (Independent Director) |
| | | Ms. Rajni Sekhri Sibal (Independent Director) |
| | | Ms. Luna Bose Roy Chowdhury (Executive Director) |
| | | Mr. Tushar Jain (Chief Financial Officer) |
| | | Ms. Richa Porwal (Company Secretary) |

**Note***

Melrose Industries PLC UK's demerged its Automotive, Hydrogen and Powder Metallurgy arm into a new entity known as Dowlais Group PLC on April 20, 2023. Accordingly, the ultimate holding company is Dowlais Group PLC w.e.f. April 20, 2023.

**30(b). Transactions with related parties during the year** (Rs. in million)

| **Particulars** | **For year ended 31.03.2024** | For year ended 31.03.2023 |
|---|---|---|
| **Sale of goods** | | |
| GKN Driveline Malaysia Sdn Bhd, Malaysia | **2.50** | 3.85 |
| GKN Driveline Japan Ltd, Japan | **18.10** | 29.63 |
| GKN Driveline (Thailand) Ltd, Thailand | **7.35** | 15.25 |
| Shanghai GKN Huayu Driveline System Co. Ltd., China | **-** | 2.80 |
| Transejes Transmisiones Homocineticas de Colombia | **-** | - |
| Others | **1.94** | 1.45 |
| | **29.89** | 52.98 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

| | | |
|---|---|---|
| **Sale of services** | | |
| GKN Automotive Ltd, UK | **-** | - |
| GKN Automotive Bengaluru Private Limited | **3.39** | 5.54 |
| | **3.39** | 5.54 |
| **Sale of Property, Plant, Equipment and Intangible Assets** | | |
| GKN Automotive Bengaluru Private Limited | **-** | **-** |
| | **-** | **-** |
| **Purchase of Property, Plant and Equipment** | | |
| GKN Driveline Birmingham Limited, UK | **-** | 15.00 |
| GKN Driveline Japan Ltd, Japan | **-** | 4.36 |
| | **-** | 19.36 |
| **Purchase of raw material and components** | | |
| GKN Driveline SA, France | **1.62** | 3.71 |
| GKN Driveline Zumaia S A, Spain | **19.88** | 15.95 |
| GKN Driveline North America, Inc, USA | **71.85** | 48.04 |
| GKN Driveline Vigo, Spain | **17.86** | 18.78 |
| GKN DO Brasil Ltd, Brasil | **1.86** | 3.36 |
| Shanghai GKN Huayo Driveline System Co. Ltd., China | **2.15** | 11.68 |
| GKN Driveline Korea Ltd, South Korea | **-** | - |
| GKN Driveline Deutschland Gmbh, Germany | **11.15** | 9.31 |
| Unidrive Pty Ltd, Australia | | |
| Others | **0.69** | 1.53 |
| | **127.06** | 112.37 |
| **Loan given /(receipt) during the year** | | |
| GKN Automotive Bengaluru Private Limited | | |
| Loan given during the year | **-** | 200.00 |
| Reapyment of loan during the year | **-** | (50.00) |
| | **-** | 150.00 |
| **Reimbursement of expenses received** | | |
| GKN Automotive Portugal , LDA | | 2.69 |
| GKN Automotive Bengaluru Private Limited | 0.16 | 0.88 |
| | 0.16 | 3.57 |
| **Receipt towards interest on loan** | | |
| GKN Automotive Bengaluru Private Limited | 14.63 | 16.79 |
| | 14.63 | 16.79 |
| **Expenditure on royalty** | | |
| GKN Automotive Ltd, UK | **7.28** | 22.54 |
| **Strategic management charge** | **55.41** | |
| GKN Automotive Ltd, UK | | 43.93 |
| **Expenditure on trade mark fees** | **130.37** | |
| GKN Investment III GP Ltd | | 121.51 |
| **Expenditure on freight & others** | | |
| GKN Freight Service Ltd, UK | **80.53** | 91.67 |
| GKN Automotive Bengaluru Private Limited | **0.45** | - |
| | **80.98** | 91.67 |

**30(c). Management consultancy and business auxiliary services**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

| | | |
|---|---|---|
| GKN Automotive Ltd, U.K | **172.16** | 71.62 |
| **Remuneration paid to key management personnel**** | | |
| Mr. Sanjay Katyal | **11.85** | 10.74 |
| Mr. Madan Singh Sisodia | **12.52** | 11.91 |
| Mr. Rajeev Dogra | **10.55** | 9.11 |
| Mr. Tushar Jain | **6.63** | 6.41 |
| Ms. Richa Porwal | **3.30** | 2.82 |
| Ms. Monica Widhani | **-** | 0.45 |
| Ms. Luna Bose Roy Chowdhury | **10.41** | 3.32 |
| Ms. Rajni Sekhri Sibal | **1.00** | 0.68 |
| Mr. Bharat Dev Singh Kanwar | **1.00** | 1.00 |
| **Total^** | **57.26** | 46.43 |

** Key managerial personnel who are under the employment of the Company are entitled to post employement benefits and other long term employeee benefits recognised as per Ind AS 19- 'Employee Benefits' in the Financials Statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

^Comprises of short term employee benefits Rs. 5.00 million (Previous year 4.40 million).

**30(d). Balances Outstanding at year end** (Rs. in million)

| **Particulars** | **As at 31.03.2024** | As at 31.03.2023 |
|---|---|---|
| **Trade receivables** | | |
| GKN Driveline Malaysia Sdn. Bhd, Malaysia | **0.23** | 0.35 |
| GKN Driveline Japan Ltd, Japan | **1.20** | 1.74 |
| GKN Driveline (Thailand) Ltd, Thailand | **1.84** | - |
| GKN Driveline Mexico Ltd | **1.44** | 1.32 |
| GKN Automotive Bengaluru Private Limited | **3.84** | 6.93 |
| Others | **0.77** | - |
| | **9.32** | 10.34 |
| **Trade payables** | | |
| GKN Driveline SA, France | **1.11** | 2.25 |
| GKN Freight Services Ltd, Uk | **7.74** | 17.58 |
| GKN Investment III GP Ltd | **29.87** | 27.40 |
| GKN Automotive Ltd, UK | **45.03** | 12.35 |
| GKN Driveline Deutschland Gmbh, Germany | **1.15** | - |
| GKN Driveline North America, Inc, USA | **13.72** | 8.64 |
| GKN Driveline Mexico Ltd | **0.42** | 1.23 |
| GKN Driveline Zumaia SA, Spain | **3.13** | 3.65 |
| GKN Driveline Japan Ltd, Japan | **0.02** | 4.36 |
| GKN Automotive Bengaluru Private Limited | **0.49** | - |
| Others | **0.18** | 2.32 |
| | **102.86** | 79.78 |
| **Letter of Comfort issued by related party in favour of the Company** | | |
| GKN Holding plc, UK | **1,350.00** | 1,350.00 |
| **Loan receivable at period end** | | |
| GKN Automotive Bengaluru Private Limited | **150.00** | 150.00 |
| | **150.00** | 150.00 |

**31. Disclosure under section 186(4) of the Companies Act, 2013**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(Rs. in million)

| **Particulars** | **As at 31.03.2024** | As at 31.03.2023 |
|---|---|---|
| Inter Corporate Loan given* | | |
| **GKN Automotive Bengaluru Private Limited** | | |
| **(Fellow Subsidiary)** | | |
| Balance as at April 01, 2023 | **-** | - |
| Granted during the year | **150.00** | 200.00 |
| Interest accrued during the year | **16.00** | 16.79 |
| Repaid during the year | | |
| i) Principal | **-** | (50.00) |
| ii) Interest | **(14.63)** | (16.79) |
| Balance as at March 31, 2024 | **151.37** | 150.00 |

*For the purpose to support initial operations of the fellow subsidiary at an annualized interest rate of 9% p.a. payable at monthly rests.

Loan aggregating Rs. 150 million had fallen due on March 31, 2023 and the Board of Directors in their meeting held on August 26, 2023 have extended the term of the loan by another 2 years upto March 31, 2026 at an annualized interest rate of 11% p.a.. .

**32. Contingent liabilities:**

**1) Claims against the Company not acknowledged as debts**

(Rs. in million)

| Particulars | **As at 31.03.2024** | As at 31.03.2023 |
|---|---|---|
| Income Tax matters | **42.86** | 37.40 |
| Excise duty matters | **-** | 8.66 |
| Service Tax matters | **17.85** | 17.12 |
| Customs Duty Matters | **410.85** | - |
| | **471.56** | **63.18** |

**Income Tax Matters**

Income Tax demands mainly relates to disallowance for gratuity contributions, Strategic Management Charges (SMC), Liabilities writen back and Dividend Distribution Tax (DDT).

**Excise Duty Matters**

Excise duty demands mainly relates to dispute regarding non levy of excise duty by the Company on notional cost of drawing and design supplied free of cost.

**Service Tax Matters**

Service Tax demands mainly relates to disputes regarding availment of Cenvat credit on certain expenses, distribution of CENVAT to other plants, short payment of Service Tax and interest for delayed payment of service tax, availment of Cenvat credit for service tax to beneficiary plant where documents were in the name of other plant, and demand of Service Tax on reimbursement of salary of expatriates deputed in India.

**Custom Duty Matters**

Custom Duty demands mainly relates to demands on account of misclassification under Customs Tariff Act at time of import of goods in India.

**Footnote to Note 32.1**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

The proceedings in respect of above matters are pending with respective authorities in the ordinary course of business. In the opinion of the management, the proceedings against the Company, when ultimately concluded, will not have a material effect on the results of the operations or financial position of the Company.

**2) Other money for which the Company is contingently liable:** (Rs. in million)

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| i) Bank guarantee furnished to GST Department Mehsana | **0.64** | 0.64 |
| ii) Bank guarantee furnished to Maharashtra Pollution Control Board. | **2.50** | - |
| iii) Bank guarantee furnished to GREENWIN ENERGY ONE LLP | **1.05** | - |
| iv) Bank guarantee furnished to Asst/ Deputy Commissioner of Customs | **17.00** | - |
| | **21.19** | 0.64 |

v) On March 01, 2023, Directorate of Revenue Intelligence (DRI) carried out search proceedings at the premises of the Company, factory at Faridabad and informed about misclassification of certain imported goods in the import bill of entry documents and its supporting documents.

The Company did not agree with the classification proposed by DRI. To further advance this matter and demonstrate commitment to resolve any potential dispute, the Company has deposited Rs. 43 million towards differential duty of Customs under protest relating to period March, 2018 to February, 2023 subject to final assessment.

During the year ended March 31, 2024, Show Cause Notice (SCN) was received from the Custom Department. Proceedings in respect of above matter is in progress before Commissioner of Customs, New Delhi for adjudication. The Management is confident that ultimately no liability will devolve on the Company and it will be able to get the refund of Rs. 43 million referred above (included in Balance with government authorities refer note 8(a) to the financial statements).

**33. Capital and other commitments:** (Rs. in million)

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| **Capital commitments** | | |
| (a) Estimated value of contracts in capital account remaining to be executed (net of advances) | **245.02** | 113.18 |

(b) The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services, employee benefits including union agreements in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

**34. Lease liabilities :**

The Company's leases primarily consists of leases for land and buildings for industrial use. Under these agreements, refundable security deposits have been given. The lease agreement provides for renewable option.

**(i) Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024:**

| | Category of ROU Assets | | |
|---|---|---|---|
| **Particulars** | **Land** | **Building** | **Total** |
| Balance as of April 01, 2022 | 25.23 | 65.55 | **90.78** |
| Depreciation / amortization | (0.30) | (11.24) | **(11.54)** |
| Balance as of April 01, 2023 | 24.93 | 54.31 | **79.24** |
| Depreciation / amortization | (0.30) | (11.24) | **(11.54)** |
| Balance as of March 31, 2024 | 24.63 | 43.07 | **67.70** |

**(ii) The following is the break-up of current and non-current lease liabilities:** (Rs. in million)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| Non-current lease liabilities | **48.80** | 61.38 |
| Current lease liabilities | **12.57** | 10.77 |
| | **61.37** | 72.15 |

**(iii) Movement in lease liabilities** (Rs. in million)

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| Opening Balance | **72.15** | 81.32 |
| Finance costs | **5.65** | 6.48 |
| Payment | **(16.43)** | (15.65) |
| Closing Balance | **61.37** | 72.15 |

**(iv) The table below provides details regarding the contractual maturities of lease liabilities of non-cancellable contractual commitments as on an undiscounted basis.** (Rs. in million)

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| Less than one year | **17.24** | 16.42 |
| One to five years | **55.35** | 72.59 |
| More than five years | **-** | - |
| Total | **72.59** | 89.01 |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**(v) Lease related disclosures**

a) The Company has leases for land and building, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its land and building.

b) Total cash outflow for leases for the year ended March 31, 2024 was Rs. 16.43 million (March 31, 2023 Rs.15.65 million).

c) There are no leases which are yet to commence as on March 31, 2024.

**35. Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

(Amount in Rs.)

| | Particulars | For the year ended 31.03.2024 | For the year ended 31.03.2023 |
|---|---|---|---|
| (a) | Dues remaining unpaid as at the end of accounting year | | |
| | Principal | **88.46** | 108.04 |
| | Interest on above | **0.64** | 1.85 |
| (b) | Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year: | | |
| | Principal paid beyond the appointed date | **71.79** | 190.75 |
| | Interest paid in terms of Section 16 of the Act | **-** | 0.31 |
| (c) | Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year | **0.64** | 1.85 |
| (d) | The amount of interest accrued and remaining unpaid at the end of the accounting year | **0.64** | 1.85 |
| (e) | Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises | **-** | - |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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.

Note: The above interest of Rs. 0.64 million (Previous year: Rs. 1.85 million) are clubbed in Trade payables in Balance Sheet

**36. Expenditure on Corporate Social Responsibility (CSR)**

(a) As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee has been formed by the Company. Company's CSR areas targets inclusive growth of all stakeholders under the categories, mentioned under Schedule VII of the Companies Act, 2013. The approved target areas are:

Infrastructural development

Environmental sustainability

Healthcare including sanitation and drinking water

A three-tier governance structure is responsible for implementing CSR activities at GKN Driveline (India) Limited. These include the CSR Committee of the Board, Central CSR Team, and Operational CSR Teams located at respective plant sites.

(b) Gross amount required to be spent by the Company during the year is Rs. 17.61 million (Previous year Rs. 16.83 million) and the details of amount spent and Excess/ (Shortfall) are as under:

(Rs. in million)

| Particulars | year ended 31.03.2024 | year ended 31.03.2023 |
|---|---|---|
| Opening Balance | **1.67** | 0.64 |
| Amount required to be spent by the Company during the year | **17.61** | 16.83 |
| Amount of expenditure incurred | **16.91** | 17.86 |
| Excess/(Shortfall) during the year | **(0.70)** | 1.03 |
| Total Excess/ (Shortfall) at the end of the year | **(0.97)** | 1.67 |
| Reason for shortfall | **NA** | NA |
| Nature of CSR Activities | i) Solar panels/solar street lights at schools / villages.<br>ii) Construction of classrooms, toilets and building refurbishment at govt schools and Anganbadi<br>iii) Installation of water cooler and civil construction<br>iv) Medical infrastructure improvement at Primary health Care centre through medical equipments | i) Solar panels/solar street lights at schools / villages.<br>ii) Infrastructure Support to Old Age Home<br>iii) Distribution at School & Aanganwadi<br>iv) Supply of materials to local authorities for Covid -19 warriors |

(c) Above expenses does not include contribution to any related party of the company.

(d) The Company does not carry any provisions for corporate social responsibility expenses for current year and previous year.

**37.** The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the financial year and expects such records to be in existence latest by the due date of filing of Form 3CEB, as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**38. Segment Information**

The Company is primarily engaged in the business of manufacturing and sale of driveshafts to original equipment manufacturers in the automobile industry. As the Company's business activities fall within a single primary business segment viz. auto components for automobile industry, the disclosure requirement of Indian Accounting Standard (Ind AS-108), Operating Segments is not applicable.

The analysis of geographical segment is based on the geographical location of the customers. The following table shows the distribution of the Company's sales by geographical market, regardless of where the goods were produced.

**a) Revenue to External Customers**

(Rs. in million)

| **Particulars** | **year ended 31.03.2024** | year ended 31.03.2023 |
|---|---|---|
| Within India | **9,937.23** | 9,268.20 |
| Outside India | **547.82** | 543.70 |
| **Total** | **10,485.05** | 9,811.90 |

**b) Non Current Assets**

(Rs. in million)

| **Particulars** | **year ended 31.03.2024** | year ended 31.03.2023 |
|---|---|---|
| Within India | **2,959.49** | 2,965.46 |
| Outside India | - | - |
| **Total** | **2,959.49** | 2,965.46 |

**Information about major customers:**

There are two customers which individually contribute more than 10% of the total revenue in current year as well as previous year. The agreegate amount of revenue from such customers account for 64.4% of total revenue. (Previous year 65%)

**39. Ratios**

| Sr No. | Particulars | Numerator | Denominator | Year ended March 31, 2024 | Year ended March 31, 2023 | Change | Reason for change |
|---|---|---|---|---|---|---|---|
| (a) | Current ratio (number of times) | Current Assets | Current Liabilities | 1.05 | 1.06 | -1% | Not applicable |
| (b) | Return on equity (number of times) | Net Profit After Taxes | Average Shareholder's Equity | 0.29 | 0.26 | 12% | Not applicable |
| (c) | Inventory turnover (number of times) | Cost of Material Consumed | Average Inventory | 6.05 | 6.13 | -1% | Not applicable |
| (d) | Trade receivable turnover (number of times) | Revenue from Operations | Average Trade Receivable | 9.72 | 10.13 | -4% | Not applicable |
| (e) | Trade payable turnover (number of times) | Purchases of Material | Average Trade Payables | 3.25 | 3.14 | 4% | Not applicable |
| (f) | Net capital turnover (number of times) | Revenue from Operations | Working Capital | 61.79 | 67.58 | -9% | Not applicable |
| (g) | Net profit margin (%) | Net Profit | Revenue from Operations | 8.16% | 7.85% | 4% | Not applicable |
| (h) | Return on capital employed (number of times) | Earning before interest and taxes | Capital Employed | 0.39 | 0.36 | 9% | Not applicable |
| (i) | Return on investments (number of times) | Net Profits After Taxes | Average Shareholder's Equity | 0.29 | 0.26 | 12% | Not applicable |
| (j) | Debt Equity Ratio (number of times) | Debt | Equity | NA | NA | NA | Refer note (a) |
| (k) | Debt Service Coverage Ratio (number of times) | Earnings available for Debt Service | Debt Service | NA | NA | NA | Refer note (a) |

**Notes:**

(a) The Company do not have borrowings as at balance sheet date. Hence Debt Equity ratio and Debt Service Coverage Ratio are not applicable.

(b) Equity = Equity share capital + Other equity

(c) Working capital = Current assets - Current liabilities

(d) Earning before Interest and Taxes= Profit before tax + Finance Costs

(f) Capital employed includes Shareholders' Equity, non current and current borrowings.

**40.** (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Company has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(vii) The Company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.

(viii) The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

(ix) The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as right-of-use in the financial statements, the lease agreements are in the name of the Company.

(x) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Asset) since the Company has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.

(xi) The Company does not have any material transactions with companies which were struck off under section 248 of the Companies Act, 2013

(xii) As per the MCA notification dated 05 August 2022, the Central Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022. As per the amended rules, the Companies are required to maintain back-up on daily basis of such books of account and other relevant books and papers maintained in electronic mode that should be accessible in India at all the time. Also, the Companies are required to create backup of accounts on servers physically located in India on a daily basis. The books of account along with other relevant records and papers of the Company are maintained in electronic mode on servers physically located out of India. These books of account are readily accessible in India at all times and the backup of such books of account is maintained in India.

(xiii) The Company does not have any long term contracts including derivative contracts for which there will be any material foreseeable losses.

**41.** Ministry of Corporate Affairs (MCA) vide its notification number G.S.R. 206(E) dated March 24, 2021 (amended from time to time) in reference to the proviso to Rule 3 (1) of the Companies (Accounts) Amendment Rules, 2021, introduced the requirement of only using such accounting software w.e.f. April 01, 2023 which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. The Institute of Chartered Accounts of India ("ICAI") issued an "Implementation guide on reporting on audit trail under rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 edition)" in February 2024 relating to feature of recording audit trail.

The Company uses QAD as its primary accounting software for recording all the accounting transactions and maintaining its books of account for the year ended March 31, 2024. QAD MFGPro 2010SE does not have a feature of recording audit trail (edit log) facility.

In respect of maintaining payroll records, the Company uses an accounting software operated by a third party software service provider, the presence of audit trail feature is pending confirmation from such third party.

The Management has adequate internal controls over financial reporting which were operating effectively for the year ended March 31, 2024. The Management is in the process of evaluating the options to ensure compliance with the requirements of proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 referred above in respect of audit trail (edit log).

**42.** There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

**For and on behalf of the Board of Directors of**
**GKN Driveline (India) Limited**

| | | |
|---|---|---|
| Rajni Sekhri Sibal | (DIN 09176377) | Independent Director<br>Chairman - ARMC |
| Madan Singh Sisodia | (DIN 08111748) | Executive Director |
| Rajeev Dogra | (DIN 05270378) | Executive Director |
| Tushar Jain | (Mem. No. 500602) | Chief Financial Officer |
| Richa Porwal | (Mem. No. F8318) | Company Secretary |
| Place: Faridabad | | |
| Date: August 23, 2024 | | |
| Sanjay Katyal | (DIN 08354025) | Managing Director |
| Place: Faridabad | | |
| Date: August 24, 2024 | | |

**GKN Driveline (India) Limited**
CIN: U74999HR1985PLC034079
Regd Office: Plot No. 270, Sector 24,
Faridabad 121005 (Haryana)
Tel: +91(129) 6621300
Fax: +91 (129) 6621349
E-mail: GDI.Stakeholder@gknautomotive.com
Website: www.gknautomotive.com

# ATTENDANCE SLIP

## 39th ANNUAL GENERAL MEETING

DP ID/ Client ID Folio No.

No. of Shares held

Name of Proxy
(to be filled in Block Letters,
In case Proxy attends meeting in
place of Member)

I/We hereby record my / our presence at the 39th Annual General Meeting of the Company at Registered Office, Plot No. 270, Sector 24, Faridabad 121 005 (Haryana) on Tuesday, 24th September, 2024 at 11 am.

Member's / Proxy's Signature

Note:

1. Please complete the Folio / DP ID-Client ID No and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report and Notice of the Annual General Meeting alongwith Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

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Fax: +91 (129) 6621349
E-mail: GDI.Stakeholder@gknautomotive.com
Website: www.gknautomotive.com

# E-VOTING PARTICULARS

| EVEN (E-Voting Event Number) | USER ID | PASSWORD |
|---|---|---|
| 130256 | | |

Note : Please read instructions given out in the Notice of the 39th Annual General Meeting of the Company before casting your vote through e-voting.

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Website : www.gknautomotive.com

# PROXY FORM

Name of the Member(s):

Registered address:

E-mail Id:

Folio / DP ID – Client ID No:

I /We being the member(s) of ……………….. shares of the above named Company hereby appoint:

(1). Name:……………………………………………………… Address:……………………………………………………………..
E-mail Id: ………………………………………………….. Signature ……………………………………………… or failing him

(2). Name:……………………………………………………… Address:……………………………………………………………..
E-mail Id: ………………………………………………….. Signature ……………………………………………… or failing him

(3). Name:……………………………………………………… Address:……………………………………………………………..
E-mail Id: ………………………………………………….. Signature ………………………………………………………………

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held on **24th September, 2024, Tuesday, at 11 am at its Registered Office, Plot No. 270, Sector 24, Faridabad 121 005 (Haryana), India** and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolutions | For | Against |
|---|---|---|---|
| **Ordinary Business** | | | |
| 1 | To consider and adopt the Audited Financial Statements for the financial year ended on 31st March, 2024 including audited Balance Sheet as at March 31, 2024, Statement of Profit & Loss Account (including other comprehensive income), Cash Flow Statement and Statement of changes in Equity for the period ended on that date and the reports of the Board of Directors and Auditors thereon. | | |
| 2 | To re-appoint a director in place of Mr. Sanjay Katyal (DIN- 08384025) who retires by rotation and is eligible for re-appointment. | | |
| 3 | To re-appoint a director in place of Mr. Rajeev Dogra (DIN-05270378) who retires by rotation and is eligible for re-appointment. | | |
| 4. | To confirm interim dividend of INR 64 per share as final dividend for FY 2023-2024. | | |
| **Special Business** | | | |
| 5 | Revisions in remuneration of Mr. Sanjay Katyal, Managing Director | | |
| 6 | Revision in remuneration of Mr. Madan Singh Sisodia, Executive Director | | |
| 7 | Revision in remuneration of Mr. Rajeev Dogra, Executive Director | | |
| 8. | Revision in remuneration of Ms. Lunna Bose Roy Chowdhury, Executive Director | | |
| 9. | Re-appointment of Ms. Rajni Sekhri Sibal as Independent Director | | |
| 10. | Re-appointment of Mr. Bharat Dev Singh Kanwar as Independent Director | | |

Signed this ………… day of ……………………… 2024.

Signature of Member(s) ………………………………

Signature of Proxy holder(s)..........................................

Affix Revenue Stamp not less Rs. 0.15

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 39th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.
4. Please complete all details including details of members(s) in above box before submission.

*If undelivered please return to :*


## GKN Driveline (India) Limited

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