GKN Driveline (India) Limited

34th Annual Report 2018-19

CONTENTS

Board of Directors

Mr. Adam Touhig	Director & Chairman
Mr. Bharat Dev Singh Kanwar	Managing Director (upto January 31, 2019)
Mr. Sanjay Katyal	Managing Director (with effect from February 1, 2019)
Ms. Gopika Pant	Independent Director
Mr. K.N.Subramaniam	Independent Director
Mr. Madan Singh Sisodia	Executive Director
Mr. Jonathon Colin Fyfe Crawford	Additional Non Executive Director (with effect from February 27, 2019)
Mr. Matthew Richard Nozemack	Additional Non Executive Director (with effect from February 27, 2019)
Mr. Rajeev Dogra	Additional Executive Director (with effect from May 15, 2019)
Mr. Vinod Kumar Singh	Executive Director (upto April 23, 2019)
Mr. Wilson Ng	Non Executive Director (upto July 19, 2019)

Audit & Risk Management Committee

Mr. K.N.Subramaniam	Chairman
Ms. Gopika Pant	Member
Mr. Madan Singh Sisodia	Member
Mr. Wilson Ng	Chairman (upto July 19 , 2019)

Nomination & Remuneration Committee

Mr. K.N.Subramaniam	Chairman
Mr. Adam Touhig	Member
Ms. Gopika Pant	Member
Mr. Rajeev Dogra	Member
Mr. Vinod Kumar Singh	Member (upto April 23, 2019)

Stakeholders Relationship Committee

Mr. Adam Touhig	Chairman
Mr. Sanjay Katyal	Member
Mr. Madan Singh Sisodia	Member
Ms. Richa Porwal	Member
Mr. Bharat Dev Singh Kanwar	Member (upto January 31, 2019)
Mr. Wilson Ng	Chairman (upto July 19, 2019)

Corporate Social Responsibility Committee

Mr. Sanjay Katyal	Chairman
Mr. K N Subramaniam	Member
Ms. Gopika Pant	Member
Mr. Rajeev Dogra	Member
Mr. Bharat Dev Singh Kanwar	Chairman (upto January 31, 2019)
Mr. Vinod Kumar Singh	Member (upto April 23, 2019)

Chief Financial Officer

Mr. Madan Singh Sisodia	Upto May 14, 2019
Mr. Tushar Jain	With effect from May 15, 2019

Company Secretary
Ms. Richa Porwal

Auditors
Deloittee Haskins & Sells LLP, Chartered Accountants Gurgaon

Technical Collaborators
GKN Driveline International GmbH, Germany

Bankers
HDFC Bank Ltd.
The Hongkong and Shanghai Banking Corporation Ltd.
Citibank N.A.
State Bank of India
Indian Bank

Registered Office & Faridabad Works
270, Sector 24
Faridabad 121 005 (Haryana)
Tel: +91 (129) 4091100, 6621300
Fax: +91 (129) 6621349
Group Website: www.gknautomotive.com

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

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

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

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

GKN Driveline (India) Limited
CIN: U74999HR1985PLC034079
Regd. Office: Plot No. 270, Sector 24,
Faridabad 121005 (Haryana), India
Tel : +91 (129) 4091100, 6621300
Fax: +91 (129) 6621349
Email: gdi.stakeholder@gknautomotive.com
Group website: www.gknautomotive.com

NOTICE OF 34th ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of members of GKN Driveline (India) Limited (CIN U74999HR1985PLC034079) ("the Company") is scheduled to be held on **Tuesday, January 28, 2020 at 11:00 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, 2019 including audited Balance Sheet as at March 31, 2019, 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. Jonathon Colin Fyfe Crawford (DIN-08370872) who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

3. Appointment of Mr. Jonathon Colin Fyfe Crawford as Director:

"RESOLVED THAT Mr. Jonathon Colin Fyfe Crawford (DIN-08370872) who was appointed as Additional Non-Executive Director of the Company with effect from 27th February 2019 in the Board meeting held on 27th February 2019 in terms of provision of Section 161 of the Companies Act, 2013 & Article 114 of Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company."

4. Appointment of Mr. Matthew Richard Nozemack as Director:

"RESOLVED THAT Mr. Matthew Richard Nozemack (DIN-08351828) who was appointed as Additional Non-Executive Director of the Company with effect from 27th February 2019 in the Board meeting held on 27th February 2019 in terms of provision of Section 161 of the Companies Act, 2013 & Article 114 of Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company."

5. Appointment of Mr. Sanjay Katyal as Managing Director and revision in remuneration thereof:

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

"RESOLVED THAT Mr. Sanjay Katyal (DIN-08354025) who was appointed as Additional Director of the Company with effect from 1st February 2019 in the Board meeting held on 27th February 2019 in terms of provision of Section 161 of the Companies Act, 2013 & Article 114 of Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company.

RESOLVED FURTHER 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, Mr. Sanjay Katyal (DIN-08354025) be and is hereby appointed as Managing Director of the Company with effect from 1st February 2019 to 29th January 2022, on terms and conditions as given and agreed between the Company and Mr. Sanjay Katyal by entering into an agreement, which is presented in this meeting.

1.	Remuneration	-	Basic salary Rs. 2,801,124/- per annum.
2.	Perquisites, Allowances & Retirement Benefits:		
a.	House Rent Allowance	:	Rs. 1,680,672 /- per annum.
b.	Medical Reimbursement	:	Rs. 15,000/- per annum.
c.	Leave Travel Concession	:	Expenses to be incurred for Mr. Sanjay Katyal and his dependents to the maximum of Rs. 233,427/- per annum.
d.	Car and Telephone	:	The Company will provide a car with driver for use on Company's business as well as for personal use. The Company will also provide a telephone at Mr. Sanjay Katyal's place of residence for official and personal local calls.
e.	Provident Fund	:	Rs. 336,165/- per annum, being the contribution to provident fund.
f.	Group Accident and Mediclaim Insurance	:	In accordance with the rules of the Company.
g.	Superannuation	:	Rs. 420,169/- per annum
h.	Gratuity	:	As per the payment of gratuity act.
i.	Furnishing*	:	Up to a maximum of Rs. 1,50,000/- as per the Company Policy.
3.	Performance Linked Bonus/ incentive	:	As may be approved by the Board of Directors from time to time.

"RESOLVED FURTHER THAT in accordance with the provisions of Sections 2(78), 197 and Schedule V of Companies Act, 2013, read with rules framed thereunder, as applicable and subject to the Central Government approval, if required, the Company hereby approves the revised remuneration of Mr. Sanjay Katyal, Managing Director of the Company (DIN-08354025) with effect from July 1, 2019 upon the terms and conditions (including the minimum remuneration to be paid in event of loss or inadequacy of profits in any financial year during his tenure) as set out below and also in the explanatory statement which forms part of this resolution and as mentioned in the Agreement submitted to this meeting and signed by the Chairman for the purpose of identification:

1.	Remuneration	-	Basic salary Rs. 3,200,000/- per annum.
2.	Perquisites, Allowances & Retirement Benefits:		
a.	House Rent Allowance	:	Rs. 1,920,000/- per annum.
b.	Medical Reimbursement	:	Rs. 15,000/- per annum.
c.	Leave Travel Concession	:	Expenses to be incurred for Mr. Sanjay Katyal and his dependents to the maximum of Rs. 266,667/- per annum.
d.	Car and Telephone	:	The Company will provide a car with driver for use on Company's business as well as for personal use. The Company will also provide a telephone at Mr. Sanjay Katyal's place of residence for official and personal local calls.
e.	Provident Fund	:	Rs. 384,000/- per annum, being the contribution to provident fund.
f.	Group Accident and Mediclaim Insurance	:	In accordance with the rules of the Company.
g.	Superannuation	:	Rs. 480,000/- per annum
h.	Gratuity	:	As per the payment of gratuity act.
i.	Furnishing*	:	Up to a maximum of Rs. 1,50,000/- as per the Company Policy.
3.	Performance Linked Bonus/ incentive	:	As may be approved by the Board of Directors from time to time.

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 one time lump sum amount for INR 196,078/- for performance of 2018 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. Payment of remuneration to Mr. Madan Singh Sisodia as 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 February 1, 2019 and July 1, 2019 respectively:

S No.	Particulars	Remuneration upto 31st January 2019	Remuneration effective from 1st February 2019	Remuneration effective from 1st July 2019
1.	Remuneration	Basic salary Rs. 3,186,324/- per annum	Basic salary Rs. 3,504,953/- per annum	Basic salary Rs. 3,750,300/- per annum
2.	Perquisites, Allowances & Retirement Benefits:			
a)	House Rent Allowance	Rs. 1,911,794/- per annum	Rs. 2,102,972/- per annum	Rs. 2,250,180/- per annum
b)	Medical Reimbursement	Rs.15,000/- per annum.	Rs.15,000/- per annum.	Rs. 15,000/- per annum.
c)	Leave Travel Concession	Expenses to be incurred for Mr. Madan Singh Sisodia and his dependents to the maximum of Rs. 265,527/- per annum	Expenses to be incurred for Mr. Madan Singh Sisodia and his dependents to the maximum of Rs. 292,079/- per annum	Expenses to be incurred for Mr. Madan Singh Sisodia and his dependents to the maximum of Rs. 312,525/- per annum
d)	Car and Telephone	The Company will provide a car with driver for use on Company's business as well as for personal use. The Company will also provide a telephone at Mr. Madan Singh Sisodia's place of residence for official and personal local calls.	The Company will provide a car with driver for use on Company's business as well as for personal use. The Company will also provide a telephone at Mr. Madan Singh Sisodia's place of residence for official and personal local calls.	The Company will provide a car with driver for use on Company's business as well as for personal use. The Company will also provide a telephone at Mr. Madan Singh Sisodia's place of residence for official and personal local calls.
e)	Provident Fund	Rs. 382,359/- per annum, being the contribution to provident fund	Rs. 420,594/- per annum, being the contribution to provident fund	Rs. 450,036/- per annum, being the contribution to provident fund
f)	Superannuation	Rs. 477,949/- per annum	Rs. 525,743/- per annum	Rs. 562,545/- per annum
g)	Group Accident and Mediclaim Insurance:	In accordance with the rules of the Company.	In accordance with the rules of the Company.	In accordance with the rules of the Company.
h)	Gratuity	As per the payment of gratuity Act.	As per the payment of gratuity Act.	As per the payment of gratuity Act.
i)	Furnishing	Up to a maximum of Rs. 1,50,000/- as per the Company Policy	Up to a maximum of Rs. 1,50,000/- as per the Company Policy	Up to a maximum of Rs. 1,50,000/- as per the Company Policy
3	Performance Linked Bonus/ incentive:	As may be approved by the Board of Directors from time to time	As may be approved by the Board of Directors from time to time	As may be approved by the Board of Directors from time to time

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 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. Appointment and payment of remuneration to Mr. Rajeev Dogra as Executive Director:

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

"RESOLVED THAT Mr. Rajeev Dogra (DIN-05270378) who was appointed as Additional Director of the Company with effect from 15th May 2019 in the Board meeting held on15th May 2019 in terms of provision of Section 161 of the Companies Act, 2013 & Article 114 of Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company.

RESOLVED FURTHER 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 to the payment of remuneration to Mr. Rajeev Dogra (DIN 05270378), Executive Director of the Company on following terms and conditions with effect from May 15, 2019.

1.	Remuneration	-	Basic salary Rs. 2,869,632/- per annum
2.	Perquisites, Allowances & Retirement Benefits:		
a.	House Rent Allowance	:	Rs. 1,721,779/- per annum
b.	Medical Reimbursement	:	Rs.15,000/- per annum.
c.	Leave Travel Concession	:	Expenses to be incurred for Mr. Rajeev Dogra and his dependents to the maximum of Rs. 239,136/- per annum
d.	Car and Telephone	:	The Company will provide a car with driver for use on Company's business as well as for personal use. The Company will also provide a telephone at Mr. Rajeev Dogra's place of residence for official and personal local calls.
e.	Provident Fund	:	Rs. 344,356/- per annum, being the contribution to provident fund
f.	Superannuation	:	Rs. 430,445/- per annum
g.	Group Accident and Mediclaim Insurance:	:	In accordance with the rules of the Company.
h.	Gratuity	:	As per the payment of gratuity Act.
i.	Furnishing*	:	Up to a maximum of Rs. 1,50,000/- as per the Company Policy
3.	Performance Linked Bonus/ incentive	:	As may be approved by the Board of Directors from time to time

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 one time lump sum amount for INR 143,481/- for performance of 2018 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. **Approval for payment of Managerial remuneration for FY 2018-19 and advance approval for Managerial remuneration for next 3 years:**

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

"RESOLVED THAT based on the approval of Board of Directors, the provisions of the Section 197 of the Companies Act, 2013 (the "Act") read with Schedule V of the Act, and other applicable provisions, if any, of the Act and the Rules framed thereunder (including any statutory amendment(s), Modifications(s) or re-enactment(s) thereof) and the Articles of Associations of the Company, and without requiring approval of the Central Government, the approval of the Members be and is hereby accorded for the remuneration paid to Mr. Bharat Dev Singh Kanwar, Managing Director (DIN-00428180) from April 1, 2018 upto 31st January 2019 including severance pay, Mr. Sanjay Katyal, Managing Director (DIN-08354025) with effect from February 1, 2019 upto 31st March 2019, Mr. Madan Singh Sisodia, Executive Director (DIN-08111748) from May 08, 2018 to March 31, 2019 and Mr. Vinod Kumar Singh, Executive Director (DIN-08111688) from May 08, 2018 to March 31, 2019, total remuneration paid which is in excess of maximum remuneration permissible under the Act.

RESOLVED FURTHER THAT the approval of the Members be and is hereby accorded for waiver of recovery of the excess remuneration paid to Mr. Bharat Dev Singh Kanwar, Managing Director, up to 31st Jan 2019 if permissible by the Act and the Rules framed thereunder.

RESOLVED FURTHER THAT approval of members be and is hereby granted for paying managerial remuneration to the Key Managerial Personnel as approved by the board for next three Financial years."

Members are also informed that the Company had applied for extension of time limit for holding its Annual General Meeting for the financial year ended on 31st March, 2019, by 3 months. The approval was granted by Registrar of Companies, Delhi under the powers vested by virtue of Section 96(1) of the Companies Act 2013.

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

Sd/-
Richa Porwal
Company Secretary
FCS- 8318

Date : December 24, 2019
Place: New Delhi

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

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. In case of joint holders attending the meeting, only such joint holders who are higher in order of the names will be entitled to vote at the meeting.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. Electronic copy of the Notice of the 34th 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 34th 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.

19. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 34th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on 25th January 2020 (9:00 am) and ends on 27th January 2020 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st January 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-voting are as under:

The procedure to login to e-Voting website consists of two steps as detailed hereunder:

Step 1: Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password 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 will be as per details given below :

   a) **For Members who hold shares in demat account with NSDL:** 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******).

   b) **For Members who hold shares in demat account with CDSL:** 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12************** then your user ID is 12**************).

c) **For Members holding shares in Physical Form:** EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***).

5. Your password details are given below:

   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need 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, your 'initial password' is communicated to you on your postal address.

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.

   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.

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of the Company.

4. Now you are ready for e-Voting as the Voting page opens.

5. 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.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. 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 (**cs.ranjeet@gmail.com and rpa@rpalegal.com**) to with a copy marked to evoting@nsdl.co.in.

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.

VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.

VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21st January 2020.

X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 21st January 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.

XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

XIII. Mr. Ranjeet Pandey, Proprietor, Ranjeet Pandey & Associates, Practicing Company Secretaries, (Membership No. FCS- 5922) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

XIV. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" or "Poling Paper" for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.

XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XVI. The Results declared along with the report of the Scrutinizer shall be placed on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

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. 2,3, 4,5, 6, 7 and 8 in the accompanying Notice.

Item No. 2

Profile of Mr. Jonathon Colin Fyfe Crawford:

Mr. Jonathon Colin Fyfe Crawford is Executive Director of GKN plc since April 19, 2018. He serves as Company Secretary of Melrose Industries PLC. Mr. Crawford has been Group General Counsel at Melrose plc since 2010. He was part of the private equity teams at Minter Ellison and then Clayton Utz in Sydney, before joining Clifford Chance in London in 2005 in its private equity practice. He served as a Member of the Administrative Board at Elster Group SE. Mr. Crawford holds a Bachelor of Arts and Law from the University of New South Wales and qualified as a lawyer in 2002.

None of the directors, Key Managerial Personnel or their relatives except Mr. Jonathon Colin Fyfe Crawford is concerned or interested in this resolution.

The Board recommends the resolutions set out in Item No. 2 for the approval of members.

Special Business

Item No. 3

Appointment of Mr. Jonathon Colin Fyfe Crawford as Director:

The Board of Directors appointed Mr. Jonathon Colin Fyfe Crawford as Additional Director of the Company with effect from Feb 27, 2019. Under Section 161 of the Companies Act, 2013, as amended to date, Mr. Jonathon Colin Fyfe Crawford will cease to hold office at this Annual General Meeting and is eligible for appointment.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr Jonathon Colin Fyfe Crawford for the office of a Director of the Company.

Mr. Jonathon Colin Fyfe Crawford is Executive Director of GKN plc since April 19, 2018. He serves as Company Secretary of Melrose Industries PLC. Mr. Crawford has been Group General Counsel at Melrose plc since 2010. He was part of the private equity teams at Minter Ellison and then Clayton Utz in Sydney, before joining Clifford Chance in London in 2005 in its private equity practice. He served as a Member of the Administrative Board at Elster Group SE. Mr. Crawford holds a Bachelor of Arts and Law from the University of New South Wales and qualified as a lawyer in 2002.

None of the directors, Key Managerial Personnel or their relatives except Mr. Jonathon Colin Fyfe Crawford is concerned or interested in this resolution.

The Board recommends the resolutions set out in Item No. 3 for the approval of members.

Item No. 4

Appointment of Mr. Matthew Richard Nozemack as Director:

The Board of Directors appointed Mr. Matthew Richard Nozemack as Additional Director of the Company with effect from Feb 27, 2019. Under Section 161 of the Companies Act, 2013, as amended to date, Mr. Matthew Nozemack will cease to hold office at this Annual General Meeting and is eligible for appointment.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr Matthew Richard Nozemack for the office of a Director of the Company.

Mr. Matthew Richard Nozemack graduated from Boston College with a Bachelor of Science in accounting in 1995. Subsequently, Mr. Matthew earned a Juris Doctor degree from Washington & Lee University School of Law and a Masters of Business Administration degree from Emory University. Mr. Matthew has been qualified to practice law in Georgia, USA since 1999. Mr. Matthew joined Melrose in 2010 as General Counsel – North America. Mr. Matthew remains in this position and as part of his role, he is appointed as a director to a number of Melrose group companies.

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

The Board recommends the resolutions set out in Item No. 4 for the approval of members.

Item No. 5

Appointment and payment of remuneration to Mr. Sanjay Katyal as Managing Director:

The Board approved the appointment of Mr. Sanjay Katyal as Managing Director of the Company held on 27th Feb 2019 w.e.f. 1st February 2019.

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 27 year of post qualification experience.

He has been working with GKN since August 1992. He has worked in various engineering roles like Quality, ME, Production, Operations, Lean Enterprises and Projects. Thereafter he assumed various roles like Supply Chain, Oragadam 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 stock turn 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.

An agreement has been entered between the Company and Mr. Sanjay Katyal which contains the terms and conditions 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. Sanjay Katyal is Non-Rotational Director.

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

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

Item No. 6

Payment of remuneration to Mr. Madan Singh Sisodia as Executive Director:

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 21 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. 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 2017. Apart from this handled transfer pricing litigation on Group Recharges & Royalty with revenue. Successful execution of MAP in UK and APA in India and outcome decided in favour of GKN Driveline. In terms of Governance GDI scored many times 4/4 in GRIP audits and Good ratings in corporate audits.

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 GKN Driveline (India) Limited Provident Fund Trust, Superannuation Trust and Gratuity Trust.

In case of losses or inadequate profits, Mr. Madan Singh Sisodia 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. Madan Singh Sisodia is concerned or interested in this Resolution.

The Board commends the resolutions set out in Item no. 6 for the approval of Members.

Item No. 7

Appointment and payment of remuneration to Mr. Rajeev Dogra as Director:

The Board of Directors appointed Mr. Rajeev Dogra as Additional Director of the Company with effect from May 15, 2019. Under Section 161 of the Companies Act, 2013, as amended to date, Mr. Rajeev Dogra will cease to hold office at this Annual General Meeting and is eligible for appointment.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Rajeev Dogra for the office of a Director of the Company.

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 viz. Head – Dharuhera Plant and Project Leader for setting up Oragadam Plant near Chennai and General Manager - North Operations. At present he is Senior Value Stream Manager.

In addition to this Mr. Rajeev Dogra is trustee with GKN Driveline (India) Limited Provident Fund Trust, Superannuation Trust and Gratuity Trust.

In case of losses or inadequate profits, Mr. Rajeev Dogra 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. 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

Approval for payment of Managerial remuneration for FY 2018-19:

During the Financial Year 2018-19, the Managerial remuneration is paid to Mr. Bharat Dev Singh Kanwar, Managing Director, Mr. Sanjay Katyal, Managing Director, Mr. Madan Singh Sisodia, Executive Director and Mr. Vinod Kumar Singh, Executive Director. The total managerial remuneration exceeded the limit under Section 197 of the Companies Act, 2013. The details are as follows;

S No.	Name and designation of Managerial person	Amount paid during the FY 2018-19 (INR)
1	Mr. Bharat Dev Singh Kanwar, Managing Director	46,145,128
2	Mr. Sanjay Katyal, Managing Director	1,538,500
3	Mr. Madan Singh Sisodia, Executive Director	6,541,845
4	Mr. Vinod Kumar Singh, Executive Director	6,330,520

The Members are requested to grant their approval for waiver of recovery of the excess remuneration paid to Mr. Bharat Dev Singh Kanwar, Managing Director till 31st Jan 2019, during the Financial Year 2018-19 in terms of section 196 and 197 of the Companies Act 2013 without requiring approval of the Central Government. This is approved by the Board and recommended to members for approval.

None of the Directors / Key Managerial Personnel of the Company / their relatives, are, in any way, concerned or interested, financially or otherwise, in the said special resolution.

The Board recommends the Special Resolution set out in the Item No. 8 for approval of the Members.

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

Sd/-
Richa Porwal
Company Secretary
FCS- 8318

Date : December 24, 2019
Place: New Delhi

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, 2019, the Company made net turnover of INR 10,776 Mn and profit before tax of INR 504 Mn. Whereas in the financial year ended March 31, 2018, the Company had registered net turnover of INR 10,677 Mn and profit before tax of INR 1,279 Mn.
5.	Export performance and net foreign exchange collections	During the Financial year ended March 31, 2019, the Company posted export earning of INR 220 Mn in comparison to export earning of INR 622 Mn in the financial year ended March 31, 2018.
6.	Foreign Investments or collaborators, if any.	During the period, the Company did not make any foreign investments or executed any foreign collaboration. The Company is having technical collaboration with GKN Driveline International GmbH, Germany since 2003 and under the collaboration agreement the Company draws various state of the art technologies from GKN.

II. INFORMATION ABOUT THE APPOINTEE

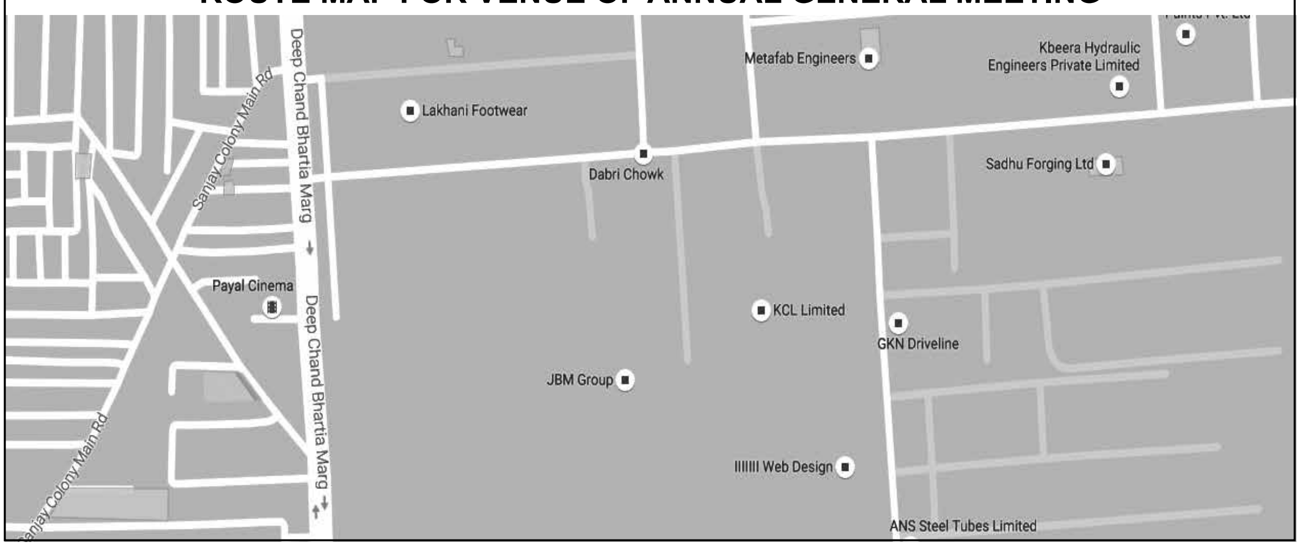
Sl. No	Particulars / Subject	Information
1.	Background Details	Mr. Sanjay Katyal born on 13th October 1966 is an Engineering Graduate from National Institute of Technology, Kurukshetra and Post Diploma in Production Engg. From Haryana Technical Education Board with 27 year of post qualification experience. He has been working with GKN since August 1992. He has worked in various engineering roles like Quality, ME, Production, Operations, Lean Enterprises and Projects. Thereafter he assumed various roles like Supply Chain, Oragadam 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 stock turn 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.
2.	Past remuneration	Not Applicable.
3.	Job profile and his suitability	The Board of Directors has bestowed Mr. Sanjay Katyal with powers of the management, subject to its supervision and control. Under his superior effort and pragmatic leadership, the Company has progressed steadily. In view of his enriched experience, appreciable contribution and enlarged leadership, the Board proposes his appointment for the aforesaid period as per the details stated in Resolution No. 05 of the Notice.

4.	Remuneration proposed	Salary, perquisites and other terms are fully set out in the Resolution No.05 of the Notice.
5.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	The proposed remuneration is comparative with the remuneration being paid to Chief Executive Officers & Managing Directors of same industry/ size companies.
6.	Pecuniary relationship directly or indirectly with the Company personnel, if any.	Mr. Katyal does not have any pecuniary relationship directly or indirectly in the Company. However, he holds 24/12773061 equity shares of the company which are negligible.

III. OTHER INFORMATION

Sl. No	Particulars / Subject	Information
1.	Reason of loss or inadequate profits.	The company has earned a profit before tax of INR 504 Mn and profit after tax of INR 137 Mn. The profit before interest, tax and depreciation (EBITDA) is INR 1142 Mn (10.60%) as compared to INR 1718.54 Mn (16.10 %) in previous year mainly provision for contingencies and tax matters, INR 184 Mn, increase in provision for Business auxiliary service charges INR 110 Mn, increase in provision for slow moving inventory INR 79 Mn and impairment loss on VL cells INR 54 Mn.
2.	Steps taken or proposed to be taken for improvement.	The company is planning on cost rationalization through headcount reduction, implementation of solar power projects, product localization by expanding manufacturing facility at its Pune plant and inauguration of new assembly facility at its Kadi plant in Gujarat. Your company is also expected to win some new businesses from existing customers.
3.	Expected increase in the productivity and profits in measurable terms.	The Company believes that the aforesaid measures would increase the revenue and profit margin of the Company. The Company's net forecasted sale & Operating profit before interest, tax and depreciation are INR 10,326 Mn, INR 10,694 Mn & INR 1,599 Mn, and INR 1,531Mn respectively for calendar year 2019 and 2020.

ROUTE MAP FOR VENUE OF ANNUAL GENERAL MEETING



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 34th Board Report on the audited Accounts of the Company for the financial year ended March 31, 2019.

FINANCE

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

	Apr 1, 2018 to Mar 31, 2019	Apr 1, 2017 to Mar 31, 2018
Revenue from Operations (net of excise duty)	10,775.84	10,676.83
Other Income	150.45	24.92
Profit /(loss) before Tax, Interest and Depreciation (EBITDA)	1,141.80	1,718.54
Profit /(loss)before Tax and Depreciation (EBTDA)	908.02	1,649.07
Profit /(loss) before Tax (PBT)	504.52	1,279.39
Tax	367.91	492.04
Net Profit	136.61	787.35
Other Comprehensive Income/loss	6.97	(0.74)
Total Comprehensive Income for the year	143.58	786.61

Financial performance

The Company's top-line showed a marginal increase of 0.93% when current year is compared with previous year. The domestic sale has increased by 2.20 %. The profit before interest, tax and depreciation (EBITDA) is INR 1141.80 Mn (10.60%) as compared to INR 1718.54 Mn (16.10 %) in previous year mainly due to provision for contingencies and tax matters, INR 184 Mn, increase in provision for Business auxiliary service charges INR 110 Mn, increase in provision for slow moving inventory INR 79 Mn and impairment loss on VL cells INR 54 Mn.

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, 2019 and of the profit of the company for that year.

STATE OF THE COMPANY'S AFFAIRS AND OPERATIONS

Focus in 2018-19 continued to be on maintenance of harmonious industrial relations and improvement in productivity and production excellence.

Chennai plant was awarded 4-star rating for commitment to EHS practices by CII South Zone. It successfully crossed 1200 safe man days. It was also awarded from Toyota in two categories viz: Zero PPM and 100% delivery award for the year 2018. Further, the ORA team Won 3 Gold Award and One Silver Award in Quality circle competition conducted by QCFI in the month of September'18. In the area of customer rating, rating from RNAIPL improved from L2 to L1. Also, Hyundai and Ford rating was certified and also sustained.

Dharuhera plant received Quality circle award from CII (2nd runner up in competition of 26 companies). It also received QCFI quality circle gold award with the same team that participated in CII competition. It also received gold rating in manufacturing category in National 5S Excellence awards from CII. Industrial relations have been cordial during the year with LTA settlement under progress.

Faridabad plant promoted safe working at work, Auto fire suppression system installed on both cage cell grinders – 6 nos. to prevent loss due to fire. Safety Kiosk was installed for visitor safety trainings. PNG installed in canteen for safe and cheap fuel. FAR team won "Best Environmental Practices" in CII Northern region competition. FAR Reception was renovated as per GKN Standards and SCM shed increased to improve traceability and better FIFO. Cordial relationship continued with union despite of wage negotiations pending and all customer demand was successfully met inspite of delivery issues of forging suppliers

Pune plant increased its capacity by installing new equipment. Plant has maintained “No Union” Status. The plant is currently focusing on expanding capacities to deliver the growth committed. Plant expansion activity is under progress. BAL Gold Consistent (Quality category) award received. Received PUNE BEST EMPLOYER BRAND AWARD 2018 by world HRD congress in an event held in Pune.

Kadi plant operations kick started from 12th April 2019. It successfully completed audit of “Maruti Inspection Standard for Parts revalidation” (Maruti Inspection Standard for Parts) on 17th April 2019 by SMG (Suzuki Motors Gujarat).

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

No amount was transferred to reserves during the year.

DIVIDEND

No dividend was declared or paid during financial year 2018-19.

INDEPENDENT AUDITORS AND AUDITORS’ REPORT

M/s. Deloitte Haskins & Sells LLP, Gurugram were re-appointed as Statutory Auditors of the Company at the last Annual General Meeting. 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. The auditors have emphasized on Operating agreement and its termination which is explained later in this report.

CAPITAL AND OTHER COMMITMENTS

(Rs in Mn)

Particulars	As at 31.03.2019	As at 31.03.2018
Capital commitments		
(a) Estimated value of contracts in capital account remaining to be executed.	172.49	50.90

FOREIGN CURRENCY OUTFLOW IN 2018-19

Foreign Currency	Amount (In Mn)	INR (Mn)
JPY	124.77	75.43
EUR	10.03	839.42
USD	10.66	724.05
GBP	6.06	559.63

FOREIGN CURRENCY INFLOW IN 2018-19

Foreign Currency	Amount (In Mn)	INR (Mn)
USD	3.18	219.34
EUR	0.001	0.078

CHANGE IN NATURE OF BUSINESS

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

CONSERVATION OF ENERGY

<u>Steps taken and impact on conservation of energy:</u>

During the year 2018-19, Company initiated various steps for conserving electricity.

- installation of Solar power plant capacity of 70 KW at Dharuhera plant solar power generated 90000 units saved with annual savings of INR 1080 K against the investment of INR 41000 K. Single switch (ON/OFF) for all fans & lights on each assembly lines was installed To save electricity.
- installation of Solar power plant capacity of 200 KWp at Faridabad plant which generated 4.40 Lakh units of solar power with annual savings approx. INR 4400K against the investment of INR 14.5Mn. Replacement of energy efficient compressed air Compressor of 1200 cfm. Amount invested was INR 2500 K as against energy conservation of INR 485 K. Further energy was Conserved through Solar Street light & LED equipped lighting with no convectional lighting in the plant.

- Installation of inverter type energy efficient air conditioner in place of existing old ACs, at Dharuhera & Faridabad plant.
- At ORA plant savings of INR 111 K was achieved through replacement of CFL into LED equipped lighting system -. Optimization of compressed air through auto shutoff air feeders while no production and structured actions to reduce leakages in distribution lines saved INR 114 K. ORA-PF induction heater energy losses reduced by 10 % through, heating coil diameter reduction from 70 Diameter to 55 diameter for 48 diameter billets. INR 99 K saved through this project. GKN – ORA TNEB unit cost reduced INR 1 / Unit, through GCP (Group captive power) power purchasing (private power) INR 184 K saved through this activity in 2019.
- The total saving in Pune plant from conversion of air cooled oil chiller to water cooled was INR 944 K and Energy saving by Optimizing Compressor pressure was INR 2400 K annual.

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:

<u>Auto Industry India:</u>

As per the data released by SIAM, Indian automotive industry produced a total 30.9 Mn vehicles comprising passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2019 as against 29.09 Mn in April-March 2018, registering a growth of 6.26% over the same period last year. The segment-wise data is as below:

	Production			Domestic Sales			Exports		
	2017-18	2018-19	Growth	2017-18	2018-19	Growth	2017-18	2018-19	Growth
Passenger Cars	2,746,658	2,710,055	-1.33%	2,174,024	2,218,549	2.05%	580,153	513,907	-11.42%
Utility Vehicles	1,093,346	1,098,578	0.48%	922,322	941,461	2.08%	166,317	158,252	-4.85%
Vans	180,263	217,412	20.61%	192,235	217,426	13.10%	1,896	4,029	112.50%
Passenger Vehicles	4,020,267	4,026,045	0.14%	3,288,581	3,377,436	2.70%	748,366	676,188	-9.64%

The current scenario of automotive market is as below:

	January to March : 2018 & 2019								
	Production			Domestic Sales			Exports		
	2018	2019	Growth	2018	2019	Growth	2018	2019	Growth
Passenger Cars	719719	669321	-7.00%	554468	528710	-4.65%	145685	126546	-13.14%
Utility Vehicles	305130	303633	-0.50%	257587	259238	0.64%	44537	38118	-14.41%
Vans	48500	61718	27.25%	49473	56267	13.73%	645	1219	88.99%
Passenger Vehicles	1073349	1034672	-3.60%	861528	844215	-2.01%	190867	165883	-13.09%

Moody's Investors Service, on 10th October, 2019 cut India's gross domestic product (GDP) growth forecast for 2019-20 to 5.8% from the earlier estimate of 6.2%. It expects growth to pick up to 6.6% in FY 21 and around 7% over the medium term.

HUMAN RESOURCES

Human Resource Management has remained focused on the following:

1. **Employees – Development-Employee Empowerment- Employee Engagement**
2. **Climate Building**
3. **Employee productivity and cost**
4. **Talent management, diversity and inclusion**
5. **Employee engagement and happiness**
6. **Strength based organisation, & Sound Employee Relation**

1) **Employees – Development-Employee Empowerment- Employee Engagement**

- GKN believes in the culture of Participative Management, which cover all employees of GKN. The Company has opted for 'Open Door Policy' in the organization. Each of the employees are allowed to 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 forward their issues before Management. All employees are involved in decision-making process through various Committees / forums and Cross Functional Teams.
- In other words, the Company has set up adequate forums for Redressal of grievances of Associates. All associates are allowed to take part and attend these forums & seek Redressal of their grievances, if any. Some of these formal forums are as follows:
  1. Monthly Communication Meeting
  2. Cafeteria Committee Meeting
  3. Safety Committee Meeting
  4. Grievance Handling Procedure
  5. HR Help Desk (Under Development)
  6. Anti-Harassment Policy
  7. Sunrise and Sunset Meetings.

2) **Climate Building**

1. Employee Motivation

a) Sports & Recreational Activities.

b) Event Management

c) Skill Enhancement / Self Development Training Programs

2. Talent Management

a) Development Centers

b) Individual Development Programs (IDPs)

3. Reward & Recognition

a) Best Employee of the Month

b) Best Employee of the Year

c) Suggestion Scheme

d) Appreciation Award

e) On-the-Spot Award

f) Long Service Award

4. Business Excellence

a) 5 "S"

b) Kaizen

c) Quality Circle

d) IMS (ISO 9001, ISO 14001, OHSAS 18001) Certification

e) TQM

f) TPM

g) Suggestion Scheme

h) On-the-job Training Programs

POSH

- Making a clear distinction between accepted and unaccepted social interactions,
- Deploying an effective sexual harassment complaint resolution mechanism and
- Providing a framework for educational initiatives to increase the awareness levels on recognizing and dealing with incidents of sexual harassment in the workplace.

3) Employee productivity and cost

- The Human Resources Management (HRM) function has driven changes in striking a balance between business needs and individual aspirations. HRM focus is on improving the way of life, work culture, employee engagement, productivity, effectiveness and efficiency.

4) Talent management, diversity and inclusion

- Training, development and the recruitment of the next generation of employees is an ongoing focus; Company's comprehensive in-house training calendar of Management Development Programs covers a blend of functional and soft skills development of employees. To continuously develop human resource at all levels, the Company focused on:
  a) Core Foundation knowledge
  b) Functional Development
  c) Business Development
  d) Leadership Development
- These initiatives are part of succession planning and professional development. Measures for training and development that focused on ethics and compliance, safety of the employees and environmental awareness received the top priority of the management.

5) Employee engagement and happiness

- We continue to invest in and measure our employee engagement, and to further improve connect with employees with Outside Agency Gallup Survey "Engage Me". Through Internal PCI (Performance Climate Index Survey) Company's endeavour is to improve on its strengths and address the right concerns of employees for improvement in organizational culture and work life of employees through partnering with them. The organization structure, work and people allocation are being periodically re-calibrated to cater to current and future business requirements, and to further improve efficiency and focus on key business areas requiring specialized expertise for execution. The focus is to have right structure to support the business with adequate responsibility and accountability for performance deliveries. Towards this end, talent rationalization is a continuous exercise through which Company drives for optimum employee engagement and productivity.

6) Strength based organisation & Sound Employee Relation

- The human resource (HR) strategy is focused on creating a performance-driven environment in the Company, where innovation is encouraged, performance is recognised, and employees are motivated to realise their potential. The Company believes in a strong performance driven culture and the Performance Management System (PMS) ensures that the Company derive the best from its talent. With an aim to align individual competencies with available organizational opportunities, the Company continues to provide career planning support for employee development and organizational growth. Regarding industrial relations, the Company continues to manage the process by aligning workforce with business.
- The harmony and strength of Industrial Relations has gone a step further, with the successful culmination of wage settlements for the employees of Faridabad, Dharuhera & Oragadam units with a win-win proposition for all stakeholders. The employer-employee relations throughout the period remained cordial.

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 MGT 9 attached with this Report.

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 2018-2019. 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 spends time, effort and money on different CSR projects with Non-Government Organizations for Education of the Children of Brick Kilns workers (Pranab Kanya Sangh, Faridabad), Rehabilitation of Multiple Disabled Children (Association for the welfare of the Handicapped for Multiple Disabled Children, Faridabad), Sewing and Beautician Centre for Women (Uday Society for Development, Faridabad) and Sewing and Beautician Centre for Women (Company operated, Dharuhera).

In addition to above, during the year, the company undertook several other CSR projects viz. painting and renovation of school buildings, construction of cooking room, playground area at a slum school near Oragadam plant, construction of washroom facilities as a part of infrastructure upgradation at NAIRH govt. school, Faridabad for specially abled children and other locations for common public. Construction of classrooms and library at Zila parishad school, PUN. Anganwari school revamp and solar power units installation at slum schools by Dharuhera plant. Total amount spent on CSR activities during the FY 2018-19 was INR 20.89 Mn.

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

LOANS, GUARANTEES OR INVESTMENTS

During the period, the Company has not paid/given any loan, guarantee or investments to any corporate as defined in Section 186 of the Companies Act, 2013.

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, 2019, 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, 2019 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 2018 – March 2019, we achieved zero loss time accident.

ORA - Minor injury incident during setup and change over happened. Workplace Transport & Safety in supply chain area rules were implemented. RFID tag and alarm system was installed in Forklift operation area and loading area.

PUN - Key driver were strengthening system like contractor management, Visitor management & induction programs. Strong focus on behavior based safety & encouraging employee participation via various safety campaigns like video making competition.

DHA - Safety Kiosk installed at entrance for HSE induction to visitors and contractors with automated ID card. DG fuel tank filling made automatic to prevent overflow and accidental spillage. Key drive for MRA and RADAR activities and multiple improvements.

FAR - RFID In forklift area implemented to improve safe working conditions

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.

Corporate Governance

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 through out 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.

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 2018-19. There was no qualification, reservation or adverse 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 2018-19:

During the Financial Year 2018-19, the Managerial remuneration was paid to Mr. Bharat Dev Singh Kanwar, Managing Director, Mr. Sanjay Katyal, Managing Director, Mr. Madan Singh Sisodia, Executive Director and Mr. Vinod Kumar Singh, Executive Director. The total managerial remuneration exceeded the limit under Section 197 of the Companies Act, 2013.

The amount paid to Mr. Bharat Dev Singh Kanwar during the year is in excess by Rs. 21.54 Mn vis a vis the limits specified in section 197 of the Act read with schedule V thereto as the company does not have adequate profits.

The company is in the process of complying with the prescribed statutory requirements to regularize such excess payment, including seeking approval of shareholders.

The remuneration paid details are as follows;

S No.	Name and designation of Managerial person	Amount paid during the FY 2018-19 (INR)
1	Mr. Bharat Dev Singh Kanwar, Managing Director	46,145,128
2	Mr. Sanjay Katyal, Managing Director	1,538,500
3	Mr. Madan Singh Sisodia, Executive Director	6,541,845
4	Mr. Vinod Kumar Singh, Executive Director	6,330,520

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 the Managing Director & 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:*

During the period, Company's Board and its Committees were restructured. The Company's Board comprises of Mr. Adam Touhig – Chairman, Mr.Bharat Dev Singh Kanwar – Managing Director (upto 31st January 2019), followed by Mr. Sanjay Katyal- Managing Director w.e.f. 1st February 2019, Mr. Madan Singh Sisodia - Director, Mr. Jonathon Colin Fyfe Crawford and Mr. Matthew Richard Nozemack as Additional Director wef 27th February 2019, Mr, Rajeev Dogra as Additional Director wef 15th May 2019 and Mr. Krishnamurthy Naga Subramaniam and Ms. Gopika Pant are the Independent Directors as on March 31, 2019. Mr. Vinod Kumar Singh and Mr. Wilson Ng resigned w.e.f 23rd April 2019 and 19th July 2019 respectively.

(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 8th May 2018, 23th August 2018, 22nd November 2018 and 27th February 2019. 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. Bharat Dev Singh Kanwar – Managing Director (upto 31st Jan 19), Mr. Sanjay Katyal- Managing Director (wef 1st Feb 2019), Mr. Madan Singh Sisodia - Chief Financial Officer (upto 14th May 2019), Mr. Tushar Jain - Chief Financial Officer (wef 15th May 2019) and Ms. Richa Porwal - Company Secretary are the designated Key Managerial Personnel of the Company.

Audit and Risk Management Committee

Audit & Risk Management Committee of the Board comprises of Mr. Wilson Ng (Chairman upto 19th July 2019), Mr. Krishnamurthy Naga Subramaniam (Member) and Ms. Gopika Pant (Member). 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 8th May 2018, 23rd August 2018, 22nd November 2018 and 27th February 2019.The number of meetings attended by each director is attached to this report as **Annexure F**.

Nomination & Remuneration Committee

The Board has re-constituted Nomination & Remuneration Committee. The Committee comprises of Mr. KN Subramaniam (Chairperson), Mr. Adam Touhig, Ms. Gopika Pant, Mr. Vinod Kumar Singh (upto 23rd April 2019) 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 three times on 8th May 2018, 23rd August 2018 and 27th February 2019. 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. Wilson Ng, as the Chairman (upto 19th July 2019) and Mr. Bharat Dev Singh Kanwar - Member (upto 31st January 2019), Mr. Madan Singh Sisodia – Member and Ms. Richa Porwal- Company Secretary, Mr. Sanjay Katyal, member wef 1st Feb 2019 . 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 8th May 2018, 23rd August 2018 and 30th October 2018 and 27th February 2019 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 atleast two are independent directors. The CSR Committee of the Board consists of its chairman, Mr. Bharat Dev Singh Kanwar (upto 31st January 2019) - Managing Director, Mr. Sanjay Katyal, Managing Director (wef 1st February 2019) Mr. Vinod Kumar Singh (upto 23rd April 2019)– Director, Mr. K N Subramaniam – Independent Director and Ms. Gopika Pant – Independent Director. 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 2019-2020 was finalized and the projected amount of spent is INR 22.50 Mn approx. The contents of the policy are attached as **Annexure C**.

During the year, the Committee met on 8th May 2018 and 22nd November 2018. 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 in 2018-19 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 S.P.Nagrath & Associates LLP, Chartered Accountants, who conducts internal audit of the company and its four 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 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 2018-19.

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT 9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an **Annexure G** to this Report.

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

Termination of Operating Agreement

The Company entered into an Operating Agreement ("the Agreement") with a fellow subsidiary – GKN Driveline UK Ltd. ("DUK") effective from April 01, 2018, wherein DUK undertakes high value added activities, makes strategic decisions and bears strategic risks and Company carries out execution activities. Pursuant to the Agreement, the Company would get an assured profit margin each year i.e. any excess/shortfall of actual return (i.e., Actual Revenue less Actual Cost of the Company for the accounting period excluding the effect on any fee paid or received) over/below Target Return (i.e., full cost plus mark-up as decided in the beginning of each financial year) shall be payable/recoverable as a variable operating fee/ market support fee to/from DUK.

During the year 2018-19, an amount of Rs. 329.90 Million was accounted for as Operating Fee for the aforesaid services received, out of which Rs. 248.75 Million net of tax deducted at source of Rs. 30.49 Million was remitted by the Company to DUK.

However, the Company and DUK had been in discussions for a review of the aforesaid Agreement, as at March 31, 2019 and as a result of the ongoing discussions, it was mutually agreed to terminate the Agreement with effect from April 01, 2018 with no replacement charge in respect of the services rendered by DUK under the Agreement vide "Termination of Operating Agreement" ("Termination Agreement") dated 23rd Dec 2019. As per Termination agreement, all monies paid by the Company will be refunded by DUK, prior to March 31, 2020.

As the Agreement was being reviewed, the termination of the agreement is considered as an adjusting event and the Management has accordingly made the necessary adjustments in these Ind AS financial statements and the Company has accounted for reversal of the operating fee expense amounting to Rs. 329.90 Million, recorded a receivable from DUK, amounting Rs. 248.75 Million and TDS recoverable amounting Rs. 30.49 Million in these Ind AS financial statements.

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.

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, 2019**		**As at March 31, 2018**	
	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, no complaints with allegations of sexual harassment were received with the Company.

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 behalf of the Board of Directors
GKN Driveline (India) Limited

Sd/-
Madan Singh Sisodia
Executive Director
DIN- 08111748
House No. 364, Sector 46, Faridabad 121010, Haryana, India

Sd/-
K.N. Subramaniam
Independent Director
(DIN 00041843)
C-I-10, AIIMS Residential Campus, Ansari Nagar (East), New Delhi 110029, India

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

Date: December 24, 2019
Place: New Delhi

“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.
- Development of new models of Long Stem Tulips and Precision Forgings.
- Development of New Driveshaft for Global & Indian OEMs (Original Equipment Manufacturer) for Petrol & Diesel vehicles.
- System & Infrastructure: Expanded Application Engineering scope to support for global customers. 2 numbers of Endurance capacity added in Oragadam test centre.
- VAVE, Localization effort: Implementation of New VAVE (Value Analysis / Value Engineering) ideas in Forging, Grease and Boot resourcing Projects.
- Enhanced Application Engineering capabilities by overseas training in GKN line companies.

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

- Won new business from local and global OEMs.
- Response time to customer improved by developing local design capability.
- Reduction in cost of product
- Increase in export business of precision forging parts.

3. Future plan of action

- Development of new generation, Lightweight Joints which help to reduce CO2 emissions.
- Best in Class UTM (Instron make) as per GKN std. rig installation planned in Q3-2019
- Expand NVH (Noise, Vibration & Harshness) analysis capabilities.
- Combining 2 test sites to “ONE” for enhancing all test facilities at GDI.
- Enhance capability of design engineering team to service Asia Pacific customers in Japan / Korea.

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.
    - 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.

- Test engineer trained in Sweden for NVH analysis on vehicle to support Warranty & Chronic NVH concerns from OEM's.
- Forging optimization, boot design change and joint performance bench marking done under VAVE activities.
- WTS (Welded tubular shaft) and MTS (Mono-block Tubular Shaft) Technology introduced for some of new customer programs.
- Engineer trained in Japan for better understanding of Japanese customer way of working.

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 Lightweight 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 < 3days - best among all other sites & Right First Time > 98.5 %, ranking 2nd in all test sites in GKN.

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

	Sd/-	Sd/-	Sd/-
	Madan Singh Sisodia	K.N. Subramaniam	Sanjay Katyal
	Executive Director	Independent Director	Managing Director
	DIN- 08111748	(DIN 00041843)	DIN- 08354025
	House No. 364, Sector	C-I-10, AIIMS Residential	House No. 839, Sector-16,
Date: December 24, 2019	46, Faridabad 121010,	Campus, Ansari Nagar (East),	Faridabad, 121002
Place: New Delhi	Haryana, India	New Delhi 110029, India	Haryana, India

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) Name of the Employee	(2) Designation	(3) Remuneration received;	(4) Nature of employment, (contractual)/ otherwise;	(5) Qualifications and experience	(6) Date of commencement of employment;	(7) Age	(8) Last employment held by such employee before joining the company;	(9) Percentage of equity shares held in the company	(10) Relatioship with any director or manager of the company and if so, name of such director or manager
Bharat Dev Singh Kanwar*	Managing Director	46,145,128	Contractual	Bachelor's Degree- Chemical Engg., Master in Business Administration, U.K. - 41 Years	13 March 2013#	62	Managing Director / Country Head - Dana India	Nil	N.A.
Sanjeev Mehrotra	Plant Director- Faridabad	8,217,986	Employment	Bachelor's Degree- Mech. Engg. & Master in Business Administration - 33 years	02 September 2013	56	Chief Operating Officer, Magneti Marelli Talbros Chassis Systems Pvt. Ltd.	Nil	N.A.
Manish Gupta	Director Sales & Marketing	7,599,733	Employment	Bachelor's Degree- Mech. Engg. & PG Diploma -International Trade & Management & Master in Business Administration - 20 Years	07 February 2014	49	Vice President - Corporate Plannaing, Business Development & Stategy - Krishna Group	Nil	N.A.
Anushka Sharma*	Deputy General Manager	7,365,788	Employment	MSW'1994 & BSC'92 - 24 years	03 January 2007	48	Manager - HR Denso Haryana Pvt Ltd	Nil	N.A.
Shaibal Roy*	Director Conformance / Warranty / Concern - CVJ	7,010,078	Employment	Bachelor's Degree- Mech. Engg. M.Tech - Qualtiy, Relaiabity & Operations Research	14 August 2006	56	Sr. Manager - Clutch Auto Ltd.	Nil	N.A.
Vinod Kumar Singh	Director Human Resources	6,853,376	Employment	Post Graduate Diploma in Business Management - 22 Years	09 March 2015	46	General Manager HR - Bunge India Pvt Ltd	Nil	N.A.
Madan Singh Sisodia	Director Finance	6,541,845	Employment	Chartered Accountant & Cost and Management Accountant - 22 years	12 April 2007	47	Dy. General Manager, General Motors India Pvt. Ltd.	Nil	N.A.
Vikash Kumar Gupta	Plant Director - Pune	6,188,773	Employment	B.E. (Mech) & M.Tech - 20 Years	25 February 2016	43	Director - Operations Ringplus Aqua Ltd.	Nil	N.A.
Sanjay Katyal	Director Supply Chain	5,639,720	Employment	Bachelor's Degree- Mech. Engg. & Post Diploma in Production Engg. - 31 years	12 August 1992	52	Quality Engineer - Eicher Tractors Ltd.	Nil	N.A.
Rajeev Dogra	Director Manufacturing Engineering	5,327,899	Employment	Bachelor's Degree- Mech. Engg. - 30 years	24 August 1990	52	GET- The Printer House, Ballabhgarh	Nil	N.A.

date of appointment as Managing Director. The original date of appointment is January 21, 2013. Re-appointed as Managing Director wef 8th November 2017

* Employment with Company upto 31st January 2019.

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.

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

Sd/-
Madan Singh Sisodia
Executive Director
DIN- 08111748
House No. 364, Sector 46, Faridabad 121010, Haryana, India

Sd/-
K.N. Subramaniam
Independent Director
(DIN 00041843)
C-I-10, AIIMS Residential Campus, Ansari Nagar (East), New Delhi 110029, India

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

Date: December 24, 2019
Place: New Delhi

“Annexure C to the Board Report ”

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
- 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. Vinod Kumar Singh – Executive Director, Mr. K N Subramaniam – Independent Director and Ms. Gopika Pant – Independent Director.

3. Average net profit of the Company for the last three financial years is INR 1034 Mn.

4. Prescribed CSR Expenditure (Two percent of the average net profit) - The total spent required on CSR activities was INR 20.60 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 20.60 Mn as against actual spent of INR 20.89 Mn.

(b) Amount unspent, if any: NIL

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

CSR				Budget			Actual		
Sector	**Project**	**Details**	**No of Beneficiaries**	**Approved Budget (INR MN)**	**Location**	**Sponsor**	**Actual Spent (INR MN)**	**Location**	**Sponsor**
Civil Society and Governance	Road Safety Education to students in Partner with 'Indian Federation of Road Safety'	Children Education on home and Road Safety in Schools	100		ORA			ORA	
		Flooring of buildings	100	0.63	ORA		1.13	ORA	
		Construction of open stage	100		ORA			ORA	
	Upgrade infrastructure at Government school Painting , Maintenance / repair work	Demolition of existing dilapitated building and Construction of new building with class rooms and other rooms, stage, washrooms etc	60	3.00	ORA		3.57	ORA	
		Construction of drinking water tank	60	0.15	ORA		0.15	ORA	
	Infrastructure work at Govt. Primary school Nanu Kalan	> Painting of building walls and roof repair > Solar light installation > Infrastructure (Blackboard, Chairs, Tables, Desk, Kids play area) > Civil work, toilets and drinking water arrangement	550	3	DHA		3.51	DHA	
	Adoption of Anganwadis (4)	> Convert existing Aganwari into Model Aganwari > Solar light installation > Painting of building > Electrical fittings & Other Infrastructure	400	0.55	DHA		0.397	DHA	
Civil Society and Governance	Infrastructure support to NGOs/Schools	Improve schools, old age home, nearby village projects through renovation, painting and creating facilities to current and new projects	500	2.5	FARC		2.839	FARC	
	Adoption of local slum schools	Dining facility, Mattresses for hostel, building infra development, construction of washroom, IT support, drinking water tank, cooler, RO	Local Community	1.5	FAR		1.33	FAR	
	Guru Kripa Seva Ashram (Phase-I, Phase-II & Phase-III), Wagholi	Civil Infrastructure support, beds, cushions, blankets, mattresses, AC/Cooler/Almirahs procurement and installation, Garden development, Quarterly Birthday Celebration, gifts hampers	1 village	1.875	PUN				
Education & Health	Improvement of education standards at Govt. Middle School Village and ITI College, Dungarwas, Rewari	>IT support to schools and ITI College >Smart classes through laptop and projector >Toilet renovation for staff and students	121	0.55	DHA		0.146	DHA	
	Adoption of nearby village	Improve Sanitation (wash rooms),road, drinking water and creation green belt	1000	1.5	FARC				
	ZP School, Gauthan, Lonikand	Library Infrastructure support, Library books, E-learning instruments, RO Plant installation, Furnitures, School Dress, School Bags, Shoes, Raincoat, Sweaters, books etc.	100	1	PUN		2.85	PUN	

	ZP School, Jhirkel Wasti, Lonikand	Infrastructure support, Library books, fencing of school, E-learning instruments, RO Plant installation, Furnitures, School Dress, School Bags, Shoes, Raincoat, Sweaters, books etc.	100	1	PUN		0.725	PUN	
	ZP School & Aanganwadi, Power House, Lonikand	E-learning instruments, Furnitures, School Dress, School Bags, Shoes, Raincoat, Sweaters, books etc., general upkeep and maintenance of school	50	0.5	PUN		0.8	PUN	
	Support underprivileged children	•Continue funding current projects of sponsoring education, nutrition, teachers salary and helping rehabilitation of differently abled children	220	0.48	FAR	Pranab Kanya Sangh, NAIRH	0.51	FAR	Pranab Kanya Sangh, NAIRH
	Support Slum area kids	Help and support the kids of Slum Area for education	1000	0.5	FARC		0.408	FARC	
Education & Health	Kanya Vidhya Dhan Yojana	Help the girls of Slum Area for education	50	0.4	FARC				
	Swachta Abhiyaan at govt school	Toilet (1 for boys and 1 for girls)	1 School	0.6	ORA		0.48	ORA	
	Swachta Abhiyaan at govt school, Sahupura Village, FAR	Toilet for girl students, other sanitation work and RO plant with water cooler	100	0.8	FAR		0.9	FAR	
	Health check up camp at Govt school, Kharkhada	Routine health check up and eye check up	181	0.15	DHA				
	Medical machine/ ambulance donation at govt/charitable hospiital	Donation of Phaco machine to Charitable Eye Hospital, SVK	Poor patients	0.9	FAR		0.78	FAR	
		Donation of Ambulance to a charitable hospital to Shakti Eye bank and hospital, NIT Faridabad	Poor patients	0.7	FAR		0	FAR	
Gender Equality & Women Empowerment	Technical/Vocational skill training for Women/ differently abled people at Rasgon, Dha	Training the Girls / Women on sewing, Beautician and other employment oriented courses. Partner with institutes and provide sewing machines	110	0.24	FAR	NGO - Udai Society	0.24	FAR	NGO - Udai Society
			50 women	0.125	DHA		0.128	DHA	
Environment	Tree Plantation	Planting trees near plant area/ forest area	5000	0.1	FARC		0		
Total Budget for 2018-19/Actual Spent				**22.75**			**20.89**		

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 behalf of the Board of Directors
GKN Driveline (India) Limited

Sd/-
Madan Singh Sisodia
Executive Director
DIN- 08111748
House No. 364, Sector 46, Faridabad 121010, Haryana, India

Sd/-
K.N. Subramaniam
Independent Director
(DIN 00041843)
C-I-10, AIIMS Residential Campus, Ansari Nagar (East), New Delhi 110029, India

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

Date: December 24, 2019
Place: New Delhi

"Annexure D"

SECRETARIAL AUDIT REPORT

For the financial year ended on 31st March 2019

[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, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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 31st March, 2019, 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.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines stated above.

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 to schedule the Board Meetings during the financial year under review, agenda and detailed notes on agenda were sent within timeline 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.

Based on the verification of the records and minutes, 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. However, the company need to be more prompt in regard to compliance of Labour Laws at Plant Locations.

We further report that, during the audit period, there were no major bearing on the Company's affairs in pursuance of the above referred laws, rules regulations, guidelines.

FOR RANJEET PANDEY & ASSOCIATES
COMPANY SECRETARIES

PLACE: NEW DELHI | **CS RANJEET PANDEY**
DATE: 30/04/2019 | **FCS- 5922, CP No.- 6087**

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 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.

OR RANJEET PANDEY & ASSOCIATES
COMPANY SECRETARIES

PLACE: NEW DELHI | **CS RANJEET PANDEY**
DATE: 30/04/2019 | **FCS- 5922, CP No.- 6087**

"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 behalf of the Board of Directors
GKN Driveline (India) Limited

	Sd/-	Sd/-	Sd/-
	Madan Singh Sisodia	K.N. Subramaniam	Sanjay Katyal
	Executive Director	Independent Director	Managing Director
	DIN- 08111748	(DIN 00041843)	DIN- 08354025
	House No. 364, Sector	C-I-10, AIIMS Residential	House No. 839, Sector-16,
Date: December 24, 2019	46, Faridabad 121010,	Campus, Ansari Nagar (East),	Faridabad, 121002
Place: New Delhi	Haryana, India	New Delhi 110029, India	Haryana, India

“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**	**3**	**3**	**4**	**2**
Name of Director/KMP	**DIN/PAN**	**Category**	**Board**	**NRC**	**SRC**	**ARMC**	**CSR**
Helmuth Rohregger (Director upto 9th May 2018)	08004127	Chairman	0	0	NA	NA	NA
Bharat Dev Singh Kanwar (Managing Director upto 31st January 2019)	00428180	Managing Director	3	NA	2	NA	2
Christophe Jean Philippe Jollivel (Director upto 9th May 2018)	06431185	Non Executive Director	0	NA	NA	NA	NA
Simon Nicholas Meadows (Director upto 9th May 2018)	07635663	Non Executive Director	0	NA	0	0	NA
Sock Eng Yeo (Director upto 9th May 2018)	07048850	Non Executive Director	1	1	NA	NA	1
Gopika Pant	00388675	Independent Director	4	3	NA	4	2
K.N.Subramaniam	00041843	Independent Director	4	2	NA	4	2
Adam Touhig (Director with effect from 8th May 2018)	06761622	Chairman	1	1	NA	NA	NA
Wilson NG Chin Heng (Director with effect from 8th May 2018)	08123727	Non Executive Director	1	NA	2	2	NA
Madan Singh Sisodia (Director with effect from 8th May 2018)	08111748	Executive Director & Chief Financial Officer	4	NA	4	NA	NA
Vinod Kumar Singh (Director with effect from 8th May 2018)	08111688	Executive Director	2	1	NA	NA	1
Matthew Richard Nozemack (Director with effect from 27th February 2019)	08351828	Non Executive Director	0	NA	NA	NA	NA
Jonathan Colin Fyfe Crawford (Director with effect from 27th February 2019)	08370872	Non Executive Director	0	NA	NA	NA	NA
Sanjay Katyal (Managing Director with effect from 1st February 2019)	08354025	Managing Director	0	NA	0	NA	0
Richa Porwal	ASAPP5814F	Company Secretary	4	NA	4	NA	NA

*NA stands for Not Applicable as the concerned person is not a member of the relevant Committee

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

Sd/-
Madan Singh Sisodia
Executive Director
DIN- 08111748
House No. 364, Sector 46, Faridabad 121010, Haryana, India

Sd/-
K.N. Subramaniam
Independent Director
(DIN 00041843)
C-I-10, AIIMS Residential Campus, Ansari Nagar (East), New Delhi 110029, India

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

Date: December 24, 2019
Place: New Delhi

"ANNEXURE G"

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1	CIN	U74999HR1985PLC034079
2	Registration Date	25th July 1985
3	Name of the Company	GKN DRIVELINE (INDIA) LIMITED
4	Category/Sub-category of the Company	29301
5	Address of the Registered office & contact details	Plot No. 270, Sector 24, Faridabad 121 005 Haryana, India Tel : +91 129 4091100 / 6621300, Fax : +91 129 6621349
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, Ist Floor, Okhla Industrial Area, Phase I, New Delhi 110 020 Tel No.: +91 11 4140619 / 41406151 / 52, Fax : +91 11 41709881

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

S.No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Drive Axle Assemblies including Constant Velocity Joints	29301	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	GKN Driveline International GmbH	-	Holding	97.031	2(46)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
1. Indian									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
SUB TOTAL:(A) (1)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
2. Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	5,144,036	7,249,772	12,393,808	97.03%	5,144,036	7,249,772	12,393,808	97.03%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
SUB TOTAL (A) (2)	**5,144,036**	**7,249,772**	**12,393,808**	**97.03%**	**5,144,036**	**7,249,772**	**12,393,808**	**97.03%**	**0.00%**
Total (A)	**5,144,036**	**7,249,772**	**12,393,808**	**97.03%**	**5,144,036**	**7,249,772**	**12,393,808**	**97.03%**	**0.00%**
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	-	1,320	1,320	0.01%	-	1,320	1,320	0.01%	0.00%
b) Banks / FI	400	640	1,040	0.01%	400	640	1,040	0.01%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Fund	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	300	300	0.00%	-	300	300	0.00%	0.00%
g) FIIs	-	5,200	5,200	0.04%	-	5,200	5,200	0.04%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%			-	0.00%	0.00%
i) Others (specify)	201	-	201	0.00%	201	-	201	0.00%	0.00%
SUB TOTAL (B)(1):	**601**	**7,460**	**8,061**	**0.06%**	**601**	**7,460**	**8,061**	**0.06%**	**0.00%**
2. Non Institutions									
a) Bodies corporates									
i. Indian	3,108	1,810	4,918	0.04%	5117	1810	6,927	0.05%	40.85%
ii. Overseas	-	-	-	0.00%	0	0	-	0.00%	0.00%
b) Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	111,013	248,277	359,290	2.81%	117,166	240,315	357,481	2.80%	-0.50%
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	0	0	-	0.00%	0.00%
c) Others (specify)									
Non Resident Indians	6,584	400	6,984	0.05%	6384	400	6,784	0.05%	-2.86%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%			-	0.00%	0.00%
Clearing Members	-	-	-	0.00%			-	0.00%	0.00%
Trusts	-	-	-	0.00%			-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%			-	0.00%	0.00%
SUB TOTAL (B)(2):	**120,705**	**250,487**	**371,192**	**2.91%**	**128,667**	**242,525**	**371,192**	**2.91%**	**0.00%**
Total Public (B)	**121,306**	**257,947**	**379,253**	**2.97%**	**129,268**	**249,985**	**379,253**	**2.97%**	**0.00%**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	**-**	**-**	**-**	**0.00%**				**0.00%**	**0.00%**
Grand Total (A+B+C)	**5,265,342**	**7,507,719**	**12,773,061**	**100.00%**	**5,273,304**	**7,499,757**	**12,773,061**	**100.00%**	**0.00%**

(ii) Shareholding of Promoters

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	GKN Driveline International GmbH	12,393,808	97.03%	0	12,393,808	97.03%	0	0.00%

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

S. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No of shares	% of total shares
	At the beginning of the year	01-04-18		12,393,808	97.03%	12,393,808	97.03%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-03-19		12,393,808	97.03%	12,393,808	97.03%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Shreevallabh Damani**						
	At the beginning of the year	01-04-18		8,000	0.06%	8,000	0.06%
	Changes during the year			-	0.00%		0.00%
	At the end of the year	31-03-19		8,000	0.06%	8,000	0.06%
2	**Roshani Neetish Doshi**						
	At the beginning of the year	01-04-18		5,300	0.04%	5,300	0.04%
	Changes during the year			-	0.00%		0.00%
	At the end of the year	31-03-19		5,300	0.04%	5,300	0.04%
3	**Ghanshyam Sharma**						
	At the beginning of the year	01-04-18		5,000	0.04%	5,000	0.04%
	Changes during the year	21-09-18	Transfer			(500)	0.00%
	Changes during the year	29-09-18	Transfer		0.00%	(500)	0.00%
	At the end of the year	31-03-19			0.00%	4,000	0.03%
4	**Ajay Kumar**						
	At the beginning of the year	01-04-18		1,531	0.01%	1,531	0.01%
	Changes during the year	26-10-18	Transfer		0.00%	1,910	0.01%
	Changes during the year	30-11-18	Transfer			(500)	0.00%
	Changes during the year	22-02-19	Transfer			442	0.00%
	Changes during the year	22-03-19	Transfer			350	0.00%
	At the end of the year	31-03-19				3,733	0.03%

5	**Prabodh Gupta**						
	At the beginning of the year	01-04-18		-	0.00%	-	0.00%
	Changes during the year	22-06-18	Transfer			42	0.00%
	Changes during the year	06-07-18	Transfer			10	0.00%
	Changes during the year	20-07-18	Transfer			30	0.00%
	Changes during the year	27-07-18	Transfer			160	0.00%
	Changes during the year	03-08-18	Transfer			200	0.00%
	Changes during the year	24-08-18	Transfer			400	0.00%
	Changes during the year	31-08-18	Transfer			20	0.00%
	Changes during the year	09-07-18	Transfer			163	0.00%
	Changes during the year	29-09-18	Transfer			84	0.00%
	Changes during the year	19-10-18	Transfer			21	0.00%
	Changes during the year	18-01-19	Transfer			1,500	0.01%
	Changes during the year	22-02-19	Transfer			392	0.00%
	Changes during the year	29-03-19	Transfer			500	0.00%
	At the end of the year					3,522	0.03%
6	**Dilip Kumar Surana**						
	At the beginning of the year	01-04-18		2,486	0.02%	2,486	0.02%
	Changes during the year				0.00%	-	0.00%
	At the end of the year	31-03-19		2,486	0.02%	2,486	0.02%
7	**Rajesh Gautamlal Shah**						
	At the beginning of the year	01-04-18		2,200	0.02%	2,200	0.02%
	Changes during the year	22-02-19	Transfer	-	0.00%	100	0.00%
	At the end of the year	31-03-19		2,200	0.02%	2,300	0.02%
7	**Morgan Stanley Dean Witter Investment**						
	At the beginning of the year	01-04-18		2,100	0.02%	2,100	0.02%
	Changes during the year				0.00%	-	0.00%
	At the end of the year	31-03-19		2,100	0.02%	2,100	0.02%
8	**Mohansinh Ramsinh Parmar**						
	At the beginning of the year	01-04-18		2,009	0.02%	2,009	0.02%
	Changes during the year				0.00%	-	0.00%
	At the end of the year	31-03-19		2,009	0.02%	2,009	0.02%
9	**Nirmal Bang**						
	At the beginning of the year	01-04-18		1,900	0.01%	1,900	0.01%
	Changes during the year				0.00%	-	0.00%
	At the end of the year	31-03-19		1,900	0.01%	1,900	0.01%
10	**Jayant J Maru**						
	At the beginning of the year	01-04-18		1,695	0.01%	1,695	0.01%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-03-19		1,695	0.01%	1,695	0.01%
11	**Minakshi Maru**						
	At the beginning of the year	01-04-18		1,695	0.01%	1,695	0.01%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-03-19		1,695	0.01%	1,695	0.01%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	NIL						

(v) INDEBTEDNESS

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

(Amt in ₹)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.NO.	Particulars of Remuneration		Name of MD/WTD/ Manager		Total Amount
	Name Designation		Bharat Dev Singh Kanwar Managing Director	Sanjay Katyal Managing Director	
1	Gross salary				
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43,572,580	1,255,460	44,828,040
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	2,572,548	283,040	2,855,588
	(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option		-	-	-
3	Sweat Equity		-	-	-
4	Commission				
	- as % of profit		-	-	-
	- others, specify		-	-	-
5	Others, please specify		-	-	-
	Total (A)		46,145,128	1,538,500	47,683,628
	Ceiling as per the Act		24,603,991		24,603,991

B. Remuneration to other Directors

S.No.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Mr. K.N.Subramaniam	Ms. Gopika Pant	(Rs/Lac)
	Fee for attending board committee meetings	900,000.00	1,000,000.00	1,900,000.00
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	900,000.00	1,000,000.00	1,900,000.00
2	Other Non-Executive Directors			-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	900,000.00	1,000,000.00	1,900,000.00
	Total Managerial Remuneration			49,583,628.00
	Overall Ceiling as per the Act	N/A	N/A	N/A

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S.No.	Particulars of Remuneration		Name of Key Managerial Personnel			Total Amount
	Name		Madan Singh Sisodia	Vinod Kumar Singh	Richa Porwal	(Rs/Lac)
	Designation		Director & CFO	Director	CS	
1	Gross salary					
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,208,640	6,312,706	2,094,376	14,615,722
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	333,205	17,814		351,019
	(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option		-	-	-	-
3	Sweat Equity		-	-	-	-
4	Commission					
	- as % of profit		-	-	-	-
	- others, specify		-	-	-	-
5	Others, please specify		-	-	-	-
	Total		**6,541,845**	**6,330,520**	**2,094,376**	**14,966,741**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

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

Sd/-
Madan Singh Sisodia
Executive Director
DIN- 08111748
House No. 364, Sector 46, Faridabad 121010, Haryana, India

Sd/-
K.N. Subramaniam
Independent Director
(DIN 00041843)
C-I-10, AIIMS Residential Campus, Ansari Nagar (East), New Delhi 110029, India

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

Date: December 24, 2019
Place: New Delhi

INDEPENDENT AUDITORS' REPORT

To The Members of GKN Driveline (India) Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of GKN Driveline (India) Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, 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 then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, 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 Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS 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 Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 33(c) of the Ind AS financial statements, which describes the Operating agreement entered into by the Company with GKN Driveline (UK) Limited effective from 01 April, 2018 and termination of the said Agreement on December 23, 2019 (with effect from 01 April, 2018) for the reason stated therein.

Our opinion is not modified in respect of this matter.

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 Ind AS financial statements and our auditor's report thereon.
- Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Ind AS financial statements.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS 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 Ind AS 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 control that we identify during our audit.

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

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.

   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 relevant books of account.

   d) In our opinion, the aforesaid Ind AS 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 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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 over financial reporting.

   g) 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 explanations given to us, the remuneration paid / accrued by the Company to its erstwhile Managing Director for the year ended 31 March, 2019 is in excess by Rs. 21.54 Million vis-à-vis the limits specified in section 197 of Companies Act, 2013 (‘the Act’) read with Schedule V thereto as the Company does not have adequate profits. The Company has represented to us that it is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders, as necessary. The said excess has been shown as recoverable from the erstwhile Managing Director and a provision against the same has been made in Ind AS financial statements.

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (Refer Note 34 of the accompanying Ind AS financial statements);

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses (Refer Note 36 of the accompanying Ind AS 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 48 of the accompanying Ind AS financial statements)

2. As required by the Companies (Auditor’s Report) Order, 2016 (“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 & Sells LLP**
Chartered Accountants
Firm’s Registration No. 117366W/W-100018

Sd/-
Manjula Banerji
Partner
Membership No. 086423
UDIN: 19086423AAAABL7642

Place: Gurugram
Date: 24 December, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
Manjula Banerji
Partner
Membership No. 086423
UDIN: 19086423AAAABL7642

Place: Gurugram
Date: 24 December, 2019

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)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed /conveyance deed provided to us, we report that, 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 buildings that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year.

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

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Excise Duty, Service Tax and Central Sales Tax which have not been deposited as on 31 March, 2019 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount (Rs.)#	Amount paid under protest (Rs.)	Period to which the Amount Relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	15,04,49,432	90,27,007	AY 2010-11, AY 2011-12, AY 2013-14, AY 2014-15	Income Tax Appellate Tribunal
		12,20,95,064	-	AY 2012-13	High Court/CIT (Appeals)
		4,31,63,574	9,43,183	AY 2016-17	Assistant commissioner of Income tax
Central Excise Act, 1944	Excise Duty	1,64,40,000	-	Jan-2006 to Dec- 2009	CESTAT
The Finance Act, 1994	Service Tax	26,92,650	9,88,680	Apr-2008 to Mar- 2011, FY 2014-15 to 2016-17	CESTAT
		2,16,80,000	8,19,375	FY 2010-11 to Nov- 2015	CESTAT/Assistant Commissioner (ST)
		8,15,570	10,195	Apr-11 to Oct-11, Nov-14 to Aug- 15	Assistant Commissioner (ST)
		3,29,20,139	-	Apr-2005 to Mar-2007, Oct-2008 to Sep- 2009, FY 2011-12 & 2015-16	Commissioner (ST)
		2,53,23,800	-	FY 2003-04 to FY 2009-10	Commissioner of Central Excise
		40,08,400	-	Dec-2008 to Dec-2009, Feb- 2010 to Nov- 2010, Dec- 2010 to Mar-2011, Apr- 2011 to Jul- 2012.	Assistant Commissioner (ST)
		21,00,000	-	Jan-2005 to Mar-2008	Joint Commissioner of GST & Central Excise
Central Sales Tax Act, 1956	CST	8,28,000	-	FY 2015-16	Deputy Excise and Taxation Commissioner (ST)

#amount as per demand orders including interest and penalty wherever indicated in the demand.

We have been further informed that there are no dues in respect of Customs Duty, Value Added Tax and Goods and Services Tax which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures or has not taken any loan or borrowings from any financial institution and government.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and to the best of our information and according to explanations given to us, the remuneration paid / accrued by the Company to its erstwhile Managing Director for the year ended 31 March, 2019 is in excess by Rs. 21.54 Million vis-à-vis the limits specified in section 197 of Companies Act, 2013 ('the Act') read with Schedule V thereto as the Company does not have adequate profits. The Company has represented to us that it is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders, as necessary. The said excess has been shown as recoverable from the erstwhile Managing Director and a provision against the same has been made in Ind AS financial statements.

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

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, wherever applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

(xv) In our opinion and according to the information and explanations given to us, 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.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-
Manjula Banerji
Partner
Membership No. 086423
UDIN: 19086423AAAABL7642

Place: Gurugram
Date: 24 December, 2019

Balance Sheet as at 31 March, 2019

(Rs. in million)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
A. ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3	**3,566.32**	3,591.15
(b) Capital work-in-progress	3	**193.81**	129.54
(c) Intangible assets	3	**4.89**	4.34
(d) Financial assets			
(i) Investments			
(a) Others	4	**0.13**	0.07
(ii) Other financial assets	6	**51.11**	51.16
(iii) Loans	8	**3.43**	2.88
(e) Non current tax assets (net)	7	**-**	46.76
(f) Other non-current assets	9	**187.04**	95.78
Total non-current assets		**4,006.73**	3,921.68
2. Current assets			
(a) Inventories	5	**1,173.44**	1,364.80
(b) Financial assets			
(i) Trade receivables	10	**1,163.29**	1,341.89
(ii) Cash and cash equivalents	11	**1,209.81**	712.80
(iii) Loans	8	**4.97**	8.59
(iv) Other financial assets	6	**273.33**	30.02
(c) Other current assets	9	**88.73**	56.12
Total current assets		**3,913.57**	3,514.22
Total assets		**7,920.30**	7,435.90
B. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	**127.73**	127.73
(b) Other equity	13	**4,700.38**	4,547.01
Total equity		**4,828.11**	4,674.74
Liabilities			
1. Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	17	**8.84**	8.10
(b) Provisions	14	**117.55**	131.10
(c) Deferred tax liabilities (net)	28	**147.27**	195.48
(d) Other non-current liabilities	19	**7.26**	9.76
Total non-current liabilities		**280.92**	344.44
2. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	**-**	6.37
(ii) Trade payables	16	**1,919.76**	2,056.26
(iii) Other financial liabilities	17	**121.66**	115.80
(b) Provisions	14	**301.67**	87.90
(c) Current tax liabilities (net)	18	**382.52**	-
(d) Other current liabilities	19	**85.66**	150.39
Total current liabilities		**2,811.27**	2,416.72
Total liabilities		**3,092.19**	2,761.16
Total equity and liabilities		**7,920.30**	7,435.90
See accompanying notes to the financial statements	1 to 48		

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

Manjula Banerji
Partner

Place: Gurugram
Date: 24 December, 2019

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

Sanjay Katyal	(DIN 08354025)	Managing Director
K.N. Subramaniam	(DIN 00041843)	Independent Director Chairman - ARMC
Gopika Pant	(DIN 00388675)	Independent Director
Madan Singh Sisodia	(DIN 08111748)	Executive Director
Tushar Jain	(Mem. No. 500602)	Chief Financial Officer
Richa Porwal	(Mem. No. F8318)	Company Secretary

Place: New Delhi
Date: 24 December, 2019

Statement of Profit and Loss for the year ended 31 March, 2019

(Rs. in million)

	Particulars	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
1.	**Income**			
	(a) Revenue from operations	20	**10,775.84**	10,969.77
	(b) Other income	21	**150.45**	24.92
2.	**Total income**		**10,926.29**	10,994.69
3.	**Expenses**			
	(a) Cost of materials consumed	22	**5,876.51**	5,598.15
	(b) Changes in inventories of finished goods, work-in-process and stock-in-trade	23	**41.62**	(63.42)
	(c) Excise Duty		**-**	292.94
	(d) Employee benefits expense	24	**1,310.81**	1,266.62
	(e) Finance costs	25	**233.78**	69.47
	(f) Depreciation and amortisation expense	3	**403.50**	369.68
	(g) Other expenses	26	**2,555.55**	2,181.86
4.	**Total expenses**		**10,421.77**	9,715.30
5.	**Profit before tax (2-4)**		**504.52**	1,279.39
6.	**Tax expense**			
	(a) Current tax	27(a)	**328.37**	351.24
	(b) Current tax -relating to prior years	27(a)	**91.50**	33.77
	(c) Deferred tax	27(b)	**(51.96)**	107.03
7.	**Total tax expense**		**367.91**	492.04
8.	**Profit after tax (5-7)**		**136.61**	787.35
9.	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss:			
	(a) Remeasurement of defined benefit obligations		**10.72**	(1.14)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(3.75)**	0.40
10.	**Total other comprehensive income/(loss)**		**6.97**	(0.74)
11.	**Total comprehensive income for the year (8+10)**		**143.58**	786.61
12.	**Earnings per equity share (EPS)** (Face value of Rs. 10 per share)			
	Basic (in Rs.)	31	**11.24**	61.58
	Diluted (in Rs.)	31	**11.24**	61.58

See accompanying notes to the financial statements 1 to 48

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

Manjula Banerji
Partner

Place: Gurugram
Date: 24 December, 2019

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

Sanjay Katyal	(DIN 08354025)	Managing Director
K.N. Subramaniam	(DIN 00041843)	Independent Director Chairman - ARMC
Gopika Pant	(DIN 00388675)	Independent Director
Madan Singh Sisodia	(DIN 08111748)	Executive Director
Tushar Jain	(Mem. No. 500602)	Chief Financial Officer
Richa Porwal	(Mem. No. F8318)	Company Secretary

Place: New Delhi
Date: 24 December, 2019

Statement of Changes in Equity for the year ended 31 March, 2019

a. Equity share capital

(Rs. in million)

Particulars	Amount
Balance at 1 April, 2017	127.73
Changes in equity shares during the year	-
Balance at 31 March, 2018	127.73
Changes in equity shares during the year	-
Balance at 31 March, 2019	**127.73**

b. Other equity

(Rs. in million)

Particulars	Reserves and Surplus				
	Securities premium	General reserve	Retained earnings	Share based application reserve	Total
Balance as at 01 April, 2017	214.16	150.17	3,396.07	-	3,760.40
Profit for the year	-	-	787.35	-	787.35
Other Comprehensive (loss) for the year	-	-	(0.74)	-	(0.74)
Balance at 31 March, 2018	214.16	150.17	4,182.68	-	4,547.01
Profit for the year	**-**	**-**	**136.61**	**-**	**136.61**
Other Comprehensive income for the year	**-**	**-**	**6.97**	**-**	**6.97**
Share Based Payments	**-**	**-**	**-**	**9.79**	**9.79**
Balance at 31 March, 2019	**214.16**	**150.17**	**4,326.26**	**9.79**	**4,700.38**

See accompanying notes to the financial statements 1 to 48

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

Manjula Banerji
Partner

Place: Gurugram
Date: 24 December, 2019

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

Sanjay Katyal	(DIN 08354025)	Managing Director
K.N. Subramaniam	(DIN 00041843)	Independent Director Chairman - ARMC
Gopika Pant	(DIN 00388675)	Independent Director
Madan Singh Sisodia	(DIN 08111748)	Executive Director
Tushar Jain	(Mem. No. 500602)	Chief Financial Officer
Richa Porwal	(Mem. No. F8318)	Company Secretary

Place: New Delhi
Date: 24 December, 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars		Year ended 31.03.2019	Year ended 31.03.2018
A. Cash flow from operating activities			
Profit before tax		**504.52**	1,279.39
Adjustments for :			
Depreciation and amortisation expense		**403.50**	369.68
Impairment loss on Property, plant and equipment		**54.23**	-
Finance costs		**233.78**	69.47
Unrealised loss/(gain) on foreign currency transactions and translation		**(10.59)**	8.70
Interest income earned on financial assets		**(54.85)**	(11.67)
Net (Gain)/Loss on sale/disposal of property, plant and equipment		**2.84**	(1.22)
Provision for slow moving inventory		**79.27**	23.54
Provision for mark to market losses on forward contracts (net)		**29.97**	2.74
Share based payments		**9.79**	-
Provision for contingencies		**81.42**	-
Provision for penalty on Income Tax matters		**103.00**	-
Provision for doubtful receivables		**21.54**	-
Insurance claim received		**(42.37)**	(1.73)
Provisions/Liabilities no longer required written back		**(1.51)**	(0.74)
Operating profit before working capital changes		**1,414.54**	1,738.16
Changes in working capital:			
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables		**178.16**	(317.96)
Other current/non current assets		**(70.99)**	61.48
Other financial assets		**(264.76)**	23.57
Loans		**3.07**	2.58
Inventories		**112.09**	(230.07)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		**(113.24)**	486.09
Other financial liabilities		**(2.77)**	(620.81)
Other current/non-current liabilities		**(67.23)**	68.65
Provisions		**(21.83)**	15.12
Cash generated from/ (used in) operations		**1,167.04**	1,226.81
Income tax paid(net of refunds during the year)		**(184.78)**	(356.84)
Net cash flow from operating activities	**(A)**	**982.26**	869.97

(Rs. in million)

Particulars		Year ended 31.03.2019	Year ended 31.03.2018
B. Cash flow from investing activities			
Capital expenditure on Property, plant and equipment including capital advances		**(578.69)**	(392.39)
Proceeds from sale of Property, plant and equipment		**4.65**	1.85
Investment in Equity Instruments		**(0.06)**	-
Insurance claim received towards Property, plant and equipment		**42.37**	1.73
Interest received		**54.80**	11.52
Net cash used in investing activities	**(B)**	**(476.93)**	(377.29)
C. Cash flow from financing activities			
Finance costs paid		**(1.95)**	(69.47)
Net cash used in financing activities	**(C)**	**(1.95)**	(69.47)
Net increase in cash and cash equivalents	**(A+B+C)**	**503.38**	423.21
Cash and cash equivalents as at the beginning of the year		**706.43**	283.22
Cash and cash equivalents as at the end of the year *		**1,209.81**	706.43

* Components of cash and cash equivalents:

a. Cash on hand	**0.45**	0.68
b. Balance with scheduled banks		
i. in current accounts	**281.81**	81.05
ii. in deposit accounts	**927.55**	631.07
c. Bank overdraft (Refer Note 15)	**-**	(6.37)
	1,209.81	706.43

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 48

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

Manjula Banerji
Partner

Place: Gurugram
Date: 24 December, 2019

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

Sanjay Katyal	(DIN 08354025)	Managing Director
K.N. Subramaniam	(DIN 00041843)	Independent Director Chairman - ARMC
Gopika Pant	(DIN 00388675)	Independent Director
Madan Singh Sisodia	(DIN 08111748)	Executive Director
Tushar Jain	(Mem. No. 500602)	Chief Financial Officer
Richa Porwal	(Mem. No. F8318)	Company Secretary

Place: New Delhi
Date: 24 December, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

1. Corporate information

GKN Driveline (India) Limited was incorporated on 25 July, 1985 and is engaged in the manufacture and sale of driveshafts to original equipment manufacturers in the automobile industry. The Company has four manufacturing locations in India at Faridabad, Dharuhera, Oragadam and Pune and one assembly unit at Kadi. The registered office of the Company is Plot No 270, Sector 24 Faridabad, Haryana.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on 24 December, 2019.

2. Significant accounting policies

2.01 Basis of preparation

(i) Statement of Compliance

The financial statements have been prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Except for the change below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 115 ‘Revenue from Contracts with Customers’ with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 ‘Revenue’ and Ind AS 11 ‘Construction Contracts’. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

(ii) Basis of preparation and presentation

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

All assets and liabilities have been classified as current or non-current according to the Company’s operating cycle and other criteria set out in the Act. Based on the nature of products and the time between 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 and non-current classification of assets and liabilities.

(iii) Use of estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that may affect the 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 could differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

2.02 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk 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 Cash flow statement

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

2.04 Property, plant and equipment

All the items of property, plant and equipment are stated at historical cost net of GST credit less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful life is taken based on the technical evaluation done by the management which are higher or lower than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, Plant and Equipment	**Life of assets (in Years)**
Computer & software	3
Electric installation	15
Furniture & fixtures	8
Office equipment	8
Mobile phones	3
Plant & machinery imported	
- Short life	6
- Medium Life	10
- Long Life	15
Plant & machinery local	
- 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 (Furniture & fixtures, Office equipment & computers)	4

Assets costing less than or equal to Rs. 5,000 are fully depreciated within a year.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

2.05 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the period of three years. 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. The Company amortizes computer software over the period of 3 years. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

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 derecognised.

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.

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 production overheads and excise duty up to June 30, 2017. 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.

2.08 Revenue recognition

The Company derives revenues primarily from sale of manufactured goods.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April

1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the consolidated statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue from the sale of driveshaft is recognized at the point in time when control is transferred to the customer. Dependent 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.

Cash discounts, volume rebates and other customer incentive programmes 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. Revenue excludes taxes collected from customer.

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.

Company has the practice of recovering the movement of steel price in the market and foreign exchange rate from its customers at agreed terms. The revenue for aforesaid recoveries is recognised on confirmation of claim by the customers.

2.09 Other income

Dividend income and interest 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 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. Export Incentives under various schemes are accounted in the year of export.

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 INR.

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.

Treatment of exchange differences

The exchange differences on monetary items are recognised in Profit or Loss in the period in which they arise.

Amendments to Ind AS 21 - The Effects of changes in foreign exchange rates

Appendix B to In AS 21, Foreign Currency Transactions and Advance Consideration: On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to In AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

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.

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 and accumulated under the heading of ‘Reserve for debt instruments through other comprehensive income’. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve 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 the 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 asset that result from transactions that are within the scope of Ind AS 11, Ind AS 18 and Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience.

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.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

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 of 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 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 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 costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, 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. 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. 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. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

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 retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

Defined contribution plans

Contribution towards provident fund, superannuation fund, employee's pension scheme and employee state insurance for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans

Provident Fund contributions are made to a Trust administered by the Company. 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 size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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 is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss under Other comprehensive income in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

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. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

2.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor:

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

The Company as lessee:

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statements as a finance lease obligation.

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 recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company general policy on borrowing costs.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

2.17 Taxation

Income tax expense represents the sum of the current tax 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.

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternate Tax (MAT)

MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and loss and is included in Deferred Tax Assets. The Company reviews the same at each balance sheet date and, if required, writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will be able to absorb such credit during the specified period.

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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

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.

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 Critical accounting judgements and key estimates

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Contingent liabilities

Assessment of whether outflow embodying economic benefits is probable, possible or remote. (See note 34)

Key estimates

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment (see note 2.04)

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There is no such change in the useful life of the assets.

Fair value measurements and valuation processes (see note 2.11)

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Defined benefit obligations

Key assumptions related to life expectancies, salary increases and withdrawal rates (see note 29).

Impairment of Tangible Assets (See note 2.06)

Estimation of provision for direct tax matters, indirect tax matters and other provisions (See note 27 and 14 (c))

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims for previous two years and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise in two years. (See note 14).

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") of the respective entities.

2.22 Business Combinations

Business combinations involving entities under common control are accounted for using the pooling of interests method.

The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

2.23 New standards and interpretations not yet adopted

1. Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

   On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

2. Ind AS 116 'Leases': On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 'Leases' and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

3. Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

4. Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

   The Company is evaluating the effect of the above on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

Note 3: Property, plant and equipment

(Rs. in million)

	Tangible Assets								Intangible Assets
	Freehold Land	Buildings	Plant and Machinery	Computers	Office and other equipment	Furniture and fixtures	Vehicles	Total	Software
Cost									
Balance at 1 April, 2017	206.74	620.71	2,937.42	20.32	101.27	11.88	21.98	3,920.32	6.27
Additions	-	1.21	339.61	13.74	12.13	2.59	11.98	381.26	2.10
Disposals	-	(0.08)	(2.64)	-	(0.15)	(0.01)	(0.08)	(2.96)	0.00
Balance at 31 March, 2018	**206.74**	**621.84**	**3,274.39**	**34.06**	**113.25**	**14.46**	**33.88**	**4,298.62**	**8.37**
Accumulated depreciation/ Amortisation									
Balance at 1 April, 2017	-	27.82	285.85	8.37	9.56	2.05	6.69	340.34	1.31
Depreciation expense	-	27.16	313.92	9.05	10.55	2.14	6.64	369.46	2.72
Elimination on disposals of assets	-	(0.08)	(2.06)	-	(0.13)	-	(0.06)	(2.33)	-
Balance at 31 March, 2018	-	54.90	597.71	17.42	19.98	4.19	13.27	707.47	4.03
Net book value at 31 March, 2018	206.74	566.94	2,676.68	16.64	93.27	10.27	20.61	3,591.15	4.34
Capital Work In Progress	-	13.63	114.87	-	0.03	-	-	128.53	1.01
Cost									
Balance at 1 April, 2018	**206.74**	**621.84**	**3,274.39**	**34.06**	**113.25**	**14.46**	**33.88**	**4,298.62**	**8.37**
Additions	**-**	**19.18**	**382.61**	**12.40**	**11.49**	**5.36**	**8.57**	**439.61**	**3.83**
Disposals	**-**	**(1.05)**	**(43.55)**	**(2.00)**	**(4.32)**	**(0.73)**	**(12.70)**	**(64.35)**	**(0.50)**
Balance at 31 March, 2019	**206.74**	**639.97**	**3,613.45**	**44.46**	**120.42**	**19.09**	**29.75**	**4,673.88**	**11.70**
Accumulated depreciation/ Amortisation									
Balance at 1 April, 2018	**-**	**54.90**	**597.71**	**17.42**	**19.98**	**4.19**	**13.27**	**707.47**	**4.03**
Depreciation expense*	**-**	**28.35**	**341.62**	**10.95**	**11.73**	**2.65**	**7.92**	**403.22**	**2.78**
Impairment expenses**	**-**	**-**	**54.23**	**-**	**-**	**-**	**-**	**54.23**	**-**
Elimination on disposals of assets	**-**	**(0.98)**	**(40.33)**	**(2.34)**	**(4.00)**	**(0.50)**	**(9.21)**	**(57.36)**	**-**
Balance at 31 March, 2019	**-**	**82.27**	**953.23**	**26.03**	**27.71**	**6.34**	**11.98**	**1,107.56**	**6.81**
Net book value at 31 March, 2019	**206.74**	**557.70**	**2,660.22**	**18.43**	**92.71**	**12.75**	**17.77**	**3,566.32**	**4.89**
Capital Work In Progress	**-**	**99.73**	**91.04**	**1.60**	**-**	**0.50**	**-**	**192.87**	**0.94**

a) Disclosure of contractual commitments for acquisition of Property, Plant and Equipment. (refer note 36)

* b) Depreciation Expense include INR 2.5 Mn (previous year INR 2.5 Mn) amortisation for EPCG licence received in July 2007 (refer note 19 (a) (i)

** c) Refer note 44

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars			As at 31.03.2019	As at 31.03.2018
4.	**Investments**			
	Unquoted investments (all fully paid)			
		Investments in equity instruments at cost		
		-ARS Energy Private Limited (No. of shares in 2019 - 480, 2018- 240)	**0.13**	0.07
		Total	**0.13**	0.07
5.	**Inventories**			
	Inventories (lower of cost and net realisable value)			
	(i)	Raw materials (Net of Provision Rs. 30.20 million, Year 2018: Rs. 22.31 million)	**520.34**	585.16
	(ii)	Work-in-progress (Net of Provision Rs. 35.71 million, Year 2018: Rs. 30.58 million)	**322.11**	393.91
	(iii)	Finished goods (Net of Provision Rs. 7.19 million, Year 2018: Rs. 10.38 million)	**158.01**	127.83
	(iv)	Stores and spares (Net of Provision Rs. 95.21 million, Year 2018: Rs. 27.47 million)	**4.19**	83.53
	(v)	Loose Tools (Net of Provision Rs. 32.41 million, Year 2018: Rs. 30.71 million)	**168.79**	174.37
			1,173.44	1,364.80
	Inventory includes in transit Inventory of:			
	(i)	Raw materials	**48.01**	62.68
	(ii)	Finished goods	**9.63**	11.29
	(iii)	Stores and spares	**-**	0.30
			57.64	74.27

The cost of Inventories recognised as an expense during the year was Rs. 5,918.13 million (PY 5,534.73 million)

Particulars			As at 31.03.2019	As at 31.03.2018
6	**Other financial assets**			
	Non-current			
	(i)	Security deposits	**51.11**	51.16
		Total	**51.11**	51.16
	Current			
	(i)	Security deposits	**1.90**	1.84
	(ii)	Interest accrued but not due on fixed deposits	**0.84**	0.92
	(iii)	Interest accrued and due		
		- from others	**1.04**	0.91
	(iv)	Other advances	**1.35**	7.80
	(v)	Other receivables (Net of provision of 21.54 million, PY- NIL) (refer note 33(c) and 40)	**268.20**	18.55
		Total	**273.33**	30.02
7.	**Non current tax assets (net)**			
		Advance tax including TDS recoverable (net of provision for taxes 2018- Rs.1,455.11 million)		46.76
		Total	**-**	46.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars			**As at 31.03.2019**	As at 31.03.2018
8.	**Loans**			
	<u>**Non- Current**</u>			
	(i)	Loans to employees - Unsecured, considered good	**3.43**	1.64
	(ii)	Loans to suppliers - Unsecured. considered good	**-**	1.24
			3.43	2.88
	<u>**Current**</u>			
	(i)	Loans to employees - Unsecured, considered good	**3.73**	7.42
	(ii)	Loans to suppliers - Unsecured, considered good	**1.24**	1.17
		Total	**4.97**	8.59
9.	**Other assets**			
	<u>**Non-current**</u>			
	(i)	Prepaid expenses	**29.78**	29.97
	(ii)	Deposits against pending cases with		
		- Excise, Service tax and Sales tax authorities	**1.84**	2.29
	(iii)	Gratuity Fund (Refer note 29)	**84.95**	45.93
	(iv)	Capital advances	**70.47**	17.59
		Total	**187.04**	95.78
	<u>**Current**</u>			
	(i)	Prepaid expenses	**16.12**	21.34
	(ii)	Balance with government authorities	**69.76**	30.18
	(iii)	Others		
		- Supplier advances	**2.85**	4.60
		Total	**88.73**	56.12
10.	**Trade receivables**			
	<u>**Current**</u>			
	(i)	Trade receivables [See notes below]		
		- Secured, considered good	**4.86**	4.01
		- Unsecured, considered good	**1,158.43**	1,337.88
		Total	**1,163.29**	1,341.89

Notes:

a) The average credit period on sales of goods is 35-40 days. No interest is charged on any overdue trade receivables.

b) The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. There is no expected credit loss as per the matrix. (Refer note 32.2 (i)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars	As at 31.03.2019	As at 31.03.2018
Age of receivables		
0 - 90 days	**1,162.03**	1,334.75
91 - 180 days	**0.89**	6.83
180 days and above	**0.37**	0.27
More than 365 days	**0.00***	0.04
	1,163.29	1,341.89

* Rs. 2,857

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).

(Rs. in million)

Particulars		As at 31.03.2019	As at 31.03.2018
11. Cash and cash equivalents			
(i) Cash in hand		**0.45**	0.68
(ii) Balance with scheduled banks			
- in current accounts		**281.81**	81.05
- in deposit accounts		**927.55**	631.07
	Total	**1,209.81**	712.80
12. Equity share capital			
Authorised share capital:			
15,100,000 (31.03.2018- 15,100,000) equity shares of Rs.10/- each		**151.00**	151.00
Issued and subscribed capital comprises:			
12,773,061 (31.03.2018- 12,773,061) equity shares of Rs.10/- each (fully paid up)		**127.73**	127.73
		127.73	127.73

Fully paid equity shares:	Number of shares
Balance as at 1 April, 2018	12,773,061
Add: Issue of shares	-
Balance as at 31 March, 2019	**12,773,061**

(i) Reconciliation of Equity share capital	**No of shares**	**Equity share capital (In Mn.)**
As at 01 April 2017	12,773,061	127.73
Changes during the year	-	-
As at 31 March 2018	12,773,061	127.73
Changes during the year	-	-
As at 31 March 2019	**12,773,061**	**127.73**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

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

Name of Shareholder	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	**% Holding**	No. of Shares	% Holding
Fully paid equity shares with voting rights:				
GKN Driveline International GmbH, the Holding Company	**12,393,808**	**97.03%**	12,393,808	97.03%

(iii) Equity Shares: The Company has one class of equity shares having a par value of Rs.10 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.

(iv) Interim Dividend: Subsequent to the year end, The Company has paid interim dividend amounting to Rs. 791.93 million for FY 2019-20 net of the dividend distribution tax thereon amounting to Rs. 162.78 million.

(Rs. in million)

Particulars		**As at 31.03.2019**	As at 31.03.2018
13. Other equity			
Securities premium		**214.16**	214.16
General reserve		**150.17**	150.17
Share based payment reserve		**9.79**	-
Retained earnings		**4,326.26**	4,182.68
		4,700.38	4,547.01
a. Securities premium		**214.16**	214.16
	(A)	**214.16**	214.16

Securities premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 ("the Act") for specified purposes.

b. General reserve		**150.17**	150.17
	(B)	**150.17**	150.17

The general reserve is free reserve which is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit or loss.

c. Retained earnings			
i. Opening balance		**4,182.68**	3,396.07
ii. Add: Profit for the year		**143.58**	786.61
iii. Closing balance	(C)	**4,326.26**	4,182.68

This represents the retained earnings generated over the years of operation.

d. Share based payment reserve		**9.79**	-
	(D)	**9.79**	-

This reserve represents the allotment of shares of GKN Plc by the group parent company to employees of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars	As at 31.03.2019	As at 31.03.2018
14. Provisions		
Non-current		
a. Employee benefits		
- Compensated absences (Refer note 29)	**113.56**	124.15
b. Other provisions		
- Provision for Warranty (Refer note (b))	**3.99**	6.95
	117.55	131.10
Current		
a. Employee benefits		
- Compensated absences	**9.24**	8.19
- provident fund	**0.40**	0.41
b. Other provisions		
- Entry Tax (Refer note (a))	**119.20**	57.31
- Provision for Warranty (Refer note (b))	**12.66**	21.99
- Provision for contingencies (Refer note (c))	**160.17**	-
	301.67	87.90
(a) Movements in provision of entry tax		
Opening balance	**57.31**	55.82
Addition during the year on account of Interest for prior years (Refer note (c))	**61.89**	1.49
Closing balance	**119.20**	57.31

Under the Haryana Local Area Development Tax Act, 2000 the Company was issued a notice to deposit entry tax on goods brought into the local area (jurisdiction of state of Haryana) for consumption and/or use therein. The matter is pending with Hon'ble Supreme Court of India, however the Company has made provision for the potential tax liability and interest thereon based on management's judgement.

(b) Movements in provision of warranty		
Opening balance	**28.94**	15.51
Addition during the year	**10.28**	25.12
Utilised during the year	**(22.57)**	(11.69)
Closing balance	**16.65**	28.94

(c) Movement in Provision for Contingencies

The Company has made a provision amounting Rs. 222.06 million (31.03.2018- Nil) for various contingencies resulting mainly from matters as below, which are under litigation/related disputes based on management jugdement.

	Year ended 31.03.2019			**Year ended 31.03.2018**
Particulars	**Indirect Tax Matters**	**Other Matters**	**Total**	Total
Opening Balance	-	-	-	-
Addition during the year*	149.98	72.08	222.06	-
Utilisation/Settlement during the year	-	-	-	-
Closing Balance**	**149.98**	**72.08**	**222.06**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

* Breakup of Expense recognised in statement of Profit and loss is as follows:- (Rs. in million)

Particulars	**Year ended 31.03.2019**	Year ended 31.03.2018
Finance costs	**140.64**	-
Other Expenses	**81.42**	-
	222.06	-

** Classified as

Particulars	**Year ended 31.03.2019**	Year ended 31.03.2018
Current	**222.06**	**-**
	222.06	**-**

During the year, the Company has reassessed the expected outcome of pending indirect tax cases and other matters and based on management judgement made a provision of Rs. 222.06 million along with interest thereon shown as finance costs and provision for contingencies respectively in IndAS financial statements.

(Rs. in million)

Particulars	**As at 31.03.2019**	As at 31.03.2018
15. Borrowings		
Unsecured at amortised cost		
a. Overdraft from banks*	**-**	6.37
	-	6.37

* Overdraft from banks are guaranteed by fellow subsidiaries viz GKN Holdings Limited, UK and GKN Enterprise Limited, UK

16. Trade payables		
Trade payables - Other than acceptances		
- total outstanding dues of micro enterprises and small enterprises (Refer note 37)	**14.89**	15.37
- total outstanding dues of creditors other than micro enterprises and small enterprises	**1,759.10**	1,889.51
- Payable for salaries and wages	**145.77**	151.38
	1,919.76	2,056.26
17. Other financial liabilities		
Non-current		
a. Security deposits received	**8.84**	8.10
	8.84	8.10
Current		
a. Payables for purchase of property, plant and equipment	**88.87**	109.47
b. Security deposits received	**2.82**	3.59
c. Payables on forward contracts	**29.97**	2.74
	121.66	115.80
18. Current tax liabilities (net)		
Provision for tax (net of advance tax including TDS recoverable Rs. 1,696.94 million)	**382.52**	-
Total	**382.52**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars			As at 31.03.2019	As at 31.03.2018
19.	**Other liabilities**			
	Non-current			
	a.	Deferred income arising from government grant (Refer note (i) below)	**7.26**	9.76
			7.26	9.76

i. The deferred revenue arises as a result of the benefit received from an EPCG license received in July 2007 amounting to Rs. 89.59 million. The revenue was offset against depreciation costs incurred over the useful life of asset.

	Current			
	a.	Revenue received in advance		
		-Deferred income arising from government grant	**2.50**	2.50
	b.	Statutory remittances	**82.66**	142.01
	c.	Other payables		
		i. Advances from customers	**0.50**	5.88
			85.66	150.39

(Rs. in million)

Particulars			Year ended 31.03.2019	Year ended 31.03.2018
20.	**Revenue from operations**			
	a.	Sale of goods *	**10,708.96**	10,902.36
	b.	Other operating revenue		
		i. Scrap Sales	**47.13**	42.81
		ii. Other export incentives	**19.75**	24.60
			10,775.84	10,969.77
	* Sale of goods (including excise duty upto 30.06.2017)			
21.	**Other income**			
	a.	Interest income		
		i. on bank deposits	**50.57**	8.51
		ii. from government authorities	**3.46**	2.38
		iii. from others	**0.82**	0.78
	b.	Provisions/Liabilities no longer required written back	**1.51**	0.74
	c.	Insurance claim received	**42.37**	1.73
	d.	Other gains and losses		
		i. Net gain on foreign currency transactions and translation	**31.65**	6.42
		ii. Profit on sale of property, plant and equipment	**-**	1.65
	e.	Miscellaneous income	**20.07**	2.71
			150.45	24.92
22.	**Cost of Materials Consumed**			
		Raw materials at the beginning of the year	**585.16**	468.26
		Add: Purchases during the year	**5,811.69**	5,715.05
		(Less): Raw materials at the end of the year	**(520.34)**	(585.16)
		Cost of Materials Consumed	**5,876.51**	5,598.15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars			Year ended 31.03.2019	Year ended 31.03.2018
23.	**Changes in inventories of finished goods and work in progress**			
	Inventories at the end of the year:			
	Finished goods		**158.01**	127.83
	Work-in-progress		**322.11**	393.91
			480.12	521.74
	Inventories at the beginning of the year:			
	Finished goods		**127.83**	174.38
	Work-in-progress		**393.91**	283.94
			521.74	458.32
	Net (increase) / decrease		**41.62**	(63.42)
24.	**Employee benefits expense**			
	a.	Salaries and allowances	**1,114.95**	1,071.05
	b.	Contribution to provident and other funds	**84.03**	82.19
	c.	Gratuity expense	**19.95**	21.09
	d.	Staff welfare expenses	**82.09**	92.19
	e.	Share based payment	**9.79**	-
			1,310.81	1,266.52
25.	**Finance costs**			
	a.	Interest costs		
		i. Interest on bank overdraft	**0.35**	0.21
		ii. Interest on dealer deposit	**0.19**	0.53
		iii. Interest - others	**1.41**	-
	b.	Other borrowing costs		
		- Unwinding of GSA charges	**-**	68.73
	c.	Provision for Interest on contingencies	**140.64**	-
	d.	Provision for Interest on Income tax relating to current year	**23.01**	-
	e.	Provision for Interest on Income tax relating to prior years	**68.18**	-
			233.78	69.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars			**Year ended 31.03.2019**	Year ended 31.03.2018
26.	**Other expenses**			
	a.	Consumption of stores	**450.65**	558.72
	b.	Job work charges	**309.61**	290.24
	c.	Rent and hire charges	**16.52**	12.55
	d.	Repairs and maintenance		
		i. Plant and equipment	**224.54**	243.54
		ii. Building	**26.53**	27.36
		iii. Others	**3.98**	2.09
	e.	Power and fuel	**348.73**	339.12
	f.	Legal and professional charges*	**37.96**	30.76
	g.	Expenditure on corporate social responsibility(Refer note 38)	**20.89**	14.59
	h.	Management consultancy and business auxiliary services	**179.76**	69.35
	i.	Royalty	**49.29**	38.61
	j.	Travelling and conveyance	**87.08**	95.24
	k.	Selling and transportation expenses	**112.95**	103.30
	l.	Communication and IT expenses	**27.87**	47.38
	m.	Trademark fees	**132.31**	126.35
	n.	Cash discount on sales	**9.15**	4.05
	o.	Insurance	**28.78**	27.94
	p.	Rates and taxes	**11.68**	0.97
	q.	Provision for contingencies	**81.42**	-
	r.	Warranty	**10.28**	24.15
	s.	Provision for slow moving inventory (Refer note 46)	**79.27**	23.54
	t.	Provision for mark to market losses on forward contracts (net)	**29.97**	2.74
	u.	Impairment loss on property, plant and equipment	**54.23**	-
	v.	Loss on disposal of property, plant and equipment	**2.84**	0.43
	w.	Provision for doubtful Other receivables	**21.54**	-
	x.	Miscellaneous expenses	**94.72**	98.84
	y.	Provision for penalty on Income Tax matters	**103.00**	-
			2,555.55	2,181.86

* Legal and professional charges (net of GST) includes payment to auditor's:

To statutory auditors		
For audit	**7.07**	5.26
For Tax Audit	**1.99**	1.98
For Other Services	**-**	0.18
For reimbursement of expenses	**0.29**	0.40
	9.35	7.82

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

Particulars		Year ended 31.03.2019	Year ended 31.03.2018
27.	**Income tax recognised in Statement of Profit and Loss**		
(a)	**Current tax**		
	In respect of current year	**328.37**	351.24
	In respect of prior years (refer note (d) below)	**91.50**	33.77
		419.87	385.01
(b)	**Deferred tax [See note 28]**		
	Decrease/(increase) in deferred tax assets	**(86.16)**	84.97
	(Decrease)/increase in deferred tax liabilities	**34.20**	22.06
		(51.96)	107.03
	Total tax expense recognised in Statement of Profit and Loss	**367.91**	492.04
(c)	**The income tax expense for the year can be reconciled to the accounting profit as follows:**		
	Profit before tax	**504.52**	1,279.39
	Income tax expense calculated at 34.94% (Previous year - 34.61%)	**176.30**	442.77
	Tax effect of amounts which are not deductible in calculating taxable income:		
	Provision for Interest and penalty on Income tax relating to prior years and legal matters	**93.04**	-
	Others	**7.07**	15.50
		100.11	15.50
	Adjustments recognised in current year with respect to Income tax of prior years	**91.50**	33.77
	Income tax expense recognised in statement of profit or loss account	**367.91**	492.04

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.

(d) Income Tax relating to prior years

During the year, the Company has received an order of Income Tax Appellate Tribunal (ITAT) confirming disallowances made by the Assessing Officer in the assessment of taxable income for the assessment year 2012-13. The Company has filed an appeal against the said ITAT order before the Hon'ble Delhi High Court on August 13, 2018. Subsequently, the Company has re-assessed the possible outcome in aforesaid case and similar matters pending before the ITAT for the assessment year 2013-14 and 2014-15 and based on management judgement made a provision of Rs. 262.68 million along with Interest and penalty thereon shown as finance costs and other expenses respectively in these IndAS financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

28 Current Tax and Deferred Tax

(I) For the year ended 31 March, 2019

(Rs. in million)

Particulars	**Year ended 31.03.2019**			
	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 other intangible assets	**(296.12)**	**(24.07)**	**-**	**(320.19)**
Gratuity fund asset	**(15.81)**	**(10.13)**	**(3.75)**	**(29.69)**
	(311.93)	**(34.20)**	**(3.75)**	**(349.88)**
Tax effect of items constituting deferred tax assets				
Provision for Bonus	**6.81**	**(2.58)**	**-**	**4.23**
Provision for Entry Tax	**18.47**	**23.19**	**-**	**41.66**
Provision for Compensated absences	**45.80**	**(2.89)**	**-**	**42.91**
Provision for slow moving inventory	**35.70**	**34.44**	**-**	**70.14**
Provision for Indirect Tax	**-**	**30.78**	**-**	**30.78**
Other Temporary differences	**9.65**	**3.24**	**-**	**12.89**
MAT Credit	**0.02**	**(0.02)**	**-**	**-**
	116.45	**86.16**	**-**	**202.61**
Deferred tax Liabilities (net)	**(195.48)**	**51.96**	**(3.75)**	**(147.27)**

(II) For the year ended 31 March, 2018

(Rs. in million)

Particulars	Year ended 31.03.2018			
	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 other intangible assets	(250.27)	(45.85)	-	(296.12)
GSA charges	(23.79)	23.79	-	-
	(274.06)	(22.06)	-	(296.12)
Tax effect of items constituting deferred tax assets				
Provision for Bonus	6.99	(0.18)	-	6.81
Provision for Entry Tax	17.96	0.51	-	18.47
Provision for Compensated absences	45.77	0.03	-	45.80
Provision for slow moving inventory	27.56	8.14	-	35.70
Provision for Gratuity/(Gratuity Fund)	(8.05)	(8.16)	0.40	(15.81)
Other Temporary differences	11.60	(1.95)	-	9.65
MAT Credit	83.38	(83.36)	-	0.02
	185.21	(84.97)	0.40	100.64
Deferred tax Liabilities (net)	(88.85)	(107.03)	0.40	(195.48)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

29. 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.

During the year the Company has recognised the following amounts in the statement of profit and loss:

(Rs. in million)

	Year ended 31.03.2019	Year ended 31.03.2018
Contribution to Regional Provident Fund Commissioner	**15.69**	14.96
Contribution to Superannuation Fund	**17.72**	18.12
Contribution to Employee State Insurance	**2.64**	2.16
Contribution to Employee's Pension Scheme 1995	**14.64**	14.28

(ii) Defined benefit plans and other long term benefits

A Gratuity plan

The Company operates gratuity plan administered through 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.

B Compensated absences:

The employees are entitled for leaves for each year of service and part thereof and subject to the limits specified, the un-availed portion of such leaves can be accumulated / encashed or lapsed during/ at the end of the service period. The plan is not funded.

C 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 thereon 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 present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary 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.
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 for the purpose of the actuarial valuations were as follows:**

Particulars	**Gratuity Fund**
As at 31.03.2019	
Discount Rate(s)	**7.65%**
Expected return on Plan Assets	**7.76%**
Salary Rise	**8.50%**
Attrition Rate	**5.00%**
Expected average remaining working lives of employees (years)	**23.10 years**
As at 31.03.2018	
Discount Rate(s)	7.75%
Expected return on Plan Assets	7.55%
Salary Rise	8.50%
Attrition Rate	5.00%
Expected average remaining working lives of employees (years)	24.60 years

Components of expenses recognised in the statement of profit or loss in respect of: (Rs. in million)

Particulars	**Gratuity Fund**
Year ended 31.03.2019	
Past Service Cost	**-**
Current Service Cost	**23.51**
Actuarial loss/(gain)	**-**
Net Interest Cost/(Income)	**(3.56)**
Expenses recognised in the statement of profit & loss	**19.95**
Year ended 31.03.2018	
Past Service Cost	-
Current Service Cost	24.55
Actuarial loss/(gain)	-
Net Interest Cost/(Income)	(3.46)
Expenses recognised in the statement of profit & loss	21.09

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

Components of expenses recognised in the other comprehensive income in respect of: (Rs. in million)

Particulars	**Gratuity Fund**
Year ended 31.03.2019	
Actuarial (gain)/loss	
- Experiences Adjustment	**(13.28)**
- Differences in present value of obligations	**2.36**
Return on Plan Assets, excluding amounts included in Net Interest Expense	**0.20**
Component of defined benefit costs recognised in other comprehensive income	**(10.72)**
Year ended 31.03.2018	
Actuarial (gain)/loss	
- Experiences Adjustment	5.02
- Differences in present value of obligations	(4.99)
Return on Plan Assets, excluding amounts included in Net Interest Expense	1.11
Component of defined benefit costs recognised in other comprehensive income	1.14

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	**Gratuity Fund**
As at 31.03.2019	
Present Value of obligation	**336.31**
Fair value of plan assets	**421.26**
Surplus/(deficit)	**84.95**
Effect of asset ceiling, if any*	**-**
Net asset/(liability)	**84.95**
As at 31.03.2018	
Present Value of obligation	319.97
Fair value of plan assets	365.90
Surplus/(deficit)	45.93
Effect of asset ceiling, if any*	-
Net asset/(liability)	45.93

*The company has an obligation to make good the shortfall, if any.

Classification into long term and short term

(Rs. in million)

Particulars	**Gratuity Fund**
As at 31.03.2019	
Long term asset/(liability)	**84.95**
Short term asset/(liability)	**-**
As at 31.03.2018	
Long term asset/(liability)	45.93
Short term asset/(liability)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

Movement in the present value of the defined benefit obligation are as follows

(Rs. in million)

Particulars	Gratuity Fund
Year ended 31.03.2019	
Present value of the obligation as at the beginning i.e, 01.04.2018	**319.97**
Current Service cost	**23.51**
Interest expense or cost	**24.80**
Employee's contribution	**-**
Remeasurement (or actuarial) (gain)/loss arising from:	
- Experience Adjustment	**(13.28)**
- Others	**2.36**
Settlements/Transfer In	**-**
Benefits paid	**(21.05)**
Present value of the obligation as at the end	**336.31**
Year ended 31.03.2018	
Present value of the obligation as at the beginning i.e, 01.04.2017	280.05
Current Service cost	24.55
Interest expense or cost	21.03
Employee's contribution	-
Remeasurement (or actuarial) (gain)/loss arising from:	
- Experience Adjustment	5.02
- Others	(4.99)
Settlements/Transfer In	-
Benefits paid	(5.69)
Present value of the obligation as at the end	319.97

Movement in the fair value of the plan asset are as follows

(Rs. in million)

Particulars	Gratuity Fund
Year ended 31.03.2019	
Fair Value of plan asset at the beginning i.e, 01.04.2018	**365.90**
Interest Income	**27.63**
Employer's contribution	**48.25**
Employee's contribution	**-**
Actuarial gain/(loss)	**0.53**
Settlements/Transfer In	
Benefits paid	**(21.05)**
Fair Value of plan asset at the end	**421.26**
Year ended 31.03.2018	
Fair Value of plan asset at the beginning i.e, 01.04.2017	303.57
Interest Income	24.39
Employer's contribution	44.74
Employee's contribution	-
Actuarial gain/(loss)	(1.11)
Settlements/Transfer In	-
Benefits paid	(5.69)
Fair Value of plan asset at the end	365.90

The company expects to make a contribution of Rs. 20.03 million (as at 31.03.2018 Rs. 18.06 million)to the defined benefit plans during the next financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

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.

If the discount rate increases(decreases) by 0.5%, the defined benefit obligation would decrease by Rs. 11.58 million(increase by Rs. 12.3 million)(as at March 31, 2018: decrease by Rs. 16.23 million(increase by Rs. 18.34 million)).

If the expected salary growth rate increases(decreases) by 0.5%, the defined benefit obligation would increased by Rs. 12.14 million (decrease by Rs. 11.55 million) (as at 31.03.2018: increase by Rs. 18.02 million (decrease by Rs. 16.26 million)).

Maturity Profile of Defined Benefit Obligation

(Rs. in million)

	Year	Gratuity
a)	0 to 1 Year	24.04
b)	1 to 2 Year	22.38
c)	2 to 3 Year	16.45
d)	3 to 4 Year	15.20
e)	4 to 5 Year	16.29
f)	5 to 6 Year	15.23
g)	6 year onwards	226.72
		336.31

30. Share based payment

During the year, GKN Group has issued shares of GKN Plc., UK to 2 senior employees of the Company under the GKN Sustainable Earning plan 2016 and GKN Deferred Bonus Plan 2017 as performance incentive. Board of Directors of the Company has recommended and approved the allotment and issue of these shares vide meeting dated May 8, 2018

Employee	Designation	Number of Shares	Classification	Date of allotment	Value per share on 19.04.2018 (in Rs.)	Value as at 19.04.2018 (in Rs.)
Bharat Dev Singh	Managing Director	11,783	Ordinary Shares	19.04.2018	443	5,220,343
S Mehrotra	Plant Director-Faridabad	3,612	Ordinary Shares	19.04.2018	443	1,600,261

During the previous year, GKN Group had issued shares of GKN Plc., UK under the GKN Share Retention and Incentive Plan 2015 (SIRP 2015) as performance incentive, Board of Directors of the Company had recommended and approved the allotment and issue of these shares vide meeting dated February 27, 2018

Employee	Designation	Number of Shares	Classification	Date of allotment	Value per share on 27.02.2018 (in Rs.)	Value as at 27.02.2018 (in Rs.)
Bharat Dev Singh	Managing Director	6365	Ordinary Shares	19.03.2018	354	2,254,738
S Mehrotra	Plant Director-Faridabad	2017	Ordinary Shares	19.03.2018	354	714,502

The disclosures given above are to the extent of information available with the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

Particulars	Year ended 31.03.2019 (Rs. Per share)	Year ended 31.03.2018 (Rs. Per share)
31. Earnings per share (EPS)		
Basic earnings per share	**11.24**	61.58
Diluted earnings per share *	**11.24**	61.58

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 31.03.2019	Year ended 31.03.2018
Profit for the year	Rs. in Million	**143.58**	786.61
Weighted average number of equity shares for the purposes of basic earnings per share (Face Value of Rs. 10 each)	Numbers	**12,773,061**	12,773,061

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 31.03.2019	Year ended 31.03.2018
Profit for the year	Rs. in Million	**143.58**	786.61
Weighted average number of equity shares for the purposes of basic earnings per share (Face Value of Rs. 10 each)	Numbers	**12,773,061**	12,773,061

* There are no potential dilutive equity shares.

32. Financial Instruments and Risk Management

32.1 Financial instruments by category

(Rs. in million)

	As at 31.03.2019				As at 31.03.2018			
	FVTPL	FVOCI	Amortised cost	Total Carrying Value	FVTPL	FVOCI	Amortised cost	Total Carrying Value
Financial assets								
Trade Receivable	-	-	1,163.29	1,163.29	-	-	1,341.89	1,341.89
Cash and bank balances	-	-	1,209.81	1,209.81	-	-	712.80	712.80
Loans	-	-	8.40	8.40	-	-	11.47	11.47
Security deposits	-	-	53.01	53.01	-	-	53.00	53.00
Interest accrued	-	-	1.88	1.88	-	-	1.83	1.83
Recoverable from related parties	-	-	248.75	248.75	-	-	-	-
Others	-	-	20.93	20.93	-	-	26.42	26.42
Total financial assets	**-**	**-**	**2,706.07**	**2,706.07**	**-**	**-**	**2,147.41**	**2,147.41**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

(Rs. in million)

	As at 31.03.2019				As at 31.03.2018			
	FVTPL	FVOCI	Amortised cost	Total Carrying Value	FVTPL	FVOCI	Amortised cost	Total Carrying Value
Financial liabilities								
Borrowings	-	-	-	-	-	-	6.37	6.37
Trade payables	-	-	1,830.89	1,830.89	-	-	1,946.79	1,946.79
Deposits from dealers, contractors and others	-	-	100.53	100.53	-	-	121.16	121.16
Payable to capital creditors	-	-	88.87	88.87	-	-	109.47	109.47
Foreign currency / commodity	-	-		-	-	-		-
forward contracts	-	-	29.97	29.97	-	-	2.74	2.74
Others	-	-		-	-	-		-
Total financial liabilities	**-**	**-**	**2,050.26**	**2,050.26**	**-**	**-**	**2,186.53**	**2,186.53**

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

(Rs. in million)

As at 31.03.2019	Notes No	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at FVTOCI					
Unquoted equity instruments	4	-	-	0.13	0.13
Total financial assets		**-**	**-**	**0.13**	**0.13**

As at 31.03.2018	Notes No	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at FVTOCI					
Unquoted equity instruments	4	-	-	0.07	0.07
Total financial assets		**-**	**-**	**0.07**	**0.07**

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.

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.

Reconciliation of Level 3 fair value measurement

(Rs. in million)

	Unlisted equity instruments
As at 01.04.2017	**-**
Acquisition	0.07
Gains/(losses) recognised	-
- in other comprehensive income	
As at 31.03.2018	0.07
Acquisition	0.06
Gains/(losses) recognised	-
- in other comprehensive income	-
As at 31.03.2019	**0.13**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

32.2 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
Liquidity risk	Business commitment and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Financial assets and liabilities not denominated in Indian rupee	Cash flow forecasting	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 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 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 notes to accounting policies. For details of exposure, default grading and expected credit loss as on the reporting year (See note 10).

(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 maintains sufficient bank balance to meet short term commitments 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 short term bank deposits hence carries negligible liquidity risk.

(a) Financing arrangements

The Company had access to the following borrowing facilities at the end of the reporting period:

(Rs. in million)

	As at 31.03.2019	As at 31.03.2018
Floating rate		
- Expiring within one Year (bank overdraft and other facilities)	**1,350**	1,350
- Expiring beyond one year (bank overdraft and other facilities)	**1,300**	1,300

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

Contractual maturities of financial liabilities

As at 31.03.2019 (Rs. in million)

	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Non current					
- **Other financial liabilities**	**-**	**8.84**	**-**	**-**	**8.84**
Current					
- **Bank Overdraft**	**-**	**-**	**-**	**-**	**-**
- **Trade payables**	**1,919.76**	**-**	**-**	**-**	**1,919.76**
- **Other financial liabilities**	**121.66**	**-**	**-**	**-**	**121.66**
Total	**2,041.42**	**8.84**	**-**	**-**	**2,050.26**

As at 31.03.2018 (Rs. in million)

	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Non current					
- Other financial liabilities	-	8.10	-	-	8.10
Current					
- Bank Overdraft	6.37	-	-	-	6.37
- Trade payables	2,056.26	-	-	-	2,056.26
- Other financial liabilities	115.80	-	-	-	115.80
Total	2,178.43	8.10	-	-	2,186.53

(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 which mainly affects financial liabilities such as Trade payables.

(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.

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 INR, are as follows:

(Rs. in million)

Currency	**As at 31.03.2019**		As at 31.03.2018	
	Receivables	**Payables**	Receivables	Payables
USD	**17.88**	**217.33**	49.95	163.30
EUR	**14.47**	**162.61**	-	241.06
JPY	**-**	**15.58**	-	18.78
GBP	**3.99**	**-**	-	-
AUD	**-**	**13.96**	-	7.90
	36.34	**409.48**	49.95	431.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

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	
		31.03.2019	31.03.2018
USD	+5%	**(9.97)**	(5.67)
	-5%	**9.97**	5.67
EUR	+5%	**(7.41)**	(12.05)
	-5%	**7.41**	12.05
JPY	+5%	**(0.78)**	(0.94)
	-5%	**0.78**	0.94
GBP	+5%	**0.20**	-
	-5%	**(0.20)**	-
AUD	+5%	**(0.70)**	(0.40)
	-5%	**0.70**	0.40

(iii. b) Interest rate risk

The Company is exposed to interest rate risk on current borrowings and fixed deposits outstanding as at the year end. The Company's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Company are principally denominated in Indian Rupees. 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.

32.3 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 31.03.2019	As at 31.03.2018
Borrowings	-	6.37
Cash and cash equivalents	1,209.81	712.80
Net debt	-	-
Total equity	4,828.11	4,674.74
Net debt to equity ratio	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

33(a). Related Party Disclosures

I. List of related parties

	Nature of relationship	Party Name
A	Ultimate holding company	Melrose Industries Plc, UK (From Apr 19, 2018)
		GKN Plc, UK (Till Apr 18, 2018)
B	Holding company	GKN Driveline International GmbH, Germany
C	Fellow subsidiaries with whom transactions have taken place during the current year or previous year	GKN Driveline Japan Ltd, Japan GKN Do Brasil Ltd., Brasil GKN Driveline Zumaia SA, Spain GKN Driveline Vigo, Spain GKN Group Service Ltd, UK GKN Driveline Birmingham Ltd, U.K GKN Automotive Ltd., U.K GKN Driveline UK Ltd, U.K GKN Holdings Limited, U.K AP Newall and Company Ltd, UK GKN Freight Services Ltd, UK GKN Service International GmbH, Germany GKN Walterscheid Gmbh, Germany GKN Driveline Deutschland Gmbh, Germany GKN Driveline Firenze SpA, Italy GKN Driveline Brunico, SpA, Italy GKN Driveline North America, Inc., USA GKN Driveline Malaysia Sdn Bhd, Malaysia GKN Driveline Korea Ltd, South Korea GKN Driveline (Thailand) Ltd, Thailand Unidrive Pty Ltd, Australia GKN Driveline Singapore Pte Ltd, Singapore GKN Driveline Slovenija, d.o.o, Slovenia GKN Driveline Ribemont Sarl, France GKN Driveline SA, France GKN Driveline Polska Sp.zo.o,Poland GKN Sinter Metals Private Limited, India GKN Driveline Mexico (UK) Ltd., UK
D	Joint ventures of GKN Plc, UK.	Shanghai GKN Huayo Driveline System Co. Ltd China Taiway Ltd, Taiwan Transejes Transmisiones Homocineticas de Colombia
E	Board and Key Managerial Personnel	Mr. Bharat Dev Singh Kanwar (Managing Director Upto January 31, 2019) Mr. Sanjay Katyal (Managing Director From February 01, 2019) Mr. Adam Touhig (Chairman and Non executive director from May 08, 2018) Mr. Madan Singh Sisodia (Chief Finance Officer Upto May 14, 2019) (Executive Director From May 08, 2018) Mr. Vinod K Singh (Executive Director From May 08, 2018 upto April 23, 2019) Ms. Gopika Pant (Independent Director) Mr. K.N. Subramaniam (Independent Director) Mr. Matthew Richard Nozemack (Additional Non Executive Director From February 27, 2019) Mr. Jonathon Colin Fyfe Crawford (Additional Non Executive Director From February 27, 2019) Mr. Rajeev Dogra (Additional Executive Director From May 15, 2019) Mr. Wilson Ng (Non Executive Director From May 08, 2018 upto July 19, 2019) Mr. Tushar Jain (Chief Finance Officer From May 15, 2019) Ms. Richa Porwal (Company Secretary)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

33(b). Transactions with related parties during the year (Rs. in million)

Particulars	For year ended 31.03.2019	For year ended 31.03.2018
Sale of goods		
GKN Driveline Malaysia Sdn Bhd, Malaysia	**26.17**	45.83
GKN Driveline Mexico (UK) Ltd., UK		24.44
GKN Driveline Japan Ltd, Japan	**74.71**	397.97
GKN Driveline Korea Ltd, Korea	**42.97**	134.07
Transejes Transmisiones Homocineticas de Colombia	**12.98**	0.21
Others	**4.30**	5.88
	161.13	608.40
Purchase of raw materials and components		
GKN Driveline SA, France	**40.85**	40.08
GKN Driveline Zumaia S A, Spain	**12.55**	18.58
GKN Driveline North America, Inc, USA	**10.74**	6.89
GKN DO Brasil Ltd, Brasil	**12.89**	34.41
Shanghai GKN Huayo Driveline System Co. Ltd., China	**17.41**	32.74
GKN Driveline Korea Ltd, South Korea	**14.41**	3.74
GKN Driveline (Thailand) Ltd, Thailand	**3.32**	21.85
Unidrive Pty Ltd, Australia	**-**	10.65
Others	**8.40**	12.52
	120.57	181.46
Expenditure on Capital item		
GKN Driveline (Thailand) Ltd, Thailand	**30.99**	-
Undrive Pty Ltd	**3.28**	-
GKN Driveline Brunico, SpA, Italy	**-**	7.71
	34.27	7.71
Expenditure on royalty		
GKN Driveline International GmbH, Germany	**-**	38.61
GKN Automotive Ltd, UK	**49.29**	-
Expenditure on trade mark fees		
AP Newall and Company Ltd, UK	**132.31**	126.35
Expenditure on IT support system and other charges		
GKN Driveline Singapore Pte Ltd., Singapore*	**-**	18.88
GKN Sinter Metals Private Limited, India	**0.84**	1.11
	0.84	19.99

*Part of Management Consultancy and Business Auxiliary Services for FY 2018-19.

Particulars	For year ended 31.03.2019	For year ended 31.03.2018
Reimbursement of expenses made		
GKN Freight Service Ltd, UK	**83.48**	74.64
Others	**9.14**	15.71
	92.62	90.35
Reimbursement of expenses received		
GKN Driveline Japan Ltd, Japan	**6.35**	5.51
GKN Automotive Ltd, U.K	**4.24**	8.33
GKN Walterscheid GmbH, Germany	**4.35**	5.46
Others	**0.50**	1.07
	15.44	20.37

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

33(b). Transactions with related parties during the year (Contd.) (Rs. in million)

Particulars	For year ended 31.03.2019	For year ended 31.03.2018
Management Consultancy and Business Auxiliary Services		
GKN Automotive Ltd, U.K	**179.76**	69.35
Remuneration paid to key management personnel**		
Mr. B. D. Singh Kanwar (Including excess Managerial remuneration of Rs. 21.54 million (PY Nil) and net of share based payments Rs. 7.47 million (PY Nil)	**38.68**	28.46
Mr. Sanjay Katyal	**1.53**	-
Mr. Madan Singh Sisodia	**6.54**	7.01
Mr. Vinod Singh	**6.33**	-
Ms. Richa Porwal	**2.09**	2.00
Ms. Gopika Pant	**1.00**	1.00
Mr. K.N. Subramaniam	**0.90**	1.00
Share based payments		
Mr. B. D. Singh Kanwar	7.47	-

**Does not include provisions/contributions towards gratuity, compensated absences and personal accident insurance, where such provisions/contributions are for the Company as a whole.

33(c) Operating Agreement

The Company entered into an Operating Agreement ("the Agreement") with a fellow subsidiary – GKN Driveline UK Ltd. ("DUK") effective from April 01, 2018, wherein DUK undertakes high value added activities, makes strategic decisions and bears strategic risks and Company carries out execution activities. Pursuant to the Agreement, the Company would get an agreed profit margin each year i.e. any excess/shortfall of actual return over/below Target Return agreed at the beginning of each year shall be payable/recoverable as a variable operating fee/market support fee to/from DUK.

During the year 2018-19, an amount of Rs. 329.90 Million was accounted for as Operating Fee for the aforesaid services received, out of which Rs. 248.75 Million net of tax deducted at source of Rs. 30.49 Million was remitted by the Company to DUK.

However, the Company and DUK had been in discussions for a review of the aforesaid Agreement, as at March 31, 2019 and as a result of the ongoing discussions, it was mutually agreed to terminate the Agreement with effect from April 01, 2018 with no replacement charge for the financial year 2018-19 in respect of the services rendered by DUK under the Agreement vide "Termination of Operating Agreement" ("Termination Agreement") dated December 23, 2019. As per Termination agreement, all monies paid by the Company will be refunded by DUK, prior to March 31, 2020.

As the Agreement was being reviewed, the termination of the agreement is considered as an adjusting event and the Management has accordingly made the necessary adjustments in these Ind AS financial statements and the Company has accounted for reversal of the operating fee expense amounting to Rs. 329.90 Million, recorded a receivable from DUK, amounting Rs. 248.75 Million and TDS recoverable amounting Rs. 30.49 Million in these Ind AS financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

33(d). Balances Outstanding at year end (Rs. in million)

Particulars	As at 31.03.2019	As at 31.03.2018
Trade receivables		
GKN Driveline Malaysia Sdn. Bhd, Malaysia	**2.59**	2.98
GKN Driveline Korea Ltd, Korea	**4.20**	7.93
GKN Driveline Japan Ltd, Japan	**6.31**	30.27
GKN Automotive Ltd., U.K	**4.30**	0.08
Others	**0.05**	1.51
	17.45	42.77
Trade payables		
GKN Driveline SA, France	**19.97**	31.18
Unidrive Pty Ltd, Australia	**13.96**	7.90
GKN Freight Services Ltd, UK	**19.17**	15.66
AP Newall and Company Ltd,UK	**28.36**	142.14
GKN Automotive Ltd, UK	**46.24**	19.36
Others	**22.74**	46.96
	150.44	263.20
Other receivables		
GKN Driveline UK Ltd, UK (Refer note 33(c))	**248.75**	-
Others	**2.59**	1.92
	251.34	1.92
Guarantee issued in favour of the Company		
GKN Enterprises Limited	-	1,700.00
GKN Holding plc, UK	**1,600.00**	1,600.00

34. Contingent liabilities:

1) Claims against the Company not acknowledged as debts (Rs. in million)

Particulars	As at 31.03.2019	As at 31.03.2018
Demand from Haryana Urban Development Authority (HUDA) (Refer note (a) below)	**-**	9.88
Demands from Income Tax Authorities	**53.08**	24.86
Demand raised by Central Excise department for Excise duty	**-**	12.80
Demand raised by Central Excise department for Service Tax	**21.52**	77.11
Demand raised by Sales tax/VAT department for VAT	**0.83**	-
Demand raised by Employee State Insurance Department	**0.24**	0.24
Others	**8.84**	-
Total	**84.51**	124.89

a) In April 1999, the Company had received a demand of Rs 9.88 Mn from Haryana Urban Development Authority (HUDA) towards extension fees for non-completion of building within time at its Dharuhera Plant. The Company's writ appeal on the above subject is currently pending before the Hon'ble High Court of Punjab and Haryana. During the period hearings were held before the Chief Administrator, HUDA, in which the Chief Administrator, HUDA had dismissed the appeal on the ground of maintainability. Final arguments had been addressed in the case and written submissions/arguments on behalf of the Company had also been filed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

b) All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on the results of the operations or financial position of the Company.

Income Tax Matters

Income Tax demands mainly relates to disallowance for purchase of raw material from allied entities, stock difference at one of its plants, warranty provision, CSR expenditure, Trademark and Royalty.

Excise Matters

Excise demands mainly relates to reversal of Cenvat credit on slow moving inventory which are not removed from the factory, and interest for delayed reversal of credit of additional duty of customs.

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.

Sales Tax/VAT Matters

Sales Tax demands mainly relates to non acceptance of manual C forms and F forms issued by customer and Non submission of C forms.

2) Other money for which the Company is contingently liable: (Rs. in million)

Particulars	As at 31.03.2019	As at 31.03.2018
Bank guarantee furnished to Maharashtra Pollution Control Board.	**1.00**	0.50
Bank guarantee furnished to Commissioner of Central Excise.	**-**	7.50
Bank guarantee furnished to ARS Energy Private Ltd.	**1.51**	-
	2.51	8.00

35. Other Claims:

Based upon the legal opinion obtained by the management, there are various interpretation, implementation and operational issues arising from the impact of the recent Supreme Court Judgment in the case of "Vivekananda Vidyamandir vs Regional Provident Fund Commissioner (II), West Bengal in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952 and thus, the Company is in the process of evaluating the impact of the same

36. Capital and other commitments: (Rs. in million)

Particulars	As at 31.03.2019	As at 31.03.2018
Capital commitments		
(a) Estimated value of contracts in capital account remaining to be executed.	**172.49**	50.90

(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 long term commitments/contracts including derivative contracts for which there will be any material foreseeable losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

37. Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(Rs. in million)

Particulars			For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	(i)	the principal amount remaining unpaid to any supplier	**14,888,895**	15,371,200
	(ii)	interest due thereon	**1,862**	-
(b)		interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day.	**-**	-
(c)		interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**39,846**	36,271
(d)		interest accrued and remaining unpaid	**39,846**	36,271
(e)		further interest remaining due and payable even in the succeeding years for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**39,846**	36,271

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.

38. Expenditure on Corporate Social Responsibility (CSR)

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:

Rural development project

Education & vocational skills (incl. educational infrastructure

Environmental sustainability

Healthcare including sanitation and drinking water

Gender equality & women empowerment (Incl. old age homes)

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.

Gross amount required to be spent by the Company during the year is Rs. 20.60 million (Previous year Rs. 12.31 million) and the details of amount spent are as under:

(Rs. in million)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Amount actually spent by the Company for above mentioned activities	**20.89**	14.59

39. Operating Lease arrangements

The Company has entered into operating lease arrangements for Oragadam land and Gujarat plant. These arrangement are non-cancellable in nature and between nine years to ninety nine years. Lease rental expense is set out in note as 'Rent' in 'Other expenses'. The future minimum lease commitments under non-cancellable operating leases are as under:

Non-cancellable operating lease commitments (Rs. in million)

Particulars	As at 31.03.2019	As at 31.03.2018
within one year	**13.81**	8.94
Later than one year but less than five years	**60.93**	58.80
later than five years	**24.80**	30.13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2019

40. The remuneration paid by the Company to its erstwhile Managing Director, Mr. BD Singh for the period upto January 25, 2019 is in excess by Rs. 21.54 million vis-à-vis the limits specified in Section 197 of Companies Act, 2013 ('the Act') read with Schedule V thereto. The Company is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders, as necessary. The said excess amount is shown as recoverable from the erstwhile Managing Director and provision against the same has been made in these Ind AS financial statements

41. 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 the return of income, 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.

42. Scheme of Amalgamation

42.1 In the financial statements of previous year, the scheme of amalgamation('the Scheme') between the Company (Amalgamated Company) and its subsidiary company, Drivetech Accessories Limited (Amalgamating Company) was approved by the Hon'ble Regional Director(Northern Region) vide order dated July 11, 2018, the Scheme was effective from April, 1 2017 i.e. the appointed date. Company had completed all required formalities and filed the scheme with the ROC on July 19, 2018. The Scheme envisages transfer of all assets, rights, powers, liabilities and duties of the Amalgamating Company to the Amalgamated Company with effect from the appointed date.

42.2 Pursuant to clause 12 of the Scheme, the amalgamation was accounted in accordance with the "pooling of interest method" prescribed under Appendix C of the Ind AS 103 "Business Combinations", accordingly the assets, liabilities and reserves of the Amalgamating Company was accounted for at their book value, in the books of Amalgamated Company. The share capital of the Amalgamating Company was cancelled with the Amalgamated Company's investment in the Amalgamating Company.

Detailed breakup of asset and liabilities recognised in previous year financial statements in pursuance to amalgamation was as under:

(Rs. in million)

Particulars	Net Amount in Rs.
Assets	
Property, Plant and Equipment (Net)	17,149
Long term loans and advances	40,109
Other non current assets	80,000
Inventories	673,082
Trade Receivables	688,986
Cash and cash equivalents	2,110,868
Short term loan and advances	99,819
Other Current assets	68,891
Total Assets	**3,778,904**
Trade payables	1,998,028
Other current liabilities	369,217
Deferred tax liabilities	3,140
Total Liabilities	**2,370,385**
Net asset acquired on amalgamation	**1,408,519**
Reserves and surplus	907,269
Less: Adjustment for cancellation of company's investment in transferor company	501,250

43. Segment Information

The Group is primarily in the business of manufacturing and sale of driveshafts to original equipment manufacturers in the automobile industry.

The Board of Directors, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit. Therefore there is no reportable segment for the Group.

Information about major customers:

There are three customers which individually contribute more than 10% of the total revenue in current as well as previous year.The agreegate amount of revenue from such customers account for 65% of total revenue (previous year 58%).

44. Impairment of assets

The Company has recognized an impairment loss amounting Rs. 54.23 Million based on its review of carrying amount of group of machines used for manufacturing of VL joints for one of its customer. These machines were underutilized for some period and the Company is unable to find an alternative economic use of such machineries.

45. Provision for slow moving inventory

During the year, the Company has changed the basis of making provision for slow moving inventory of Loose Tools and Stores & Spares. Accordingly if such inventory remains unutilised in production for more than 12 months, the Company shall provide for 100% of its carrying value against 50% till previous year ended on 31 March 2018. As a result, an additional provision of Rs. 55.50 Million has been recognised and charged to statement of profit and loss account.

46. Voluntary Retirement Scheme

The company announced a Employee separation scheme (" the scheme") during the financial year as a measure of cost rationalization and enhancement of employees efficiency. 3 employees opted for voluntary separation before the closing date of the scheme i.e. 21 February 2019. In pursuance to such scheme company has paid a sum of Rs 6.6 million which has been charged to the statement of profit and loss.

47. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

48. The financial statements are authorised to issue by Board of Directors in their meeting held on December 24, 2019.

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

Sanjay Katyal	(DIN 08354025)	Managing Director
K.N. Subramaniam	(DIN 00041843)	Independent Director Chairman - ARMC
Gopika Pant	(DIN 00388675)	Independent Director
Madan Singh Sisodia	(DIN 08111748)	Executive Director
Tushar Jain	(Mem. No. 500602)	Chief Financial Officer
Richa Porwal	(Mem. No. F8318)	Company Secretary

Place: New Delhi
Date: 24 December, 2019

NOTES

If undelivered please return to :

GKN Driveline (India) Limited

CIN: U74999HR1985PLC034079
Regd. Office: Plot No. 270, Sector 24,
Faridabad 121005 (Haryana), India
Tel : +91 (129) 4091100, 6621300
Fax: +91 (129) 6621349
Email: gdi.stakeholder@gknautomotive.com

Printed by; MODERN:modernsyscorp@gmail.com

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Tel : +91 (129) 4091100, 6621300
Fax: +91 (129) 6621349
Email: gdi.stakeholder@gknautomotive.com
Group website: www.gknautomotive.com

ATTENDANCE SLIP

34th 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 34th Annual General Meeting of the Company at Registered Office, Plot No. 270, Sector 24, Faridabad 121 005 (Haryana) on Tuesday, January 28, 2020 at 11:00 a.m.

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 for 2018-19 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 for 2018-19 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.

GKN Driveline (India) Limited
CIN: U74999HR1985PLC034079
Regd. Office: Plot No. 270, Sector 24,
Faridabad 121005 (Haryana), India
Tel : +91 (129) 4091100, 6621300
Fax: +91 (129) 6621349
Email: gdi.stakeholder@gknautomotive.com
Group website: www.gknautomotive.com

E-VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD

Note : Please read instructions given out at Note No. 19 of the Notice of the 34th Annual General Meeting of the Company before casting your vote through e-voting.

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

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

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 34th Annual General Meeting of the Company to be held on Tuesday, January 28, 2020 at 11:00 a.m. at Registered Office, Plot No. 270, Sector 24, Faridabad 121 005 (Haryana) 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, 2019 including audited Balance Sheet as at March 31, 2019, 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.	Re-appoint a director in place of Mr. Jonathon Colin Fyfe Crawford (DIN-08370872) who retires by rotation.		
Special Business			
3.	Appointment of Mr. Jonathon Colin Fyfe Crawford as Director.		
4.	Appointment of Mr. Matthew Richard Nozemack as Director.		
5.	Appointment of Mr. Sanjay Katyal as Managing Director and revision in remuneration thereof.		
6.	Payment of remuneration to Mr. Madan Singh Sisodia as Executive Director.		
7.	Appointment and payment of remuneration to Mr. Rajeev Dogra as Executive Director.		
8.	Approval for payment of Managerial remuneration for FY 2018-19 and advance approval for Managerial remuneration for next 3 years.		

Signed this ……..… day of …………................… 2020.

Signature of Member(s) ………………….......................…

Signature of Proxy holder(s)..

Affix Revenue Stamp

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 34th 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.