



ZF STEERING GEAR (INDIA) LTD.

Regd. Office & Works :

Gat No. 1242/44, Village Vadu BK., Tal. Shirur, Dist. Pune-412 216 (India)

Tel. : 02137-305100, Fax : 02137-305302

Web : www.zfindia.com, Email Id : enquiry@zfindia.com

Corporate Identity Number (CIN) : L29130PN1981PLC023734



August 22, 2023

BSE Limited

25th Floor, P. J. Towers,
Dalal Street, Fort,
Mumbai- 400 001

Sub: Annual Report for the Financial Year 2022-23

Ref: BSE Scrip Code: 505163

Dear Sir/ Madam,

This is to inform you that pursuant to the Regulation 34(1) read with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed herewith, Annual Report for the Financial Year 2022-23 along with notice for 43rd Annual General Meeting of the Company, as circulated to the shareholders through electronic mode.

Aforesaid documents are also available on the website of the Company, i.e, <http://www.zfindia.com/annual-reports.php> and on website of Central Depository Services (India) Limited at <https://www.cdslindia.com/index.html>

You are requested to take the aforesaid intimation on record.

Thank You,

Yours faithfully
for **ZF Steering Gear (India) Limited**

Company Secretary

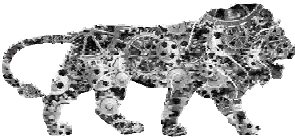


Steering Towards Future

ZF STEERING GEAR (INDIA) LIMITED

www.zfindia.com

43rd
Annual Report
2022-2023



BOARD OF DIRECTORS

Chairman

Mr. Dinesh Munot

Managing Director

Mr. Utkarsh Munot

Non-Executive Directors

Mr. Manish Motwani

Mr. Shridhar S. Kalmadi

Mr. S. A. Gundecha

Mr. Sandeep Nelamangala
(upto April 5, 2023)

Mr. Adit Rathi

Mrs. Smita A. Lahoti

BOARD COMMITTEES

Audit Committee

Mr. S. A. Gundecha – Chairman

Mr. Manish Motwani

Mr. Utkarsh Munot

Mrs. Smita A. Lahoti

Stakeholders' Relationship Committee

Mr. S. A. Gundecha – Chairman

Mr. Shridhar S. Kalmadi

Mr. Utkarsh Munot

Nomination and Remuneration Committee

Mr. S. A. Gundecha – Chairman

Mr. Manish Motwani

Mrs. Smita Lahoti

Corporate Social Responsibility Committee

Mr. Dinesh Munot – Chairman

Mr. Utkarsh Munot

Mr. Shridhar S. Kalmadi

REGISTERED OFFICE & WORKS

Gat Nos. 1242 / 1244,

Village Vadu Budruk,

Tal. Shirur, Dist. Pune – 412 216

Maharashtra

CIN: L29130PN1981PLC023734

Tel: 02137-305100

Fax: 02137- 305302

E-mail Id: investor@zfindia.com

Web: www.zfindia.com

BANKERS

HDFC BANK

Kotak Mahindra Bank

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.

Block No. 202, A Wing, 2nd Floor,

Akshay Complex, Off. Dhole Patil Road,

Pune – 411 001

Tel: 020-26160084,

Fax: 020- 26163503

E- mail: pune@linkintime.co.in

SENIOR MANAGEMENT

Mr. Anant Kalvit – President
(Business Development and Design)

Mr. Ajit Gugale – President
(Commercial and Supply Chain)

Dr. Rathina Singaravelan
Vice-President (Operations)

Mr. Jinendra Jain
Chief Financial Officer

Mr. Sachin Gugale
Chief Information Officer

Mr. Aniket Kadam
Deputy Chief Financial Officer and
Head of Accounts (w.e.f. 07.08.2023)

COMPANY SECRETARY

Mr. Satish Mehta

AUDITORS

M/s. Joshi Apte & Co.

Chartered Accountants

INTERNAL AUDITORS

M/s. Kirtane & Pandit LLP

Chartered Accountants

SECRETARIAL AUDITOR

M/s. SIUT & Company, LLP

Company Secretaries

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NOTICE

NOTICE

Notice is hereby given that the **Forty-Third Annual General Meeting** of the Members of **ZF STEERING GEAR (INDIA) LIMITED** will be held through two-way Video Conferencing or Other Audio-Visual Means (“**VC/ OAVM**”):

Day: Saturday

Date: September 16, 2023

Time: 10:30 am (IST)

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:

- a. the Audited Standalone Financial Statements of the Company for the Financial Year ended on March 31, 2023, together with the Reports of the Board of Directors and Auditors thereon.
- b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended on March 31, 2023 and the Report of the Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in place of Mr. Dinesh Munot (DIN:00049801), who retires by rotation under Section 152(6) of the Companies Act, 2013, and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

4. To consider and if thought fit pass, with or without modifications, the following resolution, as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 2013, if any, approval of the Company be and is hereby, accorded for increasing the Authorised Share Capital of the Company from existing Rs. 10,00,00,000 (**Rupees Ten Crore Only**) comprising 1,00,00,000 (**One Crore**) equity shares of Rs. 10 (**Rupees Ten Only**) each to Rs. 20,00,00,000 (**Rupees Twenty Crore Only**) comprising 2,00,00,000 (**Two Crore**) equity shares of Rs. 10 (**Rupees Ten Only**) each, ranking pari-passu with the existing equity shares of the Company.”

5. To consider and if thought fit pass, with or without modifications, the following resolution, as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 consent of the Members of the Company, be and is hereby accorded, for substituting existing Clause V of the Memorandum of Association of the Company, by the following Clause:

“V. The Authorised Share Capital of the Company is Rs. 20,00,00,000 (**Rupees Twenty Crore Only**) divided into 2,00,00,000 (**Two Crore**) equity shares of Rupees 10 (**Rupees Ten Only**) each, with powers to increase capital from time to time and divide the shares of original or any increased capital into several classes and attach thereto respectively, such preferential, qualified or special rights, privileges, or conditions as regards capital, dividend, voting rights or otherwise, as prescribed by the regulations of the Company as originally framed or altered from time to time.”

RESOLVED FURTHER THAT approval of the Company, be and is hereby, accorded/granted to the Board of Directors of the Company to file requisite e-forms with the Ministry of Corporate Affairs, Government of India and to do/arrange for doing, all such acts, deeds, matters and things and to take all such steps as may be required in this connection, including seeking necessary approvals (if any required) to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

6. To consider and if thought fit pass, with or without modifications, the following resolution, as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 14 of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 and as approved and recommended by the Board of Directors, the new set of Articles of Association of the Company, be and is hereby approved and adopted in substitution and/or supersession of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby, authorised to do all such acts, deeds, matters and things as may be required to be done to give effect to this resolution.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Section 185 and all applicable provisions of the Companies Act, 2013, consent of the Members of the Company be and is hereby accorded for advancing loan and/ or giving of guarantee(s), and/ or providing of security(ies) in connection with any loan sanctioned/ to be sanctioned by financial institutions/ banks/ insurance companies/ other investing agencies or any other person(s)/ bodies corporate, to any entity/ person (said entity(ies)/ persons) covered under the category of ‘a person in whom any of the directors of the company is interested’ as specified in the said Section, up to the aggregate outstanding amounts not exceeding Rs. 100,00,00,000 (**One Hundred Crore**).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, which term shall be deemed to include any committee thereof, be and is hereby authorized to negotiate, finalise and agree to the terms and conditions of the aforesaid Loans / Guarantees / Securities, and to take all necessary steps, to execute documents, instruments and writings, as may be required, from time to time and to do all necessary acts, deeds and things, in order to comply with all the legal provisions and/or comply with procedural formalities and/or incidental or expedient thereto and as the Board of Directors may think fit and suitable or as may be required.”

By Order of the Board of Directors
for **ZF Steering Gear (India) Limited**

Satish Mehta
Company Secretary
ICSI Membership Number: F3219

Registered Office :
Gat No. 1242 / 44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune – 412216
CIN : L29130PN1981PLC023734

July 22, 2023

Notes

1. **The Ministry of Corporate Affairs (“MCA”) has allowed the Companies to conduct Annual General Meeting through video conferencing (“VC”) or other audio-visual means (“OAVM”). In this regard, MCA issued Circular 02/2022 dated May 5, 2022, Circular No. 14/ 2020 dated April 8, 2020, Circular No.17/ 2020 dated April 13, 2020, Circular No.20/ 2020 dated May 5, 2020 and Circular No.02/ 2021 dated January 13, 2021 and Circular No. 10/ 2022 dated December 28, 2022 (“MCA Circulars”), prescribing the procedure and manner of conducting the Annual General Meeting through VC/ OAVM. Further, the Securities and Exchange Board of India (“SEBI”) also vide its Circular No. SEBI/ HO/ CFD/ PoD-2/ P/ CIR/ 2023/ 4 dated January 5, 2023 (“SEBI Circular”) has provided certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). In compliance with the applicable provisions of the Companies Act 2013 (“the Act”), MCA Circulars and SEBI Circular/ Listing Regulations, the Board of Directors has approved conducting of the 43rd Annual General Meeting (AGM) of the Company through VC/ OAVM.**
2. An Explanatory Statement pursuant to Section 102 of the Act, setting out material facts relating to business under item numbers 4, 5, 6 and 7 to be transacted at the meeting, is annexed hereto and forms part of this Notice.
3. As the AGM shall be conducted through VC/ OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Brief profile of Mr. Dinesh Munot, Director of the Company, seeking re-appointment, as stipulated under Regulation 36 of the Listing Regulations, and Secretarial Standard – 2 on General Meetings issued by The Institute of Company Secretaries of India, from time to time, as provided for under Section 118(10) of the Act, are given in the annexure to the Notice of the Annual General Meeting.
5. In terms of provisions of Section 107 of the Act, the resolutions as set out in the notice are being conducted through e-voting, and therefore the said resolutions will not be decided on a show of hands at the AGM.
6. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. Institutional/ Corporate Members (i.e. other than individuals, Hindu Undivided Family (**HUF**), Non-Resident Indians (**NRI**), etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or Governing Body Resolution/ Authority Letter etc., authorizing its representative(s) to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting and e-voting at AGM. The said resolution/ Authority Letter shall be sent through its registered email address to cs@siut.in with a copy marked to helpdesk.evoting@cdslindia.com.
8. In case of any queries regarding the Annual Report or any matter to be placed at the AGM, Members are requested to write to us at least ten (10) days before the AGM through email on investor@zfindia.com. The same will be replied by the Company suitably. Documents referred to in this Notice will be made available for inspection as per applicable statutory requirements.
9. Non-resident Indian Members are requested to inform immediately about the following to the Company or its Share Transfer Agent or the concerned Depository Participant, as the case may be:
 - a. The change in the residential status on return to India for permanent settlement
 - b. The particulars of the NRE Account with a Bank in India, if not furnished earlier.
10. The SEBI has mandated the submission of PAN by every participant in the securities market. Members holding shares in the dematerialized form are, therefore, requested to submit their PAN details to their DPs.
11. 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.
12. The dividend, as recommended by the Board of Directors, if declared at the 43rd AGM, will be paid within 30 days from September 16, 2023, i.e. date of AGM, to those Members who hold shares in physical form and whose name appears on the Company's Register of Members as holders of Equity Shares on September 8, 2023 and in respect of shares held in electronic form, to the Beneficial Owners of the shares as at the close of business hours on September 8, 2023, as per details to be furnished by respective depositories.
13. Pursuant to the Finance Act 2020, dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source (**TDS**) from dividend paid to the Members at prescribed rates as per Income Tax Act, 1961 (**the IT Act**). In general, to enable compliance with TDS requirements, Members are requested to complete and/ or update their Residential Status, Permanent Account Number (**PAN**), Category as per the IT Act with their Depository Participants (**DPs**) for shares held in electronic form and in case shares are held in physical form, with the Company by sending relevant documents by September 8, 2023.
14. Pursuant to the provisions of Section 124 of the Act, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unclaimed dividends for the financial years 1995-96 to 2015-16 have been transferred to the IEPF. Unclaimed dividend for FY. 2016-17, is due for transfer in September 2024. Members who have not yet claimed the dividend warrants for financial years 2016-17, and thereafter are requested to contact the Company at the earliest.
15. Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account (in the name of the Company) within thirty days of such shares becoming due for transfer to the Fund.
16. The Members/ claimants whose shares and unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by the Authority from time to time. The Members/ claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.
17. It is in the Member's interest to claim any unclaimed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the investor's account on time.
18. Members are requested to write to the Company for claiming the dividend for the aforesaid years. The details of unclaimed dividends of the aforesaid years are available on the Ministry of Corporate Affairs website at www.mca.gov.in and on the website of the Company viz. <http://www.zfindia.com/unclaimed-dividend.php>.
19. Members holding shares in dematerialized form are requested to update/ intimate all changes, if any pertaining to their bank details such as name of the bank and branch address, bank account number, MICR Code, IFSC Code, National Electronic Clearing Service (**NECS**), Electronic Clearing Service (**ECS**) mandates, Permanent Account Number (**PAN**), nominations, power of attorney, change of address, change of name, email address, contact numbers, mobile number, etc., to their Depository Participant (**DP**). Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agents, Link Intime India Pvt. Ltd., Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune -411001. The requisite forms for Investor Service Request are available on the Company's Website <http://www.zfindia.com/investor-service-request.php>.

20. Members can avail the facility of Nomination in respect of securities held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed form duly filled – in to Company's RTA. The nomination forms can be obtained from RTA. Members holding shares in dematerialized form may contact their Depository Participant for availing this facility.
21. **As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred/ transmitted only in dematerialized form with effect from January 25, 2022. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrar and Transfer Agents, Link Intime India Pvt. Ltd. Further, the requisite forms for Investors' Service Requisition were sent to the physical shareholders' at their registered address and the said forms are also available on the website of the Company <http://www.zfindia.com/investor-service-request.php>.**
22. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests, viz., Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate.
23. The statutory documents (i.e., The Register of Directors and Key Managerial Personnel) and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the members during the AGM.
24. The Register of Members of the Company shall remain closed from September 9, 2023 to September 16, 2023 **(both days inclusive)**.
25. 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 i.e. Friday, September 8, 2023, only shall be entitled to avail the facility of remote e-voting as well as e-voting at the AGM. The remote e-voting period commences from Wednesday, September 13, 2023 (9:00 a.m. IST) and ends on Friday, September 15, 2023 (5:00 p.m. IST).
26. M/s. SIUT & Co., LLP, Company Secretaries, has been appointed as the Scrutinizers to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner. The Members who have cast their votes by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC/ OAVM but shall not be entitled to cast their votes again. The scrutinizer shall close the e-voting facility after expiry of 15 minutes from the conclusion of voting at the AGM. The scrutinizer shall first count the votes casted electronically at the meeting and there after unblock the votes cast through remote e-voting and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizers' report of the total votes cast in favor 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.
27. The results declared along with the report of the scrutinizer shall be placed on the website of the Company <http://www.zfindia.com/> and on the website of CDSL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited where the shares of the Company are listed.
28. In compliance with the aforesaid MCA Circulars and the SEBI Circular dated May 13, 2022, Notice of the AGM along with the Annual Report 2022–23, is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2022-23, will also be available on the Company's www.zfindia.com, websites of the Stock Exchanges i.e., BSE Limited at www.bseindia.com and on the website of CDSL at www.evotingindia.com.
29. The Notice calling the AGM has been uploaded on the website of the Company at www.zfindia.com. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
30. To support the 'Green Initiative', members who have not registered/ updated their email addresses and mobile number are requested to register/ update the same with 'Link Intime India Pvt. Ltd.', if shares are held in physical mode, or with their DPs, if the holding is in electronic mode. The registered e-mail address will be used for sending future communications.
31. Since the AGM will be held through VC/ OAVM, the Route Map is not annexed in this Notice.

Instructions for Remote Electronic Voting (Remote E – Voting) and E – Voting during AGM and joining AGM through VC/ OAVM:

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated May 5, 2022, April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. The Members can join the AGM in the VC/ OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Pursuant to Para 3, Part A, Sub – Para X of the MCA Circular No. 14/ 2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/ OAVM and cast their votes through e-voting.

THE INTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/ OAVM ARE AS UNDER:

Step 1: Access through Depositories CDSL/ NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on September 13, 2023, 9:00 am IST and ends on September 15, 2023, 5:00 pm (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 8, 2023, may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to the SEBI Circular No. **SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/ retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/ NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI Circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to the aforementioned SEBI Circular, Login method for **e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi/ Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/ Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi/ Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/ KARVY/ LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/ Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If users are already registered for NSDL IDeAS facility, the said users are requested to visit the e-Services website of NSDL, Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, users shall click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. Users will have to enter their User ID and Password. After successful authentication, users will be able to see e-Voting services. Users shall click on "Access to e-Voting" under e-Voting services and they will be able to see e-Voting page. Further Users are instructed to click on company name or e-Voting service provider name and user will be re-directed to e-Voting service provider website for casting his/ her vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Users are requested to Visit the e-Voting website of NSDL and Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. Users will have to enter their User ID (i.e. sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, they will be redirected to NSDL Depository site wherein users can see e-Voting page. Click on company name or e-Voting service provider name and users shall be redirected to e-Voting service provider website for casting their vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	Users can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/ CDSL for e-Voting facility. After Successful login, they will be able to see e-Voting option. Users are requested to click on e-Voting option, they will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein they can see e-Voting feature. Click on company name or e-Voting service provider name and the users shall be redirected to e-Voting service provider website for casting their vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at the aforementioned website.

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual **shareholders holding in Demat form & physical shareholders.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now enter User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) first-time users are requested to follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/ RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Please note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Users are requested to click on the EVSN for the relevant <ZF Steering Gear (India) Ltd.> on which they shall choose to vote.

- (x) On the voting page, users will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Users shall click on the “RESOLUTIONS FILE LINK” if they wish to view the entire Resolution details.
- (xii) After selecting the resolution, users have decided to vote on, they shall click on “SUBMIT”. A confirmation box will be displayed. If users wish to confirm their vote, they shall click on “OK”, else to change their vote, click on “CANCEL” in order to modify their vote.
- xiii) Once users “CONFIRM” their vote on the resolution, they will not be allowed to modify the same.
- (xiv) Users can also take a print-out of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote e-Voting Only

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investor@zfindia.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/ OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/ OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at investor@zfindia.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **10 days prior to meeting** mentioning their name, demat account number/ folio number, email id, mobile number at investor@zfindia.com. These queries will be resolved by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/ OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/ OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company** at investor@zfindia.com or to RTA at pune@linkintime.co.in.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

Annexure to the Notice of the Annual General meeting (AGM)

Statement as required by Section 102 of the Companies Act, 2013.

The following Statement sets out the material facts, relating to the Special Business mentioned in the Notice, as per the provisions of Section 102 of the Companies Act, 2013 (hereinafter referred to as **the Act**), and contents required disclosures, under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Item Nos. 4 and 5

The present Authorised Share Capital of the Company is Rs. 10,00,00,000 (**Rupees Ten Crore Only**) comprising 1,00,00,000 (**One Crore**) Equity Shares of Rs. 10 (**Rupees Ten Only**) each.

Considering the increased fund requirements and in order to raise additional share capital, if required, the Board of Directors of the Company in its meeting held on October 15, 2022, subject to approvals of the Members of the Company, decided to increase the Authorised Share Capital of the Company from Rs. 10,00,00,000 (**Rupees Ten Crore Only**) comprising 1,00,00,000 (**One Crore**) Equity Shares of Rs. 10 (**Rupees Ten Only**) each to Rs. 20,00,00,000 (**Rupees Twenty Crore Only**) comprising 2,00,00,000 (**Two Crore**) Equity Shares of Rs. 10 (**Rupees Ten Only**) each.

If the increase in the Authorized Share Capital of the Company is approved, consequently, Clause V of the Memorandum of Association of the Company would need to be altered, to depict the changed Authorised Share Capital of the Company.

A copy of the Memorandum of Association of the Company, as in force, as of date and altered, as per the proposal, are available for inspection at the registered office of the Company and on the website of the Company at www.zfindia.com.

None of the Directors or Key Managerial Personnel of the Company or any of their respective relatives, is in any way concerned or interested, financially or otherwise, in any of these resolutions.

The Board of Directors recommends **item No. 4 as Ordinary Resolution and item No. 5 as Special Resolution**, for approval by the Members of the Company.

2. Item No. 6

The existing Articles of (Articles) of the Company are based on the provisions of the erstwhile Companies Act, 1956. In light of the provisions of the Companies Act, 2013 (**the Act**), it is proposed to adopt new Articles. The Board of Directors, at its meeting held on July 22, 2023, has accorded its consent, to adopt new set of regulations, as the Articles of Association of the Company, subject to the approval of the Members of the Company.

Pursuant to the provisions of Section 14 of the Act, approval of Members of the Company by a Special Resolution is required for adoption of the new set of regulation, as the Articles of Association, in place of and to replace the existing Articles of Association of the Company.

A copy of the draft of the Articles of Association of the Company, as approved by the Board of Directors is available for inspection at the Registered Office of the Company and/ or on the website of the Company at www.zfindia.com.

None of the Directors or Key Managerial Personnel of the Company or any of their respective relatives, is in any way concerned or interested, financially or otherwise, in any of these resolutions.

The Board of Directors recommends, **item No. 6 as Special Resolution**, for approval by the Members of the Company.

3. Item No. 7

Pursuant to the provisions of Section 185 of the Companies Act, 2013, a company may advance any loan including any loan represented by book debt, or give any guarantee or provide any security in connection with any loan taken by any entity (said entity(ies) covered under the category of 'a person in whom any of the director of the Company is interested' as specified in Section 185(2)(b) of the Act, after obtaining approval of the Members of the Company, by a special resolution, passed in the general meeting.

It is proposed to grant loans and/or extend guarantees and/ or provide security in respect of any loans granted or / to be granted to various entities, which may be subsidiary companies or joint venture companies or other entities, as per the present plans, for expansion / diversification of the businesses of the Company, inter alia by forming or acquiring companies/entities. In these companies or entities, a director of the Company or key managerial personnel may be appointed as a director to represent the Company. Therefore, in order to comply with the above referred provisions of the Act, it is recommended to consider and adopt the said resolution.

The amount of loan/amount secured by guarantees or securities, to be provided by the Company are to be used by the said companies/entities, for their businesses and the proposed loans shall carry interest at the rate of prevailing in the market, from time to time but the same shall not be less than limits specified under Section 186 of the Act.

At present, Company has sanctioned loans to its wholly owned subsidiary companies viz. DriveSys Systems Private Limited and NexSteer Systems Private Limited and a joint venture company viz. Metacast Auto Private Limited (**Metacast**) is the existing Subsidiary/ Joint Venture Company of the Company. Funds may be required by Metacast for acquiring land, plant and machinery and for working capital requirement to support its principal business activities. In case of any subsidiary/ joint venture incorporated in future, the Board of Directors may grant loan or give guarantee or provide security(ies) within the aggregate amount of Rs. 100,00,00,000 (Rupees One Hundred Crores subject to the approval of the Audit Committee.

The Board of Directors recommends that Resolution at Item No. 7 of the Notice be approved by the Members of the Company, as a **Special Resolution**.

None of the Directors, Key Managerial Personnel or any of their respective relatives is in any way, financially or otherwise, concerned or interested in the above resolution except as stated above.

By Order of the Board of Directors
for **ZF Steering Gear (India) Limited**

Satish Mehta
Company Secretary
ICSI Membership Number: F3219

Registered Office :
Gat No. 1242 / 44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune – 412216
CIN : L29130PN1981PLC023734
July 22, 2023

Profile of the Director being reappointed as required under Regulation 36(3) of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, on General Meetings issued by The Institute of Company Secretaries of India, pursuant to Section 118(10) of the Companies Act, 2013.

Name of the Director	Mr. Dinesh Munot
DIN	00049801
Designation	Chairman & Whole – Time Director
Age	75 Years
Date of Appointment	November 8, 1996.
Qualification	B.E. (Electricals), M.I.E.
Experience	<p>Over 45 years of experience in automotive industry. Worked as an Executive Director in Kinetic Engineering Ltd. (before 1984). Worked as Chief Executive of the Company during 1984 - 1986. Managing Director of the Company from January 1, 1987 and Chairman and Managing Director from July 14, 2010 till August 1, 2019. Currently he is Chairman and Whole-Time Director of the Company. His present tenure as Chairman and Whole-Time Director is up to July 27, 2026.</p> <p>He is the former President of Automotive Components Manufacturers' Association (ACMA).</p> <p>He has been bestowed with 'Lifetime Achievement Award' by the Nagar Road Industry Chamber of Commerce, Pune. He was also awarded 'Outstanding Young Person of the Year' in the International Youth Year 1985.</p>
Expertise	Veteran of Automobile Industry, Top Management & Strategy, New Product Development and such other areas
Directorships held in other Listed Companies	Sanghvi Movers Limited
Resignation from directorship held in all Public Limited Listed Companies in the past 3 years	Nil
Membership of the Committees (in the Company)	Corporate Social Responsibility Committee
Membership of the Committees (Others)	Audit Committee – Sanghvi Movers Limited. Stakeholders' Relationship Committee – Sanghvi Movers Limited.
No. of Equity Shares held in the Company	18,89,445 equity shares of Rs. 10 each
Number of Board Meetings attended for the Financial Year 2022-23	Seven out of Seven.
Relationship Between Directors/ KMP inter-se	Mr. Dinesh Munot is father of Mr. Utkarsh Munot – Managing Director of the Company.

By Order of the Board of Directors
for **ZF Steering Gear (India) Limited**

Satish Mehta
Company Secretary
ICSI Membership Number: F3219

Registered Office :
Gat No. 1242 / 44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune – 412216
CIN : L29130PN1981PLC023734
July 22, 2023

BOARD'S REPORT

Board's Report

To the Members,

The Board of Directors is delighted to present the 43rd Annual Report on the business and operations of ZF Steering Gear (India) Limited (**the Company**) along with the summary of Standalone and Consolidated financial statements for the financial year (**FY**) ended March 31, 2023.

I) Performance Review and state of the Company's affairs (Rs. in crore)

Particulars	FY 2022-23	FY 2021-22	FY 2022-23
	Standalone		*Consolidated
Revenue from Operations and other Income	464.41	333.78	463.71
Profit before Depreciation and Tax	70.10	61.60	69.20
Depreciation and Amortization Expenses	32.18	31.39	32.18
Profit before Tax (PBT)	37.20	29.90	36.30
Tax Expense	11.76	11.63	11.76
Profit for the year	25.44	18.27	24.54
Other comprehensive Income	-0.97	0.20	-0.97
Total Comprehensive Income for the year	24.47	18.47	23.57
Balance of Profit Brought Forward from previous year	148.37	129.90	148.37
Transfer to General Reserve	Nil	Nil	Nil
Closing balance as per the Profit and Loss Statement c/f	172.84	148.37	171.94
Earnings Per Share Basic and Diluted (Rs.)	28.04	20.14	27.05

***Note:** As of March 31, 2022, the Company did not have any Subsidiary or Joint-Venture or Associate Company, and hence, the Consolidated Financial Summary for previous financial year 2021-22 is not applicable/ not required to be disclosed.

II) Dividend

The Board is pleased to recommend a Dividend of Rs. 5 per equity share, having face value of Rs. 10 each, for the Financial Year ended on March 31, 2023, subject to the approval of the Members at the 43rd Annual General Meeting.

III) Share Capital, Memorandum and Articles of Association

As on March 31, 2023, the paid-up share capital of the Company stood at Rs. 9,07,73,000, comprising 90,73,300 equity shares of face value of Rs. 10 fully paid-up. Out of the above, the Promoters held 61,07,376 equity shares comprising 67.3% of the equity share capital of the Company. The Board of Directors of the Company, at its meeting held in October 2022, decided to explore various avenues for fund-raising including by way of increase in share capital of the Company.

The Board, at the same meeting, also approved the proposal to increasing the Authorised Share Capital from Rs. 10 crore comprising 1 crore equity shares of Rs. 10 each to Rs. 20 crore comprising 2 crore equity shares of Rs. 10 each, subject to the approval of Members of the Company. Increasing the Authorised Share Capital of the Company would entail alteration of the Memorandum of Association and Articles of Association (**Articles**) of the Company.

The existing Articles of the Company are in line with the provisions under the erstwhile Companies Act, 1956. It is proposed to substitute the existing Articles to align with the provisions under the Companies Act, 2013.

The above proposals with regard to increase of Share Capital and alteration of Memorandum of Association and Articles of Association form part of the Notice for 43rd Annual General Meeting. The Board recommends these Resolutions for kind approval of Members.

During FY 2022-23, there was an inter-se transfer of shares between the Promoters of the Company viz. Mr. Dinesh Munot, Mr. Utkarsh Munot and Robert Bosch Automotive Steering, GmbH (**RBAS**), wherein 23,40,155 equity shares of the Company held by RBAS were acquired by Mr. Dinesh Munot and Mr. Utkarsh Munot. The detailed shareholding pattern after this change is available on the website of the Company at www.zfindia.com as well as on BSE Limited.

IV) Consolidated Financial Statements

Subsidiaries, Associates and Joint Ventures

The Company has prepared Consolidated Financial Statements for the Financial Year ended on March 31, 2023, in addition to Standalone Financial Statements, as there were two Wholly-Owned Subsidiaries of the Company as of March 31, 2023, which were incorporated during FY 2022-23. Names of those companies are

- i. DriveSys Systems Private Limited and
- ii. NexSteer Systems Private Limited

The Company did not have any Joint Venture or Associate Company as of March 31, 2023.

For detailed report on the Company's Subsidiaries Form AOC-1 is attached to the Financial Statements for the Financial Year ended on March 31, 2023, forming part of this Annual Report.

The Company entered into a Shareholder's Agreement with Supreme Iron (India) Private Limited and made investment in a company named as METACAST AUTO Private Limited, which company became a subsidiary company after the Financial Year ended on March 31, 2023.

V) Management discussion and Analysis

1. Indian Economy

For the Indian economy, which is the world's fifth-largest economy by nominal Gross Domestic Product (GDP), year 2023 was a year of resilience and of successfully navigating a challenging external environment. The stability and growth momentum continued despite multiple global headwinds including the Omicron wave, the Ukraine-Russia offensive with subsequent elevated crude prices and persistent global supply chain disruptions. The global inflation in advanced economies was accompanied by tightening monetary policy stance, which in turn created a ripple effect in global markets. Despite inflationary pressures and global macro uncertainties, the Indian economy grew by 7.2 per cent in FY 2022-23 spurred on by strong private consumption and investment. Thereby, India remains one of the fastest growing economies in the world. Reserve Bank of India, on its part, undertook monetary and liquidity measures to rein in inflation while continuing to support economic growth. Some other measures included cutting down excise duty on fuel and supply-side measures to ease food inflation. The government's focus on bolstering capital expenditure also supported domestic demand. The Economic Survey 2022-23 highlighted that India's economic recovery from the pandemic is complete and the economy is expected to grow in the range of 6% to 6.8% in the current financial year 2023-24.

2. Industry Overview

Number of Commercial Vehicles (CV) Sold

Your Company caters to requirements of steering gear systems for a range of Commercial Vehicles (including buses) and Tractors. The Company's Power Steering Systems are fitted on Commercial Vehicles as well as some models of Tractors. Mechanical Steering Gears are fitted mainly on Tractors.

Commercial Vehicles saw a buoyant growth in FY 2022-23. This was on back of the massive government and private spending and a push for mining and infrastructure development, leading to increased demand, especially for heavy commercial vehicles. The explosion of e-commerce companies led to a rise in sales of light commercial vehicles.

The overall Commercial Vehicle sales increased to 10.41 lakh units in FY 2022-23, as compared to 8.09 lakh units in FY 2021-22, registering annualised growth of 29%. Sales of Medium and Heavy Commercial Vehicles increased from 2.72 lakh to 3.81 Lakh units (40% increase) and Light Commercial Vehicles increased from 5.36 lakh to 6.60 lakh units (23% increase) in FY-2022-23, compared to the previous year.

(Source: SIAM)

3. Company Overview

Company Sales: (Numbers)

Type	FY 2022-23	FY 2021-22	Growth
Power Steering	2,43,858	1,59,408	53.0%
Mechanical Steering	43,520	64,126	-32.1%

It may be noted that the Company had introduced new "Hydraulic Power Assisted Steering Gears" (HPAS) for Tractors, which replaced Mechanical Steering Gears in some models of Tractors. The decline in number of Mechanical Steering Gears is attributable to this reason and to that extent Power Steering numbers are higher.

4. Renewable Energy

Solar Energy

The Company's 5 MW Solar Power Project at Gujarat Solar Park, Charnka Village, District Patan (Kutch), Gujarat, generated 0.80 crore Units of Electricity with sales-revenue of Rs. 8.90 crore in the FY 2022-2023.

The entire electricity is purchased by Gujarat Urja Vikas Nigam Limited (GUVNL), a Government of Gujarat Company, in terms of the multi-year Power Purchase Agreement.

The Company's rooftop solar project, situated at its Vadu Budruk plant, generated around 0.09 crore units of electricity in FY 2022-2023, which was captively consumed in the said plant.

Wind Energy

Wind Turbine Machines, owned and operated by the Company, located in districts of Satara, Ahmednagar & Sambhajinagar, having aggregate capacity of over 8.10 MW generated a total of 1.22 crore units in FY 2022-2023. Out of this, 0.64 crore units were used as captive consumption, which accounted for approximately 41.38% of the energy-consumption of the Company's factory at Village Vadu Budruk, and remaining 0.58 crore units were sold to Maharashtra State Electricity Board.

5. Financials of the Company

Revenue from Operations

During the year, revenue from sales of auto-components, that is Steering Gear Systems and its components, spiraled up by 54.6%, as explained above. Consequently, the Revenue from Operations went up by 44%.

Finance Cost

Finance cost was Rs. 0.72 crore for FY 2022-23 compared to Rs. 0.31 crore in FY 2021-22. The major reason for rise in finance-cost was more number of leasehold properties occupied by the Company during the year and (notional) interest being accounted in the books, pursuant to the provisions of the Indian Accounting Standards, as applicable. This amount was Rs. 0.47 crore vis-a vis Rs. 0.18 crore in FY 2021-22.

Other Income

During the year under review, Other Income was Rs. 13.98 crore as against Rs. 20.98 crore in the Financial Year 2021-22. Other Income (mainly) is aggregate of the realised gains during the financial year, on sale of financial investments and the unrealised gains, based on market values as of March 31, 2023, from the financial investments held as of that date. For details of Other Income, kindly refer to Note No. 16 to the Financial Statements.

Financial Investments

As of March 31, 2023, Financial Investments of the Company stood at Rs. 155.46 crore as against Rs. 118.60 crore in FY 2021-22. Both the amounts reflect the fair/ market value of the financial investments held by the Company, at end of the respective financial years apart from bonds, which are valued at cost. For list of Investments held by the Company at year-end, kindly refer to Note No. 5[a] of the Financial Statements.

Profitability

Thanks to the significant improvement in revenue from operations, mainly from Auto Components Segment, Profit before Tax spiraled up to Rs. 37.20 crore for FY 2022-23 in comparison to Rs. 29.90 crore for FY 2021-22. Profit after tax is Rs. 25.44 crore and total comprehensive income was Rs. 24.47 crore. Earnings per share was Rs. 28.04.

6. Credit Rating

In the Month of March, 2023, ICRA – the Credit Rating Agency, retained the Credit Rating A+ for Long Term Fund based and Non-Fund based Credit Facilities and A1+ for Short Term Non-Fund Based Credit Facilities. Further, the outlook on ratings of the Long Term Credit facilities was also retained as 'Stable'.

7. Key Financial Ratios

In accordance with the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), the key financial ratios are as under:

Particulars	FY 2022-23	FY 2021-22
Debt Equity Ratio	0.10	0.09
Inventory Turnover Ratio (in times)	7.54	6.30
Interest Coverage Ratio (in times)	111.27	97.45
Debtors Turnover Ratio (in times)	4.57	3.71
Current Ratio (in times)	2.04	2.38
Operating Profit Margin (%)	15.38	13.68
Net Profit Margin (%)	5.6	5.8

8. Segment wise Profitability

Auto-Components Segment reported Profit before Tax (PBT) of Rs. 20.95 crore. Renewable Energy Segment reported PBT of Rs. 9.75 crore and Profit Before Tax from other (Un-allocable) segment/ Other Income was Rs. 6.50 crore.

9. Outlook, Opportunities and Threats

Indian economy, including Automotive industry, is expected to do well due to changing global dynamics, government's focus on developing robust infrastructure, demographics, domestic demand and digital infrastructure.

Rating agency ICRA expects the Indian Commercial Vehicle (CV) industry volumes to grow by 7%-10% in FY 2024, supported by replacement demand, pick-up in mining, infrastructure, and construction activities, and overall healthy fleet utilisation levels. The scrappage policy, which was announced in March 2021, has been implemented from April 1, 2023, and is likely to contribute to the growth of new CV sales. It is being implemented in phases, primarily with a view to reducing the carbon footprint.

Your Company has prepared itself to capitalise on these opportunities by way of adequate capacity built-up and also by undertaking projects of backward integration through subsidiaries and joint-venture companies, separately discussed in this Report.

The downside risks to the Indian economy can be volatility in oil prices, bad monsoon and uncertain global scenario. India is still projected to be the world's fastest growing economy this financial year.

VI) Communication received from ZF Friedrichshafen AG

As reported earlier, the Company had received a communication dated October 19, 2022, from ZF Friedrichshafen AG (ZF AG), regarding alleged infringement and passing off of the trademark/ mark "ZF" and/or "ZF India" and amongst other alleged demands, ZF Friedrichshafen AG, has claimed a sum of Rs. 100 crore in damages from the Company. The Company continues to be of the opinion that, it has not committed any act of infringement and/or passing off, in any manner whatsoever. The Company vide communication dated April 12, 2023, has sent a detailed reply to the said communication of ZF Friedrichshafen AG. The allegations of ZF Friedrichshafen AG and/ or ZF India Private Limited are neither accepted nor acceptable to the Company. The Company has also sent a letter to certain affiliates of ZF Friedrichshafen AG, to cease and desist the use of the name "ZF" and/ or "ZF India", in relation to certain products, as per the existing arrangements and/ or rights of the Company.

The Company has also initiated the following legal proceedings before the Courts at Pune:

- Suit No. 1:** Seeking for permanent injunction under Section 142 of the Trade Marks Act, 1999 and for damages and other reliefs against ZF AG, Mr. Suresh KV (agent of ZF AG) and Ms. Abha Jaiswal (agent of ZF AG) and the Company along with other reliefs have claimed damages of Rs. 200,00,00,000 from them.
- Suit No. 2:** Suit for passing off, seeking permanent injunction and damages under Section 134 and other applicable provisions of the Trade Marks Act, 1999 and other applicable laws against ZF AG, ZF India Private Limited, ZF Rane Automotive India Private Limited and ZF Commercial Vehicle Control Systems India Limited and the Company along with other reliefs have claimed damages of Rs. 200,00,00,000 from them.

VII) Strategic Initiatives, Expansion and Capital Expenditure

1. Investment in Wholly-Owned Subsidiaries

As informed earlier, the Company incorporated, in April 2022, two Wholly-Owned Subsidiaries, as a step towards expansion by way of backward integration for production of some of the key components, required for the Company's end product i.e. Steering Gear Systems.

Names of the Wholly-Owned Subsidiaries (WOS) are:

- DriveSys Systems Private Limited (**DriveSys**)
- NexSteer Systems Private Limited (**NexSteer**)

The Company has so far invested Rs. 8 crore in DriveSys and Rs. 8 lakh in NexSteer by way of subscription to the equity share capital of these companies. The Company also infuses funds by way of loans and has extended support by providing security for credit facilities availed by DriveSys from bank. Total capital outlay to be made on the above projects will be in vicinity of Rs. 100 crore.

Both these companies have acquired and taken possession of industrial land at Maharashtra Industrial Development Corporation (MIDC) Supa Parner Industrial Park, Ahemdnagar, Maharashtra. The construction activities for the factory shed of both the companies situated at the above locations are in progress. DriveSys has ordered major machinery for its business operations. These companies are expected commence operations by last quarter of the current Financial Year.

2. Joint-Venture

In the current financial year, your Company has entered into a Joint Venture Agreement with Supreme Iron (India) Private Limited, for manufacturing of castings, an important raw material component for your Company. A Joint Venture Company, in name of METACAST AUTO Private Limited, has been formed, which is a subsidiary of your Company. Your Company has so far invested

Rs. 2,55,500 by way of 51% equity participation to the equity share capital in the joint-venture company. Land for the project is being acquired at MIDC Kagal near Kolhapur, Maharashtra. The project-cost is expected to be in the range of Rs. 40-50 crore, which is being funded through equity capital and loans. The Project is expected to be completed by end of the current financial year.

3. Capital-Expenditure

The Company is working on projects of backward integration as mentioned in above paragraphs of this Report and evaluating various sources of funds including infusion of equity capital.

VIII) Internal Control System and its Adequacy

Your Company has aligned its current systems of internal financial control with the requirement of the Companies Act, 2013 (**the Act**). The Internal Control framework is intended to increase transparency and accountability in the Company's process of designing and implementing systems of internal control. The framework requires a company to identify and analyse risks and manage appropriate responses.

The Company has successfully laid down the framework and ensured its effectiveness.

The Company has an effective Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. The Internal Audit Department of the Company checks all the vouchers, financial reports, registers etc. To maintain its objectivity and independence, the Board has also appointed an external Chartered Accountant firm, M/s. Kirtane & Pandit LLP, Chartered Accountants, as Internal Auditors, which report to the Audit Committee of the Board.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions in the organisation of the Company. The Audit Committee, Statutory Auditors and the process owners are periodically apprised of the internal audit findings and important internal audit observations are also placed before the Board at its Meetings. Based on the report of Internal Auditor, process owners undertake corrective action, wherever required, in their respective areas and thereby strengthen the controls further. Audit observations and actions taken thereof are presented to the Audit Committee.

The Company's Audit Committee regularly reviews the financial management reports and data and interacts with the External and Internal Auditors for ascertaining the adequacy of internal controls.

Based on its evaluation, the Company's Audit Committee has concluded that, as of March 31, 2023, the Company's internal financial controls were adequate and operating effectively.

IX) Cautionary Statement

The above 'Management Discussion and Analysis Report' is a forward looking Statement based on the Company's projections, estimates and perceptions. These statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties. Actual results may vary materially from those projected here.

X) Conservation of Energy, Research and Development, Technology Absorption and Innovation, Foreign Exchange Earnings and Outgo:

The details as required under the Companies (Accounts) Rules, 2014, are given in **Annexure-I** to this Report.

XI) Board of Directors and Key Managerial Personnel

1. At the year ended on March 31, 2023, the Board of Directors comprised three Non- Independent Directors (including two executive Directors) and Five Independent Directors. Mr. Sandeep Nelamangala (DIN: 08264554), Non-Executive, Non-Independent Director, ceased to be a Director of the Company, following his resignation, with effect from April 6, 2023. The Board places on record the appreciation for the valuable contribution, support and guidance rendered by Mr. Nelamangala during his tenure as Director of the Company.
2. Further, pursuant to the requirements under Section 152 of the Act and the Articles of Association of the Company, Mr. Dinesh Munot offers himself for reappointment at the ensuing 43rd Annual General Meeting of the Company.

The Resolution for the reappointment of Mr. Dinesh Munot with his brief profile, forms a part of the Notice of the 43rd Annual General Meeting of the Company.

There was no change in the Key Managerial Personnel during the year.

3. Board Diversity

The Company recognizes and embraces the importance of a diverse board in its success. The Company believes that a truly diverse board will leverage differences in thought, perception, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help the Company to retain its competitive advantage.

4. Independent Directors

Pursuant to the provisions of Section 149 of the Act and Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Regulations) Regulations, 2015 (**the Listing Regulations**), the Independent Directors of the Company have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed there under and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by Ministry of Corporate Affairs ("MCA") Notification dated October 22, 2019, regarding the requirement relating to enrolment in the Data Bank created by MCA for Independent Directors, has been received from all Independent Directors of the Company. Further, all the Independent Directors have either qualified or are exempted from the self-assessment conducted by the Independent Directors' Databank.

Familiarisation Programmes for Independent Directors

Independent Directors play a pivotal role in upholding Corporate Governance norms and ensuring fairness in decision-making. Being experts in various fields, they also bring independent judgement on matters of strategy, risk management, controls and business performance.

At the time of appointing a new Independent Director, a formal letter of appointment is issued to the Director, inter alia, explaining the role, duties and responsibilities of the Director. The Director is also explained in detail the compliances required from him/ her under the Act, SEBI Regulations and other relevant regulations.

5. Performance Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and individual Directors pursuant to the provisions of the Act and the Listing Regulations.

Your Board has constituted the Nomination and Remuneration Committee (hereinafter referred to as "the Committee"), in order to oversee, inter-alia, matters relating to:

- (i) Identify persons who are qualified to become directors and persons who can be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- (ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (iii) Recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- (iv) Carry out evaluation of every director's performance including that of Independent Directors; and
- (v) Devise a policy to be followed for identification, appointment, remuneration and evaluation of performance of directors including Company's Board diversity etc., as approved by the Board.

Further, the Company has devised a Policy, for performance evaluation of Independent Directors, Board as a whole, Committees of the Board and other individual Executive/ Non-Executive Directors. The Policy includes criteria for performance evaluation. The criteria are based upon age, experience, quality of participation in Board/ Committee proceedings, attendance at meetings, contribution by strategic inputs and others. The criteria along with additional requirements prescribed by Section 149 of the Act are used for selection of Independent Directors.

The Board evaluated its performance after seeking inputs from all the Directors based on criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members based on criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

In a separate meeting of Independent Directors, performance of the Non-Independent Directors and the Board as a whole and the Chairman of the Company was evaluated taking into account the views of Executive Directors and Non-Executive Directors. The above evaluations were then discussed at the Board meeting that followed the meeting of the Independent Directors and the Nomination and Remuneration Committee, at which the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The Company carried out the performance evaluation during the year under report. The Board of Directors expressed satisfaction with the evaluation process.

XII) Directors' Responsibility Statement

1. In the preparation of the annual financial statement for the financial year ended on March 31, 2023, the applicable Accounting Standards read with requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same.
2. the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023, and of the profit of the Company for the financial year ended on that date.
3. the Directors have taken proper and sufficient care for the 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 fraud and other irregularities.
4. the Directors have prepared the annual financial statement on a 'going concern' basis.
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls, in their opinion, are adequate and are operating effectively and
6. the Directors have organised/ devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

XIII) Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of the Listing Regulations, a detailed report on Corporate Governance is given in **Annexure - II** along with the Auditors' Certificate on its compliance, which forms part of this report.

XIV) Business Responsibility and Sustainability Report

The Business Responsibility and Sustainability Report, for the year ended on March 31, 2023, as stipulated under Regulation 34 of the Listing Regulations, forms part of this Annual Report. The Business Responsibility and Sustainability Report is also available on the Company's website at www.zfindia.com.

XV) Other Aspects

1. Particulars of Loans given, Investments made, Guarantees given and Securities provided

During the year under review, the Company provided Security in form of Mutual Fund units in connection with the credit facilities of Rs. 37 crore, sanctioned by the Bank, to the Wholly-Owned Subsidiary of the Company, DriveSys Systems Private Limited.

Details of Loans and Investments are disclosed in the Notes to the Financial Statements forming part of this Annual Report.

2. Contracts and Arrangements with Related Parties

All contracts/ arrangements/ transactions entered into by the Company during FY 2022-23 with related parties were on an arm's length basis and in the ordinary course of business.

Prior approval of the members of the Audit Committee who are Independent Directors, is obtained for all related party transactions.

There were no material Related Party Transactions (**RPTs**) undertaken by the Company during the year that require Shareholders' approval under Regulation 23(4) of the Listing Regulations or Section 188 of the Act. The approval of the Independent Directors of the Audit Committee was sought for all RPTs. Certain transactions which were repetitive in nature were approved through omnibus route. The Audit Committee reviews, on a quarterly basis, the details of the Related Party Transactions entered pursuant to the omnibus approval.

All the transactions were in compliance with the applicable provisions of the Act and the Listing Regulations. The details of RPTs during FY 2022-23, are provided in the Note 36 accompanying the financial statements. Given that the Company does not have any RPTs to report pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

During FY 2022-23, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees and reimbursement of expenses, as applicable.

The Company formulated a policy on RPTs in accordance with the Act and the Listing Regulations including any amendments thereto for identifying, reviewing, approving and monitoring of RPTs. The said policy has been revised in line with the amendment in the Listing Regulations and the same is available on the Company's website: <http://www.zfindia.com/policies-codes.php>.

3. Corporate Social Responsibility (CSR)

Pursuant to Section 135 of the Act and as per the Companies (Corporate Social Responsibility) Rules, 2014, read with various amendments and clarifications issued by the Ministry of Corporate Affairs, the Company has its CSR Policy, which is available on the Company's website www.zfindia.com. The Annual Report on CSR activities is annexed herewith marked as **Annexure III**.

4. Risk Management

The Company follows a specific, well-defined risk management framework which is integrated with its operations.

The Company's Risk Management approach has been developed after taking cognizance of the relevant statutory guidelines, stakeholders' feedback, forecast and expert judgment.

Your Company is not required to constitute a separate Risk-Management Committee.

The Audit Committee of the Board of Directors is entrusted to identify/ anticipate the possible risk and certify the Risk Mitigation Plan. Further, the Company's Senior Management Team also addresses functional, operational, and strategic risk in their corresponding area of responsibility covering overall risks in the area of commercial, technical, information technology and statutory compliance.

The Company's Risk Management Framework inter-alia provides for the following:

- i. pro-active processes within the Risk Management Manual for reporting, evaluating, and resolving risks;
- ii. Identifying and assessing risks associated with various business decisions before they materialize.
- iii. Take informed decisions at all levels of the organization in line with the Company's risk appetite.
- iv. Ensuring protection of shareholders' stake by establishing an integrated Risk Management Framework for identifying, assessing, mitigating, monitoring, evaluating and reporting all risks;
- v. Adoption and implementation of risk mitigation measures at every level in order to achieve long-term goals effectively and sustainably;
- vi. Regularly review Risk Tolerance levels of the Company

The Company manages, monitors and reports on the major risks and uncertainties, which can impact its ability to achieve its strategic objectives. The Company has introduced several improvements in internal control management to drive a common integrated view of risks, optimal risk mitigation, responses and efficient management of internal control and assurance activities.

5. Auditors and Auditors' Report

Statutory Auditors

The Company in its 39th Annual General Meeting held on September 20, 2019 had appointed M/s. Joshi Apte & Company, Chartered Accountants (Firm Registration No. 104370W), as Statutory Auditors of the Company, for a period of five consecutive years from the conclusion of 39th Annual General Meeting until the conclusion of 44th Annual General Meeting.

There are no qualifications, reservations or adverse remarks in the Statutory Auditors' Report for the Financial Year 2022-2023. The Statutory Auditors' Report is enclosed with the financial statements in the Annual Report.

Secretarial Auditor

The Board had appointed M/s. SIUT & Co., LLP, Company Secretaries, to conduct Secretarial Audit for the financial year 2022-2023. The Secretarial Audit Report for the same is annexed herewith as **Annexure IV**.

6. Disclosures

Meetings of the Board

Seven Meetings of the Board of Directors were held during the financial year 2022-23. Detailed information is given in the Report on Corporate Governance, forming part of this Annual Report.

7. Committees of the Board

Audit Committee

The Company has an Audit Committee pursuant to the requirements of the Act read with the rules framed there under and the Listing Regulations. The details relating to the same are given, in the Corporate Governance Report, forming part of this Report. All the recommendations made by the Audit Committee were accepted by the Board.

The Audit Committee performs its functions as set out under Part C of Schedule II to the Listing Regulations and terms of reference defined in accordance with the provisions of Section 177 of the Act.

The detailed terms of reference of the Audit Committee are set out in the Corporate Governance Report.

Nomination and Remuneration Committee

The Company has Nomination and remuneration Committee (**the Committee**) pursuant to Section 178 of the Act read with rules made there under and Regulation 19 of the Listing Regulations. The brief details pertaining to the same are given in Corporate Governance Report, forming part of this Report. All the recommendations made by the Committee were accepted by the Board.

The Nomination and Remuneration Committee performs its functions as set out under Part D Para A of Schedule II to the Listing Regulations.

The detailed terms of reference and functions are set out in Corporate Governance Report.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee, approved a policy for selection, appointment and remuneration of Directors and senior management. The detailed Remuneration Policy is placed on the Company's website www.zfindia.com.

Stakeholders' Relationship Committee

The Board has constituted Stakeholders' Relationship Committee in accordance with the provisions of Section 178 of the Act read with rules made thereunder and Regulation 20 of the Listing Regulations.

The Stakeholders' Relationship Committee performs its functions as set out under Part D Para B of Schedule II to the Listing Regulations.

The detailed terms of reference and functions are set out in Corporate Governance Report.

Corporate Social Responsibility Committee

The Company has constituted Corporate Social Responsibility Committee pursuant to the Section 135 of the Act and Rules made thereunder. The detailed functions and constitution thereof of the Corporate Social Responsibility Committee are set out in Corporate Governance Report.

8. Vigil Mechanism/ Whistle Blower Policy

The Vigil Mechanism of the Company also incorporates a whistle blower policy, in terms of Regulation 22 of the Listing Regulations. Protected disclosures can be made by a whistle blower through an e-mail/ telephone/ letter to the Chairman of the Audit Committee. The Policy on Vigil Mechanism and Whistle Blower may be accessed on the website of the Company at www.zfindia.com.

9. Annual Return

The Annual return is placed on the Company's website www.zfindia.com.

10. Industrial Relations

By and large, Industrial Relations at all locations of the Company were amicable. The Company has been constantly endeavouring to improve quality, reduce cost, ensure safety and improve productivity at all levels. Emphasis was also laid towards raising awareness on health and wellness of employees.

For details on some of the pending litigations, which are not material financially, please refer to Note No. 32 under Notes to Accounts.

11. Particulars of Employees and related disclosures

Considering the provisions of Section 197 of the Act, read with the relevant rules and having referred to provisions of Section 136(1) of the Act, the Board's Report is being sent to the Members of the Company, excluding details of particulars of employees and related disclosures. The said information/ details are available for inspection at the Registered Office of the Company during working hours, on any working day. Any Member interested in obtaining this information may write to the Company Secretary and this information would be provided on request.

12. Disclosure – Policy on Prevention of Sexual Harassment at Workplace

The Company has in place, a policy on Prevention of Sexual Harassment at Workplace in line with the requirements of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013' and the Rules framed there under. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, temporary, trainee etc.) are covered under this Policy. During the year, no complaint with allegation of sexual harassment was received by the Company.

13. General

- (i) The Company held no deposits at the beginning of the year, nor accepted any deposits during the year under report.
- (ii) All equity shares issued by the Company rank pari-passu in respect of right to receive dividend, voting rights or otherwise.
- (iii) During the year under review, no shares were issued as sweat equity to any of the employees or others.
- (iv) The Company had two Wholly-Owned Subsidiaries during the Financial Year 2022-23. However, no remuneration was received by any Whole-time Director of the Company, from any of the subsidiaries.
- (v) During the year under report, no strictures or material orders were passed by any Regulator or a Court or a Tribunal, which may impact on the going concern status of the Company or its operations in future.
- (vi) There has been no instance of fraud reported by the Auditors under Section 143(12) of the Act and Rules framed there under either to the Company or to the Central Government.
- (vii) The Central Government, under Section 148(1) of the Act, has not prescribed maintenance of cost records in respect of the activities carried out by the Company.
- (viii) During FY 2022-2023, the Company has complied with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ix) Apart from entering into a Joint Venture Agreement, as mentioned earlier in this Report, under the heading 'Joint-Venture', there have been no material changes or commitments affecting the financial position of the Company which have occurred between the end of the Financial Year to which the Financial Statements relate and the date of this report.
- (x) The Company has not filed any application or no proceeding is pending against the Company under the Insolvency and Bankruptcy Code, 2016, during FY 2022-23.
- (xi) The Company has not made any one-time settlement application during the year and thus disclosure for difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions, is not applicable to the Company.

XVI) Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

Pune
July 22, 2023

Dinesh Munot
Chairman
(DIN: 00049801)

Annexure – I to the Board's Report

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

[pursuant to Rule 8(3) of The Companies (Accounts) Rules, 2014]

A. Conservation of Energy

i. Steps Taken during the year

- Automatic power factor controller installed for entire factory to maintain power factor at unit.
- Factory shop floor's 250 W and 150 W overhead lamps replaced by 75W LED lamps, which provides better illumination and saves energy.
- Waste – water is treated and recycled for gardening of factory.
- To reduce wastage of water from G.I. pipeline, the said G.I. pipeline replaced by PVC pipeline.
- Energy Conservation (EC) initiatives Implemented in Pithampur plant:-
 - APFC -Automatic Power Factor Controller is added with low capacity capacitor to improve the power factor.
 - Maximum Demand (MD) controller is implemented
 - Compressor is set to Dynamic mode to earn power savings during low production hours.

ii. Steps taken by the Company for utilising alternate source of energy

Solar Energy

The Company's 5 MW Solar Energy Plant generated 0.80 crore units of electricity in F.Y. 2022-2023. These units were sold to GUVNL (Gujarat Urja Vikas Nigam Limited), as per the Power Purchase Agreement (PPA) signed with Government of Gujarat. During the F.Y.2022-2023, its Rooftop Solar Project at its Vadu Budruk plant has generated 0.09 crore units of electricity in current year and captively consumed in the said plant.

Wind Energy

Windmills of aggregate 8.10 MW capacities as on 31st March 2023, generated 1.22 crore units of electricity in F.Y.2022-2023. Out of this 0.64 crore units were captively consumed in the Company's plant at Vadu Budruk. This covered 41.38% of total power consumption of that plant for the year. Balance units were sold to Maharashtra Electricity Board.

B. Technology Absorption, Research and Development

1. Efforts made towards Technology Absorption during the year

- a. 8049 Steering gear developed and productionised. This has eliminated the auxiliary cylinder

requirement on Vehicles and is a cost saving proposal for customers.

- b. Developed a small hydraulic steering gear MO30 for last mile vehicles
 - c. Developed a small aluminium pump for last mile vehicles.
 - d. Developed a middle version of 8043 and 8046, which is known as M043 which is Well suited for ICV and HCV.
 - e. Implemented the alternate material in forging to avoid the use of Nickel & Moly
- #### 2. Benefits Derived as a result of aforesaid efforts
- a. Product quality and cost reduction to meet customer expectation.
 - b. Indigenization of various components of vane pump like mounter, pressure plate & front plate.
 - c. Reduction in foreign exchange outgo.
 - d. Improvements in Manufacturing methods and quality standards.
 - e. Aiming towards self-sufficiency in engineering skills for manufacturing range of steering gears and connected products.
 - f. Development of cost effective, high performance engineering products
 - g. Reduction in usage of Corrugated boxes & implemented returnable packaging for raw material & finished goods to avoid the use of Paper.
 - h. VAVE projects to maintain the material ratio

3. Imported Technology in last three years

Low Bake CED coating technology from PPG Europe through Asian PPG India.

4. Expenditure on Research & Development (R & D) during the year:

The Company has so far incurred Capital expenditure of Rs. 1.23 Crores on R & D.

C. Foreign Exchange Earnings and Outgo for FY 2022-23:

Sr. No.	Particulars	Amount (Rs. In crore)
1	Earnings in Foreign Exchange	13.79
2	Expenditure in Foreign Exchange	0.08
3	Value calculated on CIF basis	
	- Raw Material, Components etc.	9.34
	- Capital Goods	4.73

For and on behalf of the Board of Directors

Pune
July 22, 2023

Dinesh Munot
Chairman
(DIN: 00049801)

ANNEXURE - II to the Board's Report

Corporate Governance Report

[Under Schedule V Part C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. ENTITY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

A clearly structured and fully implemented corporate governance system is the Company's highest priority. Good corporate governance is the basis for decision-making and control processes. The Company does not view Corporate Governance principles as a set of binding obligations but believes in using it as a framework to be followed in spirit. This is reflected in Company's philosophy on Corporate Governance, which envisages accomplishment of a high level of transparency, integrity, honesty and accountability in the conduct of its businesses and puts due prominence towards regulatory compliances. The following report on Corporate Governance is a sincere manifestation of the efforts made by the Company to adopt and follow the principles of Corporate Governance in true letter and spirit.

Corporate Governance is considered as a benchmark for efficient working of Board of Directors, Management Reviews, Strong Control Procedures and a guiding culture for employees. The Company's policies focus on the augmentation of long-term stakeholders' value without compromising on integrity, social obligations, and regulatory compliances. Recognized standards of propriety, principles of fair play and justice are the thrust of working at the Company.

The entire Corporate Governance framework is governed by a strong Board of Directors (**the Board**) and executed by a committed team of management and employees.

The Company always strives to adopt best global practices in Corporate Governance and remains abreast with the continuous developments in the industry's Corporate Governance systems.

ETHICS AND GOVERNANCE POLICIES/ CODES

The Company's employees and the Board adhere to ethical standards which ensure integrity, transparency, independence and accountability in dealing with all the stakeholders. The Company has devised various codes/ policies which ensure that the day to day functions/ duties are carried out in an ethical manner and in conformity with the aforementioned principles. Some of these policies are:

- Code of Conduct
- Code of Conduct for Prohibition of Insider Trading
- Policy and Procedure for inquiry in case of leak/ suspected leak of the Unpublished Price Sensitive Information.

- Policy on Determination of Materiality for Disclosure of Events or information
- Vigil Mechanism and Whistle Blower Policy
- Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- Policy on Corporate Social Responsibility
- Policy for Selection of Directors and determining Directors' Independence
- Remuneration policy for Directors, Key Managerial Personnel and other Employees
- Policy determining 'Material' Subsidiary

The aforementioned policies are available on the website of the Company www.zfindia.com.

2. BOARD OF DIRECTORS

A quality Board, being at the core of its Corporate Governance practice, plays the most pivotal role in overseeing how the management serves and protects the long-term interests of all stakeholders. The Company firmly believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance to bring objectivity and transparency in the management.

The Board of Directors currently comprises of experts drawn from diverse fields/ professions.

The Members of the Board of Directors of the Company are eminent personalities from various fields who bring in a wide range of skills and experience to the Board and they are entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company.

The Company has obtained the requisite disclosures from the Directors in respect of their directorship in other companies and membership in the committees thereof.

As on March 31, 2023, the Company's Board comprised 8 Directors, all professionals in their own right, who bring in a wide range of skills and experience to the Board. All the Directors of the Company, except the Chairman and the Managing Director, are non-executive Directors. Out of 8 Directors, 5 are independent directors, which includes 1-woman Independent Director. Further, Mr. Sandeep Nelamangala, Non-Executive, Non-Independent Director of the Company, has stepped down from the Board of the Company with effect from close of business hours on April 5, 2023.

A detailed profile of Board of Directors is available on our website www.zfindia.com.

The Board evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of the Corporate Governance practices.

DETAILS OF COMPOSITION OF THE BOARD, CATEGORY, ATTENDANCE OF DIRECTORS, NUMBER OF OTHER COMMITTEE MEMBERSHIPS ARE GIVEN BELOW:

Sr. No.	Name of the Director	Category of Directorship	Attendance Particulars		No. of other directorship and committee membership/ chairmanship		
			Board Meetings during the F.Y. 2022-23	Last AGM Held on September 03, 2022	Other Directorship #	Committee Membership	Committee Chairmanship
1.	Mr. Dinesh Munot (Chairman)	Executive Director	7/7	Yes	6	2	-
2.	Mr. Utkarsh-Munot (Managing Director)	Executive Director	7/7	Yes	6	-	-
3.	Mr. Manish Motwani	Non-Executive, Independent Director	6/7	No	8	-	3
4.	Mr. Shridhar S. Kalmadi	Non-Executive, Independent Director	4/7	No	3	-	-
5.	Mr. S. A. Gundecha	Non-Executive, Independent Director	7/7	Yes	2	-	-
6.	Mr. Sandeep Nelamangala (up to April 05, 2023)	Non- Executive, Non – Independent Director	4/7	Yes	4	1	-
7.	Mr. Adit Rathi	Non- Executive, Independent	5/7	Yes	8	-	-
8.	Mrs. Smita A. Lahoti	Non- Executive, Independent Director	7/7	No	-	-	-

BOARD MEETINGS AND BOARD-COMMITTEE MEETINGS

As on March 31, 2023, the Board has 4 Committees, namely the Audit Committee, the Nomination & Remuneration Committee, the Stakeholders' Relationship Committee and the Corporate Social Responsibility (CSR) Committee. The Board is authorized to constitute additional functional Committees, from time to time, depending on business needs.

NUMBER OF BOARD MEETINGS HELD WITH DATES

The Board Meeting dates are normally pre-determined. During the year under the review, the Board of Directors had 7 Meetings. These were held on April 21, 2022, May 21, 2022, July 30, 2022, October 15, 2022, November 19, 2022, January 14, 2023 and March 11, 2023.

The gap between any two Meetings did not exceed 120 days. Further, the Company adhered to the Secretarial Standards prescribed by the Institute of Company Secretaries of India under the provisions of Section 118(10) of the Companies Act, 2013 (**the Act**).

The information, including as specified in Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the Listing Regulations**), is regularly made available to the Board, whenever applicable and materially significant, for discussion and consideration. The Company's Board/ Committees are presented with detailed notes, along with agenda, well in advance of the meetings. The Agendas for the Board/ Committee Meetings is set by the Company Secretary in consultation with the Chairman of the Board/ Chairman of the respective Committees.

DISCLOSURE PURSUANT TO SCHEDULE V OF THE LISTING REGULATIONS, LISTED ENTITIES IN WHICH ANY OF THE DIRECTOR(S) OF THE COMPANY HOLDS DIRECTORSHIP INCLUDING THE CATEGORY OF THE SAID DIRECTORSHIP.

Sr. No	Name of the Director	Name of the Listed Entity	Category of Directorship
1.	Mr. Dinesh Munot	Sanghvi Movers Ltd.	Non-Executive Independent Director
2.	Mr. Sandeep Nelamangala (up to April 5, 2023)	Bosch Limited	Whole-Time Executive Director
3.	Mr. Adit Rathi	Kalyani Forge Limited	Non-Executive Independent Director

Meetings of the Committees held during the year and Directors' Attendance

Board Committees	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee (CSR)	Independent Directors' Meeting held on March 4, 2023
Meetings held	4	1	1	1	1
Directors' Attendance					
Mr. Dinesh Munot	N.A.	N.A.	N.A.	1	N.A.
Mr. Utkarsh Munot	4	N.A.	1	1	N.A.
Mr. Manish Motwani	3	1	N.A.	N.A.	1
Mr. Shridhar S. Kalmadi	N.A.	N.A.	1	1	1
Mr. S.A. Gundecha	4	1	1	N.A.	1
Mr. Sandeep Nelamangala (up to April 5, 2023)	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Adit Rathi	N.A.	N.A.	N.A.	N.A.	1
Mrs. Smita A. Lahoti	4	*LOA	N.A.	N.A.	1

*Leave of Absence

RELATIONSHIP BETWEEN DIRECTORS INTER-SE

Mr. Dinesh Munot is father of Mr. Utkarsh Munot.

CORE SKILLS/ EXPERTISE/ COMPETENCIES OF THE BOARD OF DIRECTORS

Disclosure pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015:

Name of the Director	Category	Core Skills/ Expertise/ Competencies
Mr. Dinesh Munot	Chairman & Whole-time Director	Veteran of Automobile Industry, Top Management & Strategy, New Product Development and such other areas
Mr. Utkarsh Munot	Managing Director	Management & Strategy, Operations & Engineering, Business Development, New Projects, Sales & Marketing and such other areas.
Mr. Manish Motwani	Non-Executive, Independent Director	Entrepreneurship, Finance, Technical Collaborations and others
Mr. Shridhar S Kalmadi	Non-Executive, Independent Director	Engineering with Specialization in Automobiles, CSR and others
Mr. S A. Gundecha	Non-Executive, Independent Director	Accounting, Legal, Governance, Regulatory, Joint-Ventures and others
Mr. Sandeep Nelamangala (up to April 5, 2023)	Non-Executive, Non- Independent Director	Global Business Leadership, Marketing, Risk-Management, Engineering and others
Mr. Adit Rathi	Non-Executive, Independent Director	Industrialist, Top Management, Technology & Engineering and others
Mrs. Smita A Lahoti	Non-Executive, Independent Director	Accounts/ IFRS/ Audit/ Taxation/ Company Law and others

3. INDEPENDENT DIRECTORS

The Company has appointed Independent Directors, who are renowned personalities having expertise/ experience in their respective fields/ professions. None of the Independent Directors is a Promoter or related to the Promoters. They do not have any pecuniary relationship with the Company and further do not hold two per cent or more of the total voting power of the Company.

None of the Independent Directors of the Company serves as an Independent Director in more than seven listed companies and where any Independent Director is serving as Whole-time Director in any listed company, such Director is not serving as an Independent Director in more than three listed companies. The maximum tenure of Independent Directors is in compliance with the Act and the Listing Regulations. The Company has issued letter of appointment to all the Independent Directors, as provided in the Schedule IV to the Act, containing the terms and conditions of their appointment.

Further, pursuant to the provisions of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by Ministry of Corporate Affairs (“MCA”) Notification dated October 22, 2019, all the Independent Directors are duly enrolled on the Independent Directors’ Data Bank created by MCA and maintained by The Indian Institute of Corporate Affairs. Further, all the independent directors have either cleared the self-assessment or they are exempt owing to their qualifications and experience.

The Audit Committee, the Nomination and Remuneration Committee, the Stakeholders’ Relationship Committee have a majority of Independent Directors.

CONFIRMATION AS REGARDS TO INDEPENDENCE OF THE INDEPENDENT DIRECTORS

Pursuant to the provisions of Section 149 of the Act and Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25 of the Listing Regulations, the Independent Directors of the Company have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

FAMILIARIZATION PROGRAMS FOR INDEPENDENT DIRECTORS

The Company familiarises its Independent Directors pursuant to the requirements of the Listing Regulations with their roles, rights, responsibility in the Company, nature of the industry in which the Company operates and business model of the Company etc. All the Board members are provided with necessary documents, reports, updates on statutory changes and internal policies to enable them to familiarize with the Company’s procedures and practices. The details of familiarization programs are placed on the Company’s website <http://www.zfindia.com/miscellaneous.php>.

4. AUDIT COMMITTEE

The Audit Committee consists of three Independent Directors viz. Mr. S.A. Gundecha as the Chairman of the Committee, Mrs. Smita A. Lahoti and Mr. Manish Motwani, and Mr. Utkarsh Munot, Managing Director. The Members of the Audit Committee have relevant expertise in the field of Accounting and Financial Management.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company’s internal controls and financial reporting process and inter-alia, performs the following functions:

- 1) oversight of the Company’s financial reporting processes as a listed entity and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- 3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) reviewing, with the management, the annual financial statements and auditors’ report thereon before submission to the Board of Directors for approval, with particular reference to:
 - matters required to be included in the Directors’ Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section (3) of Section 134 of the Act
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions;
 - modified opinion(s) in the draft audit report;
- 5) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

- 6) reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - 7) reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
 - 8) approval or any subsequent modification of transactions of the Company with related parties only by the Independent Directors of the Committee;
 - 9) scrutiny of inter-corporate loans and investments;
 - 10) valuation of undertakings or assets of the Company, wherever it is necessary;
 - 11) evaluation of internal financial controls and risk management systems;
 - 12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - 13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - 14) discussion with internal auditors of any significant findings and follow up there on;
 - 15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - 16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - 17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - 18) to review the functioning of the whistle blower mechanism and ensure that:
 - the mechanism provides for adequate safeguards against victimisation of persons who use such mechanism
 - mechanism makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases
 - 19) approval of appointment of chief financial officer after assessing the qualifications, experience and background of the candidate;
 - 20) Risk identification, evaluation and mitigation and control process for such risks, oversight of the Risk Management System/ Plan of the Company and review thereof.
 - 21) Audit Committee to have an authority to investigate into any matter in relation to the items specified above or referred to it by the board and for this purpose the Audit Committee to have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
 - 22) reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/ advances/ investments.
 - 23) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., if any, on the listed entity and its shareholders.
 - 24) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- The Audit Committee mandatorily reviews the following information:
- 1) management discussion and analysis of financial condition and results of operations;
 - 2) management letters/ letters of internal control weaknesses issued by the statutory auditors;
 - 3) internal audit reports relating to internal control weaknesses;
 - 4) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.
 - 5) Financial Statements of the subsidiaries of the Company; and
 - 6) statement of deviations (if applicable):
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
 - annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of the Listing Regulations.

The meetings of the Audit Committee are also attended by the Chief Financial Officer and Statutory Auditors as the special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board in line with Secretarial Standard 1 issued by The Institute of Company Secretaries of India under the provisions of Section 118(10) of the Act.

The Audit Committee met 4 times during the financial year 2022-23, May 21, 2022, July 30, 2022, October 15, 2022 and January 14, 2023.

The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under Regulation 18, read with Schedule II Part C of the Listing Regulations and Section 177 of the Act or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are covered.

5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (**the Committee**) consists of Mr. S.A. Gundecha, Independent Director, as the Chairman, Mr. Manish Motwani, Independent Director and Mrs. Smita Lahoti, Independent Director. The Company Secretary acts as a Secretary to the Committee.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, on-going succession planning and appointment procedures for both internal and external appointments. The role of Nomination and Remuneration Committee, inter-alia, includes:

- 1) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - i. use the services of an external agencies, if required;
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. consider the time commitments of the candidates.
- 2) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.

- 3) To carry out evaluation of every Director's performance.
- 4) To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- 5) Review the performance of the Board of Directors, and Key Managerial Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors, Key Managerial Personnel, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company;
- 6) To formulate the criteria for evaluation of Independent Directors and the Board as a whole
- 7) To devise a policy on Board diversity.
- 8) To recommend/ review remuneration of the Executive Directors' based on their performance and defined assessment criteria.
- 9) To recommend whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- 10) To recommend to the Board, all remuneration, in whatever form, payable to senior management.

The Nomination and Remuneration Committee of the Company follows defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

- a) composition of the Board, which commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- b) size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law
- c) balance of skills and expertise in view of the objectives and activities of the Company;
- d) avoidance of any present or potential conflict of interest;
- e) professional qualifications, expertise and experience in specific area of relevance to the Company;
- f) availability of time and other commitments for proper performance of duties;

The Minutes of the Committee Meeting(s) are noted by the Board at the immediately succeeding Board Meetings in compliance with Secretarial Standard 1 issued by The Institute of Company Secretaries of India as provided for under Section 118(10) of the Act. During the year under review, the Committee met on July 16, 2022.

PERFORMANCE EVALUATION:

The Committee has put in place an evaluation framework and criteria for evaluation of performance of the Chairman, the Board, Board Committees and Executive/ Non-Executive/ Independent Directors through a peer evaluation, excluding the director being evaluated.

The evaluations for the Directors, the Board, the Board Committees and the Chairman of the Board were undertaken through circulation of separate questionnaires, one for the Directors, one for the Board, one for the Board Committees and one for the Chairman of the Board. The performance of the Board was assessed on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing 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. The evaluation criterion for the Directors is based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as members of the Board. The evaluation criteria for the Chairman of the Board besides the general criteria adopted for assessment of all Directors, focused incrementally on leadership abilities, effective management of meetings and preservation of interest of stakeholders. The evaluation of the Committees was based on the assessment of the compliance with the terms of reference of the Committees.

6. POLICY ON BOARD DIVERSITY:

The Committee devises the policy on Board diversity to provide for having a broad experience and diversity on the Board.

8. DETAILS OF EQUITY SHARES OF THE COMPANY HELD BY THE DIRECTORS AS ON MARCH 31, 2023, ARE GIVEN BELOW:

Sr. No	Name of the Director	Designation	Number of Shares
1	Mr. Dinesh Munot	Chairman & Whole time Director	18,89,445
2	Mr. Utkarsh Munot	Managing Director	25,91,494
3	Mr. Manish Motwani	Independent Director	607
4	Mr. Shridhar S Kalmadi	Independent Director	Nil
5	Mr. S. A. Gundecha	Independent Director	1,250
6	Mr. Sandeep Nelamangala (up to April 5, 2023)	Non-Executive, Non-Independent Director	Nil
7	Mr. Adit Rathi	Independent Director	Nil
8	Mrs. Smita A. Lahoti	Independent Director	Nil

Details of remuneration paid to the Whole-time Directors for the year ended March 31, 2023, are as under:

(Rupees in crore)

Particulars	Mr. Dinesh Munot	Mr. Utkarsh Munot
Basic Salary	3.04	2.07
Perquisites	2.71	1.89
Commission/ Bonus	-	-
Total	5.75	3.96
Present Term of Five Years		
From	July 28, 2021	May 19, 2021
To	July 27, 2026	May 18, 2026

7. DETAILS OF REMUNERATION PAID TO THE NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2023, ARE AS UNDER:

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs. 50,000 for each Board Meeting and Rs. 30,000 for each Committee meeting attended.

(Rupees)

Name	Sitting Fees
Mr. S.A. Gundecha	5,80,000
Mr. Shridhar S. Kalmadi	3,10,000
Mr. Manish Motwani	4,70,000
Mr. Adit Rathi	3,00,000
Mrs. Smita A. Lahoti	5,20,000

None of the Non-Executive Directors was paid any incentive or commission during the year. There was no other pecuniary relationship or transaction with any Non-Executive Director of the Company, during the year.

9. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee **(the Committee)** consists of Independent Directors Mr. S.A. Gundecha - being the Chairman and Mr. Shridhar S. Kalmadi, and Mr. Utkarsh Munot – Managing Director. The Company Secretary acts as a Secretary to the Committee.

The Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' grievances. The Committee looks into redressing of shareholders' complaints like transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends etc. and recommends measures for overall improvement in the quality of investor services.

The Committee's composition and the terms of reference meet with the requirements of Regulation 20 of the Listing Regulations and provisions of the Act.

The Minutes of the Committee Meetings are noted by the Board of Directors at the succeeding Board Meeting pursuant to the Secretarial Standard 1 as per the provisions of Section 118(10) of the Act.

During the financial year 2022-23, the Committee met on July 16, 2022. The attendance record of the members of the Committee is given above in tabular form.

The Company has an efficient system of dealing with investors' grievances. The Chairman of the Company takes personal interest in all matters of concern for investors.

Mr. Satish Mehta - Company Secretary, being the Compliance Officer, carefully looks into each issue and reports the same to the Committee.

The total number of complaints received during the year under review, was 6. All the complaints were redressed to the satisfaction of the shareholders.

10. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Committee's constitution and terms of reference meet with the requirements of the Act.

During the year under review, the following Directors were the members of the Committee. Members: Mr. Dinesh Munot, Chairman, Mr. Utkarsh Munot, Managing Director and Mr. Shridhar S. Kalmadi, Non-Executive and Independent Director. The Company Secretary acted as the Secretary to the Committee.

The Minutes of the Committee Meetings are noted by the Board of Directors at the Board Meetings.

During the financial year, the Committee met on March 04, 2023. The attendance record of the members of the Committee is given above (under Point No. 2) in tabular form.

11. RISK MANAGEMENT COMMITTEE

The Company is not required to separately constitute a Risk Management Committee, as per the provisions of the Listing Regulations. The functions of Risk Management are performed by the Audit Committee.

12. PARTICULARS OF SENIOR MANAGEMENT INCLUDING CHANGES THEREIN SINCE THE CLOSE OF PREVIOUS FINANCIAL YEAR:

The Senior Management Team of the Company consists of personnel with considerable professional expertise in the fields of finance, law, accountancy, tech and other related skills. Their wide experience helps the Company for strategy formulation and its implementation, thereby enabling its growth objectives. The Senior Management Team ensures that every decision taken is in the best interest of the Company.

As on March 31, 2023, Senior Management Team comprised of following employees of the Company:

Mr. Anant Kalvit – President (Business Development and Design)

Mr. Ajit Gugale – President (Commercial and Supply Chain)

Dr. Rathina Singaravelan – Vice-President (Operations)

Mr. Jinendra Jain – Chief Financial Officer

Mr. Sachin Gugale – Chief Information Officer

Mr. Satish Mehta – Company Secretary and Compliance Officer

Mr. Aniket Kadam – General Manager (Taxation and Finance)

Further, there are no changes in the Senior Management Team of the Company between the closure of Financial Year 2022-23 and the date of this report.

13. DISCLOSURE IN RELATION TO RECOMMENDATIONS MADE BY ANY COMMITTEE WHICH WAS NOT ACCEPTED BY THE BOARD:

During the year under review, there were no such recommendations, made by any Committee of the Board that were mandatorily required and not accepted by the Board.

14. SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

The Independent Directors met on March 04, 2023, without the presence of the Non-Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated the performance of the Non-Independent Directors, the Board of Directors as a whole and the Committees of the Board, the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of Information between the Company Management and the Board.

15. CERTIFICATE UNDER REGULATION 34(3) OF THE LISTING REGULATIONS:

The Company has obtained a Certificate pursuant to the provisions of Regulation 34(3) read with Schedule V of the Listing Regulations, from M/s. SIUT and Co., LLP, Company Secretaries, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company either by Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs or any other Statutory Authority. The said Certificate forms part of this report.

16. CREDIT RATINGS OBTAINED BY THE COMPANY ALONG WITH THE REVISIONS:

On March 21, 2023, ICRA has retained rating A+ (A Plus) for long term, fund based credit facilities and Long-term, Non-Fund based facilities and rating of A1 + (A One Plus) for the Short-term, Non-fund based facilities. The outlook on the aforementioned ratings is 'Stable'.

17. GENERAL BODY MEETINGS

Location and time for last 3 years' General Meetings were as follows:

Year	AGMs	Location	Dates	Time	Special Resolutions Passed
Held during FY 2019-20	EGM	Navalmal Firodia Seminar Hall No. 4-West, Mahratta Chamber of Commerce Industries and Agriculture, 505 A Wing, 5th Floor, MCCIA Trade Tower, Senapati Bapat Road, Pune 411016.	17.07.2019	10 a.m.	Special Resolutions passed for 1) Sale of shares of Robert Bosch Automotive Steering Pvt. Ltd. held by the Company to Robert Bosch Automotive Steering GmbH. 2) Change in Designation of Mr. Dinesh Hirachand Munot (DIN 00049801) and Minimum Remuneration 3) Change in Designation of Mr. Utkarsh Munot (DIN 00049903) and change in Terms of Remuneration. 4) Re-appointment of Mr. Manish Motwani (DIN 00394860), as an Independent Director of the Company. 5) Re-appointment of Mr. S. A. Gundecha (DIN 00220352), as an Independent Director of the Company
2019-20	40 th AGM	(held through two-way video conferencing)	19.09.2020	10 a.m.	No Special Resolution was passed
2020-21	41 st AGM	Deemed Venue: Registered. Office: Gat No. 1242/44, Village Vadu-Budruk, Tal. Shirur, Dist. Pune -412216	28.08.2021	10:30 a.m.	Special Resolutions passed for 1) Re-appointment of Mr. Dinesh Munot (DIN 00049801) as Chairman and Whole-Time Director of the Company. 2) Re-appointment of Mr. Utkarsh Munot (DIN 00049903) as the Managing Director of the Company.
2021-22	42 nd AGM		03.09.2022	10:30 a.m.	No Special Resolution was passed

No Special Resolution(s) requiring a Postal Ballot was passed last year or is being proposed at the ensuing AGM

18. DISCLOSURES:

- a) Transactions with related parties, as per requirements of IND AS-24, are disclosed in the Notes annexed to the Audited Financial Statements.
- b) The Company has not entered into any transaction of a material nature, with any of the Related Parties that had or may have a potential conflict with the interests of the Company at large.
- c) There have been no instances of non-compliance with any of the legal provisions of law by the Company or any penalty or strictures imposed by the stock exchange or SEBI or any other statutory authority on any matter related to the capital markets during the last 3 years.
- d) Disclosures have also been received from the senior management relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, there were no such transactions during the financial year 2022-23 having potential conflict with the interest of the Company at large.
- e) Details of remuneration paid to the Statutory Auditors: The total fees, for all services, paid by the Company, in the FY 2022-23, to the Statutory Auditors is Rs. 13 lakh (including GST).

19. RISK MANAGEMENT FRAMEWORK

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that the management controls risk through means of a properly defined framework.

20. COMMODITY PRICE/ FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

The Company has adequate risk assessment and minimization system in place including that of Commodities and Foreign Exchange. The Company does not have material exposure of any commodity or foreign exchange and accordingly, no hedging activities for the same are carried out.

21. CODE OF CONDUCT:

The updated Code of Conduct (**the Code**) includes duties of Independent Directors. The Code is available on the website of the Company <http://www.zfindia.com/policies-codes.php>. Pursuant to the provisions under the Listing Regulations, a Confirmation from the Managing Director regarding compliance with the Code by all the Directors and Senior Management forms part of this Report.

22. WHISTLE BLOWER POLICY:

The Company has established a Vigil Mechanism/ Whistle Blower Policy to enable Directors and employees to report unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Code of Conduct. The Policy provides adequate safeguards against victimization of Directors/ employee(s).

The Company hereby affirms that no Director(s)/ employee(s) were denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

The Whistle Blower Policy has been disclosed on the Company's website <http://www.zfindia.com/policies-codes.php>.

23. MEANS OF COMMUNICATION:

Quarterly Financial Results: The Quarterly Financial Results of the Company are published in the following leading newspapers viz. 'Business Standard' (English newspaper) and 'Loksatta' (Marathi newspaper) and are also displayed on the Company's website, www.zfindia.com. The Financial Results are also electronically filed on 'BSE Listing Centre'.

24. DISCLOSURES TO STOCK EXCHANGE

Any price-sensitive information and matters that are material to the shareholders are disclosed to BSE Limited. All submissions to BSE Limited are also available on the Company's website.

Presentations to Institutional Investors/ Analysts: During the financial year, no such presentations have been made.

Website: The Company's website www.zfindia.com contains a separate section 'Investors' where all important public domain information including information mandated to be provided pursuant to the Act and the Listing Regulations can be accessed. The Company's Annual Report (in a downloadable form), Quarterly Financial Results, Quarterly Shareholding Pattern, Quarterly Corporate Governance Report, Corporate Announcements etc. are available on the site.

25. ACCOUNTING STANDARDS/ TREATMENT:

The Company has complied with the applicable Indian Accounting Standards (**Ind AS**) specified under Section 133 of the Act. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III to the Act notified by the Ministry of Corporate Affairs (**MCA**).

26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms a part of the Board's Report.

General Shareholder Information:
43rd Annual General Meeting

Day, Date and Time	Saturday, September 16, 2023, 10:30 am (IST)
Deemed Venue - Registered. Office: Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune -412216.	The Meeting will be conducted through video-conferencing (VC) pursuant to MCA Circulars.

27. FINANCIAL YEAR:

The Company follows the period of April 1 to March 31, as the Financial Year.

28. BOOK CLOSURE

The dates for book closure are from September 9, 2023 to September 16, 2023 **(both days inclusive)**

31. UNCLAIMED EQUITY SHARES

Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all the shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account (in the name of the Company) within thirty days of such shares becoming due for transfer to the Fund. The information relating to outstanding dividend account/ (s) and the dates by which they can be claimed by the shareholders are given below:

Financial Year	Date of declaration of dividend	Type of dividend	Total Dividend (Rs.)	Unclaimed dividend as on March 31, 2023	Due date for transfer to Investor Education and Protection Fund (IEPF)
2016-17	August 02, 2017	Final	7,25,86,400	8,22,504	September 6, 2024
2017-18	August 27, 2018	Final	7,25,86,400	7,06,280	October 1, 2025

PURSUANT TO IEPF RULES, GIVEN BELOW ARE THE EQUITY SHARES TRANSFERRED TO THE IEPF AUTHORITY

Particulars	Number of Shares transferred to IEPF
Transferred to IEPF during the Financial Year 2017-18	33,905
Transferred to IEPF during the Financial Year 2018-19	11,688
Transferred to IEPF during Financial Year 2019-20	2,131
Shares Claimed during Financial Year 2019-20	(150)
Transferred to IEPF during Financial Year 2020-21	2,649
Shares Claimed during Financial Year 2020-21	(720)
Transferred to IEPF during Financial Year 2021-22	3,740
Shares Claimed during Financial Year 2021-22	Nil
Transferred to IEPF during Financial Year 2022-23	7,142
Shares Claimed during Financial Year 2022-23	Nil
Total Number of Shares held by IEPF as on March 31, 2023.	60,385

The Members/ claimants whose shares and unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by the Authority from time to time. The Members/ claimants can file only one consolidated claim in a Financial Year as per the IEPF Rules.

The lists of Members whose shares have been transferred to the Demat Account of the IEPF is available on the website of the Company - www.zfindia.com.

32. LISTING ON STOCK EXCHANGE:

The Company's Equity Shares are listed on BSE Limited, Phiroze Jeejebhoy Towers, Dalal Street, Mumbai 400 001. The Company has paid the annual Listing fees up to the Financial Year 2023-24.

BSE Scrip Code	505163
International Securities Identification Number (ISIN)	INE116C01012
Corporate identity Number (CIN)- allotted by Ministry of Corporate Affairs	L29130PN1981PLC023734

33. CUSTODIAL FEES TO DEPOSITORIES:

Annual Custody/ Issuer fee has been paid to NSDL and CDSL up to the financial year 2023-24.

34. Stock Market Data

Market Price of Company's Share at BSE			BSE SENSEX	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-22	488.00	410.15	60,845.10	56,009.07
May-22	475.00	415.00	57,184.21	52,632.48
Jun-22	465.00	416.90	56,432.65	50,921.22
Jul-22	539.60	419.20	57,619.27	52,094.25
Aug-22	644.90	496.05	60,411.20	57,367.47
Sep-22	694.00	512.10	60,676.12	56,147.23
Oct-22	644.00	472.00	60,786.70	56,683.40
Nov-22	547.50	485.00	63,303.01	60,425.47
Dec-22	520.95	472.00	63,583.37	59,754.10
Jan-23	504.50	418.05	61,343.96	58,699.20
Feb-23	440.00	405.00	61,682.25	58,795.97
Mar-23	450.00	377.80	60,498.48	57,084.91

STOCK PERFORMANCE:

Share Price Performance in comparison to broad based indices- April 2022 to March 2023.

Stock performance compared to broad based indices			
Sr. No.	Particulars	ZF India	BSE SENSEX
1.	F.Y. 2022-23	4.5%	0.7%
2.	3 Years	89.4%	99.9%

Registrar and Transfer Agents:

Link Intime India Pvt. Ltd. (website : www.linkintime.com) (email: rnt.helpdesk@linkintime.co.in)	
Pune Office Block No. 202, Akshay Complex, Near Ganesh Temple, Pune- 411001 Phone No. (020) 2616 1629/26160084 Fax No. (020) 2616 3503	Mumbai Office C 101, 247 Park, L.B.S. Marg, Vikhroli (W) Mumbai- 400083 Phone No. (022) 49186270 Fax No. (022) 49186060

35. PHYSICAL SHARES RELATED OPERATIONS:

With effect from April 1, 2020, requests for effecting transfer of shares held in physical mode, cannot be processed as per SEBI directive.

With effect from January 24, 2022, shares issued pursuant to the requests for transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form.

Further, pursuant to the SEBI Circular dated March 16, 2023, all the shareholders holding securities in physical form are required to update their requisite KYC details by October 2023, failing which their folios shall be frozen and shall remain as such until requisite KYC details are updated with our RTA. The brief procedure along with requisite forms are available on the Company's website www.zfindia.com – Investors – Investor Service Requests. The Company has also dispatched the requisite forms to the concerned shareholders.

Shareholding Pattern as on March 31, 2023.

Category	No. of Shares of Rs. 10 each	Percentage of shareholding
Indian Promoters (Munot Family)	61,07,376	67.31
Foreign Promoter - (Robert Bosch Automotive Steering, GmbH)	Nil	Nil
Banks, Financial Institutions, Insurance Companies, Mutual Funds	950	0.01
IEPF	60,385	0.67
Private Corporate Bodies	1,28,921	1.42
Indian Public	27,26,623	30.05
NRIs/ OCBs	49,045	0.54
Total	90,73,300	100
	2023	2022
No. of Shareholders as on March 31	10,166	10,060

36. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023

No. of Shares held (Face Value of Rs. 10 Each)	No. of shareholders	% to total No. of shareholders	No. of Shares held	% to total No. of Shares
1-500	9,374	92.21	8,73,614	9.63
501-1000	441	4.34	3,33,968	3.68
1001-5000	290	2.85	5,54,614	6.11
5001-10000	24	0.24	1,63,645	1.80
10001 & above	37	0.36	71,47,459	78.78
Total	10,166	100.00	90,73,300	100.00

37. DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The details of Equity shares dematerialized and those held in physical form as on March 31, 2023, are given hereunder:

Particulars of Equity Shares	Equity Shares of Rs. 10 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialized form				
NSDL	49,20,146	54.23	5,210	51.25
CDSL	40,23,643	44.34	4,306	42.36
Sub-total	89,43,789	98.57	9,516	93.61
Physical Form	1,29,511	1.43	650	6.39
Total	90,73,300	100	10,166	100

Considering the advantages of dealing in securities in electronic/ dematerialized form, shareholders still holding shares in physical form are requested to dematerialise their Shares at the earliest. For further information/ clarification/ assistance in this regard, please contact Link Intime India Pvt. Ltd., Registrar and Share Transfer Agents.

As per the directions of SEBI, Equity Shares of the Company can be traded/ transferred/ transmitted by all the investors only in dematerialized form. The Company's Shares are traded only on BSE Limited.

38. DIVIDEND DECLARED FOR THE LAST 10 YEARS:

Financial Year	Dividend Per Share* (Rupees)
2013-14	7.00
2014-15	10.00
2015-16 Interim	12.50
2016-17	8.00
2017-18	8.00
2018-19	Nil
2019-20	Nil
2020-21	Nil
2021-22	Nil
2022-23 (recommended)	5.00

*Share of paid-up value of Rs. 10 per share

39. OUTSTANDING GDR, ADR OR WARRANTS:

So far, the Company has not issued any GDR, ADR or any Convertible instrument pending Conversion or any other instrument likely to impact the equity share capital of the Company.

40. DISCLOSURE WITH RESPECT TO THE EQUITY SHARES LYING IN SUSPENSE ACCOUNT:

Particulars	Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	52	4483
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	Nil	Nil
Number of shareholders whose shares were transferred to Investor Education Protection Fund (IEPF) account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	52	4483

The voting rights on the shares lying in suspense account are frozen till the rightful owners of above shares claim the shares..

41. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

Please refer to the Board's Report for the aforesaid disclosure.

42. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company is in compliance with all the mandatory requirements stipulated under Regulations 17 to 27 read with Schedule V and applicable clauses of sub-regulation (2) of Regulation 46 of SEBI (LODR), Regulations, 2015, with regard to Corporate Governance.

43. ADOPTION OF MANDATORY AND DISCRETIONARY REQUIREMENTS OF THE LISTING REGULATIONS:

The Company has complied with all mandatory requirements of the Listing Regulations. The Company has adopted following discretionary requirements of the Listing Regulations:

- The Company is in the regime of financial statements with unmodified audit opinion.
- The Internal Auditor directly reports to the Audit Committee.

44. PLANT LOCATIONS:

Segment	Address
Auto Components	1. Gat No. 1242/ 44, Village Vadu-Budruk, Tal. Shirur, Dist: Pune- 412 216. (Maharashtra) 2. Plot number 3, Industrial Area, Sector V growth centre, Pithampur, Dist. Dhar, M.P. – 454775.
Solar Power Project	Plot No. 45 & 46, Survey No. 152/1, Charanka, Santalpur, Patan (Gujarat)
Wind Power	1. Supa, Dist. Ahmednagar (Maharashtra) 2. Sadawaghapur, Dist. Satara (Maharashtra) 3. Ajnadi, Dist. Sambhajinagar. (Maharashtra)

45. DISCLOSURE OF LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS/ COMPANIES IN WHICH DIRECTORS ARE INTERESTED BY NAME AND AMOUNT

Sr. No.	Name of the Company	Name of the Directors interested	Amount (Rs. in crore) as on March 31, 2023
1	DriveSys Systems Private Limited (Wholly-Owned Subsidiary of the Company)	i. Mr. Dinesh Munot- Chairman ii. Mr. Utkarsh Munot- Managing Director	4.55
2	NexSteer Systems Private Limited (Wholly-Owned Subsidiary of the Company)	iii. Mr. S.A. Gundecha- Independent Director	7.86

46. DETAILS OF MATERIAL SUBSIDIARIES OF THE COMPANY INCLUDING THE DATE AND PLACE OF INCORPORATION AND THE NAME AND DATE OF APPOINTMENT OF THE STATUTORY AUDITORS OF SUCH SUBSIDIARIES

As of March 31, 2023, the Company has no material Subsidiaries, the Company has incorporated two Wholly Owned Subsidiaries viz. DriveSys Systems Private Limited and NexSteer Systems Private Limited incorporated on April 27, 2022 and April 29, 2022, respectively. Both these Companies have appointed M/s. MGM and Co., Chartered Accountants (FRN: 117963W), as their first auditors at their respective Board Meetings held on April 28, 2022 and April 30, 2022.

47. ADDRESS FOR INVESTOR CORRESPONDENCE:

For transfer/ dematerialization of shares, Link Intime India Pvt. Ltd. 2202 A-Wing, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune- 411 001 Phone- (020) 26161629/ 26163503/ 26160084 E-mail- pune@linkintime.co.in

For payment of dividend and other correspondence Secretarial Department: ZF Steering Gear (India) Ltd. Corporate Identity Number **(CIN-L29130PN1981PLC023734)** Gat No. 1242/ 44, Village Vadu-Budruk, Tal. Shirur, Dist. Pune- 412 216. E- Mail: investor@zfindia.com Phone- 02137-305100.

Pune
July 22, 2023

Dinesh Munot
Chairman
(DIN: 00049801)

Certificate of Compliance with the Corporate Governance

Independent Auditor's Certificate on Compliance with the Corporate Governance Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

**The Members of
ZF Steering Gear (India) Limited**

1. This certificate is issued in Accordance with the terms of our engagement letter dated 5th Sept, 2022.
2. This report contains details of compliance of conditions of corporate governance by ZF Steering Gear (India) Limited ('the Company') for the year ended 31st March, 2023 as Stipulated in regulations 17 to 27, clause (b) to (i) of regulation 46 (2) And paragraphs C, D and E of Schedule V of the Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the BSE Limited.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof Adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as Stipulated in the Listing Regulations for the year ended 31st March, 2023.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as Stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by Any other person or for Any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Joshi Apte & Co.,
Chartered Accountants
ICAI Firm registration number: 104370W

per **Prakash Apte**
Partner
Membership No.: 033212
UDIN: 23033212BGXWPW5149
Date: 05th July 2023
Place: Pune

Certificate on Compliance with Code of Conduct:

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2022-23.

For and on behalf of the Board of Directors

**Pune
July 22, 2023**

**Utkarsh Munot
Managing Director**

Managing Director/ CFO Certification

The Managing Director and the Chief Financial Officer have furnished a Compliance Certificate to the Board of Directors under Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Pune
April 29, 2023**

**Utkarsh Munot
Managing Director**

**Jinendra Jain
Chief Financial Officer**

CERTIFICATE OF OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V para C clause 10(i) of the Securities Exchange Board of India
(Listing Obligations and Disclosure Requirement) Regulations, 2015)

To,
The Members of
ZF Steering Gear (India) Limited
Regd. Office: GAT NO 1242/1244 VILLAGE, VADU BUDRUK
TAL SHIRUR PUNE MH 412216 IN

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of ZF Steering Gear (India) Limited having CIN L29130PN1981PLC023734 and having registered office at Gat No 1242/1244, Village- Vadu Budruk, Tal Shirur, Pune MH 412216 IN (hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34 (3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015.

In my opinion and to the best of my information and according to the verification (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or Continuing as Director of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT IN COMPANY
1	SHRIDHAR SHAMRAO KALMADI	00044301	26/05/2009
2	DINESHCHAND HIRACHAND MUNOT	00049801	08/11/1986
3	UTKARSH DINESHCHAND MUNOT	00049903	01/08/2019
4	ADIT MADHUSUDAN RATHI	00084380	20/09/2019
5	SATISH AMOLAKCHAND GUNDECHA	00220352	15/09/2014
6	MANISH MOHAN MOTWANI	00394860	23/06/1998
7	SANDEEP NELAMANGALA	08264554	20/09/2019
8	SMITA AMOL LAHOTI	08764528	27/06/2020

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SIUT & Co LLP
Company Secretaries

Name: I U Thakur

FCS: 2298

C. P. : 1402

UDIN:F002298E000367564

Peer Review No: 1959/2022

Date: 24/05/2023

Place: Pune

ANNEXURE - III to the Board's Report Annual Report on Corporate Social Responsibility

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR Policy (**the Policy**) outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare and sustainable development of the community at large.

The policy was formulated by the CSR Committee in terms of provision of Section 135(4) of the Companies Act, 2013 (**the Act**) read with Rule 6 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, which has also been approved by the Board. As per CSR policy the Company shall undertake any CSR activities/ projects/ programs in the areas as specified in Schedule VII of the Act as amended from time to time.

The Policy inter-alia covers the Philosophy, Scope, List of the CSR activities, Annual Action Plan, Modalities of Execution of projects/ programs and Monitoring, Impact Assessment, set-off and carry forward of excess CSR expenditure thereof.

The policy is placed on the website of the Company <http://www.zfindia.com/policies-codes.php>.

2. The Composition of the CSR Committee.

Mr. Dinesh Munot	Chairman
Mr. Utkarsh Munot	Member/ Managing Director
Mr. Shridhar Kalmadi	Member/ Independent Director

8. Details of CSR spent during financial year:

- a. CSR amount spent or unspent for the Financial Year.

Total Amount Spent for the Financial Year (Rs. In crore)	Amount Unspent (Rs. in crore)				
	Total Amount transferred to the Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).		
	Amount	Date of Transfer.	Name of the Fund	Amount	Date of Transfer.
NIL	NIL	N/A	NIL	NIL	N/A

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <http://www.zfindia.com/profile/committees.php>.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable.

5. Details pursuant to sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules):

i. amount available for set off for the Financial Year: Rs. 0.45 crore

ii. amount required for set off for the Financial Year: Rs. 0.23 crore

6. Average Net Profit/ (Loss) of the Company for last three financial years: Rs. 11.61 crore

7. Prescribed CSR Expenditure

i. two per cent of the amount as in item 6 above: Rs. 0.23 crore

ii. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

iii. Amount required to be set off for the financial year, if any: Rs. 0.23 crore

iv. Total CSR obligation for the financial year (7i +7ii-7iii): NIL

b. Details of CSR amount spent against on-going projects for the financial year:

Sr. No.	Name of the Project	Item from the List of activities in Schedule VII of the Act	Local Area (Yes/ No)	Location of the Project		Duration of the Project	Amount allocated for the project	Amount spent in the current financial year (Rs. in crore)	Amount transferred to Unspent CSR Account for the Project	Mode of Implementation – Whether Direct (Yes/ No)	Mode of Implementation – Through Implementing Agency	
1	-	-	-	-	-	-	NIL	NIL	NIL	NA	NA	NA
	Total							NIL	NIL			

c. Details of amount spent against other than on-going projects for the Financial Year

Sr. No.	Name of the Project	Item from the List of activities in Schedule VII of the Act.	Local Area (Yes/ No)	Location of the Project		Amount (Rs. in crore)	Mode of Implementation Whether Direct (Yes/ No)	Mode of Implementation Through Implementing Agency	
				State	District			Name	CSR registration number
1	-	-	-	-	-	Nil	NA	NA	NA
	Total					Nil			

d. Amount spent in Administrative Overheads: Nil

e. Amount Spent on Impact Assessment, if applicable: Not Applicable.

f. Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

g. Excess Amount set off, if any :-

Sr. No.	Particulars	Amount (in Rs. In crore)
i.	Two percent of average net profit/ (loss) of the Company as per section 135(5)	0.23
ii.	Total amount spent for the Financial Year	NIL
iii.	Excess amount spent for the financial year [(ii)-(i)]	(0.23)
iv.	Surplus arising out of CSR projects or programmes or activities of the previous financial years, if any (amount available for Set off as per clause 5 in terms of Rule 7(3) of the Rules)	0.45
v.	Amount available for set off in succeeding financial year(s) [(iii)-(iv)]	0.22

9. A. Details of Unspent CSR amount for the preceding three financial year

Sr. No.	Preceding Financial year	Amount transferred to Unspent CSR Account under Section 135(6) (Rs. in crore)	Amount spent in the reporting Financial Year	Amount Transferred to any fund Specified in Schedule VII to the Act			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount (Rs. in crore)	Date of Transfer	
1	-	NIL	-	-	NIL	-	-

B. Details of CSR amount spent in the financial year for on-going projects for preceding financial years: Not applicable

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

- Date of Creation or Acquisition of Capital Asset(s):** None
- Amount of CSR Spent for creation or Acquisition of Capital Asset:** NIL
- Details of Entity or Public Authority or beneficiary under whose name such capital asset is registered, their address etc:** Not Applicable
- Provide details of capital asset(s) created or acquired (including complete address and location of the Capital Asset):** Not Applicable

11. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide reasons for not spending the amount in its Board's Report:

Not Applicable

Place
July 22, 2023

Dinesh Munot
Chairman
(DIN:00049801)

ANNEXURE - IV to the Board's Report Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2023

[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,
ZF STEERING GEAR (INDIA) LIMITED
Pune

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ZF STEERING GEAR (INDIA) LIMITED** (CIN: L29130PN1981PLC023734) (hereinafter called **the Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances by the Company and expressing our opinion thereon.

Based on our verification of the **ZF STEERING GEAR (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 31.03.2023 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 31.03.2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not applicable** to the Company during the Audit Period;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;- **Not applicable** to the Company during the Audit Period;
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;- **Not applicable** to the Company during the Audit Period;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not applicable** to the Company during the Audit Period;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; - **Not applicable** to the Company during the Audit Period;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable** to the Company during the Audit Period;

The listing agreement entered into by the Company with BSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were changes in the composition of the Board of Directors that took place during the period under review as Mrs. Eitika Munot (DIN: 01396661), Non-executive, Non-Independent Director, ceased to be a Director of the Company, following her resignation, with effect from April 1, 2022.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, shorter notice consent was taken wherever needed and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following major events have taken place :

1. As per the Communication dated- October 19, 2022, received from ZF Friedrichshafen AG it has allegedly demanded a sum of Rs. 100 crores in damages from the Company for infringement of the trademark "ZF" and/or "ZF India"- The Company is of the opinion that, it has not committed any act of infringement and the Company does not in any manner whatsoever accepts any allegations of infringement and/or demands of ZF Friedrichshafen AG.
2. There was Inter-se transfer (through open market) of Equity Shares by and amongst the promoters for which Mr. Dinesh Munot, Mr. Utkarsh Munot and Robert Bosch Automotive Steering GmbH had executed a Share Purchase Agreement dated 23rd March 2023 and the actual date of acquisition was 28th March 2023 consisting of total 23,40,155 Equity shares of Face Value INR 10 Each. Mr. Dinesh Munot (existing promoter) has acquired 9,40,155 equity shares (10.36%) and Mr. Utkarsh Munot (existing promoter) has acquired 14,00,000 equity shares (15.43%) from Robert Bosch Automotive Steering GmbH.

**For SIUT & Co LLP
Company Secretaries**

Name: I U Thakur

FCS: 2298

CP: 1402

UDIN: F002298E000367410

Peer Review Certificate No.: 1959/2022

Date: 24/05/2023

Place: Pune

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

‘Annexure’

To,
The Members
ZF STEERING GEAR (INDIA) LIMITED
PUNE

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on my 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, I followed provide a reasonable basis for my 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 of laws, rules and regulations and happening of events etc.
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 procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For SIUT & Co LLP
Company Secretaries

Name: I U Thakur

FCS: 2298

CP: 1402

UDIN: F002298E000367410

Peer Review Certificate No.: 1959/2022

Date: 24/05/2023

Place: Pune

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Business Responsibility & Sustainability Report

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity:	L29130PN1981PLC023734
2. Name of the Listed Entity:	ZF Steering Gear (India) Limited
3. Year of incorporation:	1981
4. Registered office address:	Gat No. 1242/44, Village Vadu-Budruk, Tal. Shirur, Dist. Pune, 412-216
5. Corporate address:	Pride Parmar Galaxy, 3rd Floor, C + E Wing at CTS No: 10+10A, Connaught Road, Sadhu Vaswani Chowk, Pune 411-001.
6. E-mail:	investor@zfindia.com
7. Telephone:	02137-305100
8. Website:	www.zfindia.com
9. Financial year for which reporting is being done:	April 1, 2022 to March 31, 2023
10. Name of the Stock Exchange(s) where shares are listed:	BSE Limited
11. Paid-up Capital:	Rs.9,07,33,000 comprising 90,73,300 shares of Rs. 10 each.
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	Name: Anant Kalvit, Designation: President (Business Development & Design) Email: anant.kalvit@zfindia.com Tel: 02137-305100
13. Reporting boundary -	The Disclosures under this report are made on standalone basis for ZF Steering Gear (India) Limited.

II. Products/ services

14. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Sale of Auto Components	Manufacture/ Sale of Power and Mechanical Steering Gears requisite spares for Steering Gears.	96.4%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Sale of Steering Gears (Power and Mechanical) and requisite spares for Steering Gears.	29301	96.4%

III. Operations

*16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	6	1	7
International	Nil		

* locations/ offices of the entity

Segment	Address
Auto Components	1. Gat No. 1242/ 44, Village Vadu-Budruk, Tal. Shirur, Dist: Pune- 412 216. (Maharashtra)
	2. Plot number 3, Industrial Area, Sector V growth centre, Pithampur, Dist. Dhar, M.P. – 454775.
Solar Power Project	Plot No. 45 & 46, Survey No. 152/1, Charanka, Santalpur, Patan (Gujarat)

Segment	Address
Wind Power	1. Supa, Dist. Ahmednagar (Maharashtra) 2. Sadawaghapur Dist. Satara (Maharashtra) 3. Ajnadi, Dist. Sambhajinagar (Maharashtra)
Corporate Office	Pride Parmar Galaxy, 3rd Floor, C + E Wing at CTS No: 10+10A, Connaught Road, Sadhu Vaswani Chowk, Pune 411-001.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	3
International (No. of Countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity?

3%

c. A brief on types of customers:

ZF Steering Gear (India) Limited is manufacturer and supplier of Power and Mechanical Steering Gears for Light Commercial Vehicles, Medium and Heavy Commercial Vehicles (M&HCV) and tractors.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	340	330	97.1	10	2.9
2.	Other than Permanent (E)	76	73	96.1	3	3.9
3.	Total employees (D + E)	416	403	96.9	13	3.1
WORKERS						
4.	Permanent (F)	1	1	100.0	Nil	Nil
5.	Other than Permanent (G)	1080	1029	95.3	51	4.7
6.	Total workers (F + G)	1081	1030	95.3	51	4.7

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)					
2.	Other than Permanent (E)					
3.	Total differently abled employees (D + E)					
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)					
5.	Other than permanent (G)					
6.	Total differently abled workers (F + G)					

19. Participation/ Inclusion/ Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.5%
Key Management Personnel	4	Nil	Nil

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	330	10	340	249	1	250	238	1	239
Permanent Workers	1	Nil	1	77	Nil	77	77	Nil	77

V. Holding, Subsidiary and Associate Companies (including joint ventures)
21. (a) Names of holding/ subsidiary/ associate companies/ joint ventures

S. No.	Name of the holding/ Subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/ No)
1	DriveSys Systems Private Limited	Wholly-Owned Subsidiary	100%	No
2	NexSteer Systems Private Limited			

VI. CSR Details
22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (Rs. in crore) 464.41

(iii) Net worth (Rs. in crore) 419.58

VII. Transparency and Disclosures Compliances

23. Complaints/ Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	HR function handles the grievances of the local communities for redressal	Nil	Nil	NA	Nil	Nil	NA
Investors (other than shareholders)	Company has a separate Email ID investor@zfindia.com , where the investors address their concerns	Nil	Nil	NA	Nil	Nil	NA
Stakeholder group from whom complaint is received		FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Complaints are addressed by the shareholders to the Company's Registrar and Transfer Agent (RTA). If the complaints are not resolved by the RTA within a given time, then shareholders escalate it to the Company at its dedicated Email ID investor@zfindia.com for resolution.	6	Nil	All the Complaints were resolved to the satisfaction of shareholders	10	Nil	All the Complaints were resolved to the satisfaction of shareholders
Employees and workers	The Company has a mechanism which is well communicated to the Employees and workers. Concerns are reported to firstly to the concerned head of the departments, subsequently to the HR department and if the same is not resolved it is escalated to the senior management of the Company.	Nil	Nil	NA	Nil	Nil	NA
Customers	The Company has a Quality Control and Application Department to which the Customers address their grievances and the concerned officials look into the same in order to take further remedial action.	Nil	Nil	NA	2	Nil	All the Complaints were resolved to the satisfaction of the Customers

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Handling Hazardous Material/ Waste	Risk	Handling hazardous material/ waste in business operations with care to avoid any threats posed to the health and well-being of our employees and to our surrounding environment.	<ol style="list-style-type: none"> 1. Adherence to standards pertaining to Occupational Health and Safety and highest operational standards. 2. The Company's Pithampur Plant is Zero Water Pollutants discharge plant, meaning there is no pollutants discharged from that plant. 3. The hazardous wastes generated at the Vadu Budruk plant are being disposed as per the Maharashtra Pollution Control Board (MPCB) approved sources. 	Negative: Impact on health and well-being of employees and local communities near its Manufacturing facility
2	Safety Risk	Risk and Opportunity	The manufacturing operations of the Company requires its employees to interact with plant, machinery and material handling equipment, all of which carry an inherent risk of injury.	<ol style="list-style-type: none"> 1. Adherence to the optimum safety standards for minimizing adverse impact. 2. Periodic Training to the employees to observe basic precautions in order to prevent fatal accidents. 	Negative: Any injury sustained by the employee(s) would pose compensatory risk for the Company.
3	Environmental (Regulatory) Risk	Risk and Opportunity	Changes in existing regulations/ emerging regulations impacting sourcing of materials, missions, waste generation, storage and use of material or quality of finished goods.	<ol style="list-style-type: none"> 1. The Company continues to monitor all emerging regulations, incidents, developments and map it for compliance. 2. The Company has an established structure for carrying out various facets of manufacturing functions as per business process defined by ISO 14001 and 45001 and IATF: 16949 	Positive: Scope for building new product portfolio on the basis of changing regulations and explore new sources of raw materials.
4	Labour Unrest	Risk	Disruption in manufacturing due to labour unrest	<ol style="list-style-type: none"> 1. Implementing alternative settlements in the plants – productivity measure changed from norm based output to output/ group based output in many plants; 2. Knowledge sharing sessions on labour laws, situations based learnings, employee life cycle documentation, regular management and Contract Labour management; 	Negative: Labour unavailability can impact manufacturing.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

P	Principle wise performance Disclosures
P1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers in a responsible manner

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/ No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/ No)	Since all the policies are not required to be approved by the Board of Directors, the approval of the Board has been obtained wherever it is mandatory								
c. Web Link of the Policies, if available	www.zfindia.com								
2. Whether the entity has translated the policy into procedures. (Yes/ No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent applicable								
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	The Company has an established structure for carrying out various facets of manufacturing functions as per business process defined by ISO 14001 and 45001 and IATF: 16949.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Goals and targets are set annually and specific commitments are set periodically. Specific sustainability targets have been identified and timelines for achieving carbon neutrality are being defined.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	For all identified Key Performance Indicators, performance reviews are conducted on an annual basis by the Top Management in Board Meetings.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements: ZF India is committed to inclusive growth objectives and as a responsible corporate citizen continues to strive for improving its performance towards environmental and social impacts while maintaining focus on economic development.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Utkarsh Munot – Managing Director								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/ No). If yes, provide details.	The Board of Directors of the Company provides direction to the management and exercises oversight on the implementation of ESG guidelines across the various business operations of the Company.								

10. Details of Review of National Guidelines for Responsible Business Conduct (**NGRBC**) by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half-yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes									Business Responsibility Policies of the Company are reviewed annually. During the evaluation, effective implementation of the policies is assessed and changes, if any, are carried out in the said policies								
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The Company complies with all the applicable statutory requirements.									Quarterly- through statutory compliance report placed before the Board.								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No								

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/ No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/ No)									
The entity does not have the Financial and/ or Human and technical resources available for the task (Yes/ No)									
It is planned to be done in the next financial year (Yes/ No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of Directors and Key managerial personnel	6 (as part of board meetings)	Updates and awareness related to regulatory Changes Topics covered includes: Corporate Governance, Companies Act, SEBI Listing Regulations etc.	100
		Familiarization Programmes for Independent Directors	
Employees other than BoD and KMPs	10	Industrial Safety-EOHS & Emergency preparedness plan	100
		Communication & Presentation skill	
		Team Work and Time Management & Personality Development	
		Product knowledge, Steering Gear System & advantage of power steering & Basic Product Knowledge on hydraulic Power steering & Mechanical Steering System	
		ZFI QA process with QMS system, IATF, EMS(14001), EHS (45001)	
		ZFI Maintenance process, Preventive maintenance, Predictive maintenance & Timebase maintenance	
		Leadership Skills	
		Lean Six Sigma	
		Product Safety	
Workers	5	Basic introduction of rubber/ Plastic process and Inspection	100
		Types of material used in ZF, Heat Treatment Process, Metallurgical Inspection & Traceability process	
		Store, Dispatch Management & Inventory Management	
		Fire Fighting	
		MSDS - Hazardous Waste Management Training	

2. Details of fines/ penalties/ punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by Directors/ KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

During the financial year 2022-23, there were no instances of any material (monetary and non-monetary) fines/ penalties/ punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by Directors/ KMPs) levied by the regulators/ law enforcement agencies/ judicial institutions.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy:

The existing policies like Vigil Mechanism (including Code of Conduct), rules and regulations adopted by the Company are in conformity with the legal and statutory framework on anti-bribery and anti-corruption legislation prevalent in India.

5. Number of Directors/ KMPs/ employees/ workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

There were no instances of any disciplinary action taken by any law enforcement agency for the charges of bribery/ corruption against Directors/ KMPs/ employees/ workers.

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest:

Not Applicable

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/ principles covered under the training	Percentage of value chain partners covered (by value of business done with such partners) under the awareness programmes
NIL	NIL	NIL

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same:

Yes, the Company has a Code of Conduct for Board of Directors and senior management personnel which provides clear guidelines for avoiding and disclosing actual or potential conflict of interest with the Company. The Company receives an annual declaration from its Board of Directors and senior management personnel on the entities they are interested in, and ensures requisite approvals as required under the applicable laws are taken prior to entering into transactions with each entities.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

- Percentage of Research and Development (R&D) and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:**

Environmental and Social impact assessment is one of the key inputs for the new product development/ process changes. Capital expenditure and R&D expenditure incurred by the Company embeds cost incurred to mitigate environmental & social hazards. These are inseparable cost of the projects and hence separately identifying such cost is not feasible. Increasing share of renewable energy in overall energy portfolio is a flagship initiative which demonstrated our commitment towards sourcing clean energy and reducing environmental footprint.

- Does the entity have procedures in place for sustainable sourcing?**

Yes

- If yes, what percentage of inputs were sourced sustainably?**

The Company has developed a Sustainable Supply Chain Framework which uses an ESG criteria for vendor assessment which encompass compliance certifications like ISO 14001, IATF: 16949 performance on emissions, water use, human rights, etc.

- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

The Company aims to reduce waste and dispose the same responsibly and it follows circularity principles in the manufacturing and end use stage of the product lifecycle. The Company also relies on captive consumption of renewable energy to prevent exhaustion of conventional energy. The above initiatives result in lower usage of natural resources, thereby reducing environmental footprints and curtailing emissions.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/ No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, it is a business imperative that the Company ensures safe disposal of the pre-consumer and post-consumer packaging. The Company has been ensuring the collection and safe disposal of its waste in line with the EPR approach.

LEADERSHIP INDICATORS

- Has the entity conducted Life Cycle Perspective/ Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Yes the Company Conducts Life Cycle Assessment of its Products

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
29301	Sale of Steering Gears (Power and Mechanical) and requisite spares for Steering Gears.	96.4%	As it is a safety critical product, the life cycle is assessed periodically through accelerated endurance tests.	No	No

2. If there are any significant social or environmental concerns and/ or risks arising from production or disposal of your products/ services, as identified in the Life Cycle Perspective/ Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/ Service	Description of the risk/ concern	Action Taken
Not applicable		

3. Percentage of recycled or reused input material to total material (by value) used in Products (for manufacturing industry) or providing services (for service industry).

Nil, as the Company disposes the scrap/ used material through sale.

4. Percentage of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Not Applicable.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not applicable	

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	380	144	38	380	100	Nil	Nil	2	1	Nil	Nil
Female	13	5	38	13	100	2	15	Nil	Nil	Nil	Nil
Total	393	155	39	393	100	2	0.51	2	0.51	Nil	Nil
Other than Permanent employees											
Male	73	73	100	32	44	Nil	Nil	Nil	Nil	Nil	Nil
Female	3	3	100	Nil	Nil	3	100	Nil	Nil	Nil	Nil
Total	76	76	100	32	42	3	0.03	Nil	Nil	Nil	Nil

Vendors are also required to adhere to the statutory compliances as per applicable laws and rules thereunder

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F / A)
Permanent employees											
Male	1	1	100	1	100	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	1	1	100	1	100	Nil	Nil	Nil	Nil	Nil	Nil
Other than Permanent workers											
Male	1030	1030	100	967	94	Nil	Nil	Nil	Nil	Nil	Nil
Female	50	50	100	32	64	50	100	Nil	Nil	Nil	Nil
Total	1080	1080	100	999	93	50	0.04	Nil	Nil	Nil	Nil

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/ N/ N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/ N/ N.A.)
Gratuity	100% of the applicable employees, as per the Payment of Gratuity Act	100% of the applicable Workers, as per the Payment of Gratuity Act	NA	100% of the applicable employees, as per the Payment of Gratuity Act	100% of the applicable Workers, as per the Payment of Gratuity Act	NA
ESI	100% of the applicable employees, as per the Act	100% of the applicable Workers, as per the Act	Yes	100% of the applicable employees, as per the Act	100% of the applicable Workers, as per the Act	Yes
PF	100% of the applicable employees, as per the Act	100% of the applicable Workers, as per the Act	Yes	100% of the applicable employees, as per the Act	100% of the applicable Workers, as per the Act	Yes

3. Accessibility of workplaces

Are the premises/ offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

The Company does not have differently abled employees and hence, this clause is Not Applicable to the Company.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Equal Opportunity is covered as a part of the Company's Code of Conduct available on the Company's website: <http://www.zfindia.com/profile/code.php>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	Nil	Nil
Female	100	100	100	100
Total	100	100	100	100

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/ No
Permanent Workers	The Company has a mechanism which is well communicated to the Employees and workers. Concerns are reported to firstly to the concerned head of the departments, subsequently to the HR department and if the same is not resolved it is escalated to the senior management of the Company.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

There are no unions recognised by the Company.

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (A)	On Health and safety measures		On Skill upgradation	
		No.(B)	% (B/A)	No. (C)	%(C/A)		No. (B)	% (B / A)	No. (C)	%(C/A)
Employees										
Male	403	403	100	373	92.56	415	415	100	372	89.64
Female	13	13	100	9	69.23	4	4	100	3	75
Total	416	416	100	382	91.83	419	419	100	375	89.50
workers										
Male	250	250	100	197	100	243	243	100.00	197	81.07
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	250	250	100	197	100	243	243	100	197	81.07

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (c)	No. (D)	% (D / C)
Employees						
Male	403	403	100	415	415	100
Female	13	13	100	4	4	100
Total	416	416	100	419	419	100
Workers						
Male	250	250	100	197	197	100
Female	Nil	Nil	Nil	Nil	Nil	Nil
Total	250	250	100	197	197	100

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?**

Yes, the Company has implemented ISO Framework to provide a safe and healthy workplace and the Company is certified for ISO 14001:2015 & ISO 45001:2018 standards.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

HIRA (Hazard Identification & Risk Assessment) & Daily Observations.

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Yes

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes

11. Details of safety related incidents, in the following format:

Safety Incident/ Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	1.00	2.00
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	1	3
	Workers	Nil	Nil
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy work place.-

The Company provides Trainings, Appropriate PPE's, Induction trainings. The Company also has an Environmental Health and Safety Policy, conducts periodical medical check-up, has an OH Centre.etc.

13. Number of Complaints on the following made by the workers

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	NA	Nil	Nil	NA
Health & Safety	Nil	Nil	NA	Nil	Nil	NA

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100
Working Conditions	100

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions. -

Updating work processes and Retraining employees on procedures and 5s implementation is under process.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

A. Yes

B. Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company procures returns for payment of dues towards Employee Provident Fund Organisation (EPFO) and Employees' State Insurance (ESIC) etc., from its value chain partners, in order to ensure the payment of statutory dues by its value Chain Partners

3. Provide the number of employees/ workers having suffered high consequence work-related injury/ ill-health/ fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees / workers		No.of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, subject to requirements the Company provides short term assignments to the employees for specific projects across the organization.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from assessments of health and safety practices and working conditions of value chain partners:

Improvement measures agreed-upon with suppliers relate to structural improvements in management systems and the lack of specific processes and guidelines implemented by the supplier. Purchasing department at the Company agree on a series of improvement measures with the supplier. During this process, the Company remains committed to partnerships with suppliers and helps them to improve.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company has categorised the stakeholders in following groups:

Shareholders play a significant role in the functioning of our entity, providing both financial and non-financial inputs.

Employees and workers are vital stakeholders as they share our goal and are instrumental in helping us become industry leaders

Dealers, distributors, vendors, suppliers, and alliance partners are critical players that help us satisfy our logistical demands on schedule.

Communities help us become a better corporate citizens as we strive for their all round development

Central, State, and Local Government and Various Statutory and Regulatory Bodies are also salient stakeholders for the Company, as it is guided by the laws and regulations, helping in the ethical conduct of business, with transparency and accountability.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	Yes	1. Physical and virtual meetings (AGM/ EGM) 2. Email 3. Newspaper 4. Digital Platforms 5. Disclosures to Stock Exchange	Annual/ as per requirement	Financial and Non-financial Report sharing/ Dividend/ IEPF related matters, Sustainable performance, Stability and reputation
Employees and Workers	Yes	1. Email 2. Meetings 3. Digital Platforms	As per requirement	Sharing Policies, Welfare Schemes, Appraisals, Career Development, Health & Safety, Learning & Development
Dealers and Distributors	Yes	1. Email 2. Meetings 3. Digital Platforms	As per requirement	Sales plan, Sales meeting, Order, Payment, Grievances, Business value, Innovation
Vendors/ suppliers and alliance partners	Yes	1. Email 2. Meetings 3. Digital Platforms	As per requirement	Production plans, Invoices, Bill payments, Grievances, Long term relationship
Communities	Yes	1. Newspapers 2. Advertisements 3. Digital Platforms 4. Disclosures to Stock Exchange	As per requirement	Education, Health, Employability, Empowerment, Environment
Central, State and Local Governments and various Statutory and Regulatory Bodies	Yes	1. Email 2. E-Filings 3. Website	As per requirement	Compliance

LEADERSHIP INDICATORS

1. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/ No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

No

2. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Not Applicable

PRINCIPLE 5 Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. employees workers covered (B)	% (B / A)	Total (C)	No. employees workers covered (D)	% (D / C)
Employees						
Permanent	340	340	100	332	332	100
Other than permanent	76	76	100	87	87	100
Total Employees	416	416	100	419	419	100
Workers						
Permanent	1	1	100	1	1	100
Other than permanent	1080	1080	100	1043	1043	100
Total Employees	1081	1081	100	1044	1044	100

2. Details of minimum wages paid to employees and workers, in the following format: All the employees and workers are paid above Minimum Wages Stipulated under Minimum Wages Act.

Category	FY 2022-23			FY 2021-22		
	Total (A)	Equal to Minimum Wage		Total (D)	Equal to Minimum Wage	
		No.(B)	% (B / A)		No.(E)	% (E/D)
Employees						
Permanent						
Male	330	Nil	Nil	318	Nil	Nil
Female	10	Nil	Nil	14	Nil	Nil
Other than permanent						
Male	73	Nil	Nil	82	Nil	Nil
Female	3	Nil	Nil	5	Nil	Nil

Category	FY 2022-23				FY 2021-22			
	Total (A)	Equal to Minimum Wage			Total (D)	Equal to Minimum Wage		
		No.(B)	% (B /A)			No.(E)	% (E/D)	
Workers								
Permanent								
Male	1	Nil	Nil	Nil	1	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other than permanent								
Male	1029	Nil	Nil	Nil	995	Nil	Nil	Nil
Female	51	Nil	Nil	Nil	48	Nil	Nil	Nil

3. Details of remuneration/ salary/ wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	7	3,00,000	1	5,20,000
Key Managerial Personnel	4	2,14,58,694	0	Nil
Employees other than BoD and KMP	416	32,500	13	29,167
Workers	1081	21,741	51	15,500

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes, the Company has formulated mechanism to address the concerns pertaining to Human rights to deal with the following:

HR Operational Issues: benefits, remuneration, overtime etc.

Compliance concerns: Fraud, Theft, Corruption, Conflict of Interest, Breach of Code of Conduct/ Policy, Harrassment, Bullying or Discrimination.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues redressal:

The Company has adopted various employee oriented policies or frameworks such as code of conduct, Prevention of Sexual Harrassment Policy, diversity and equality policy, which provides a safe grievance redressal mechanism for all employees.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil			Nil		
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour						
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

The concerns pertaining to discrimination and harassment are addressed by the Company's HR Function.

8. Do human rights requirements form part of your business agreements and contracts?

Yes

9. Assessments for the year:

	"% of your plants and offices that were assessed (by entity or statutory authorities or third parties)"
Child labour	100%
Forced/ involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	

10. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 9 above:

Since there have been no issues as highlighted in Question 9, no corrective actions were required. To address the risks and concerns, the Company has created organisation-wide awareness of all aspects mentioned above.

LEADERSHIP INDICATORS

1. Details of a business process being modified/ introduced as a result of addressing human rights grievances/ complaints.

During the reporting period, no business processes have been modified or introduced for addressing human rights grievances/ complaints.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company is committed to protecting and respecting Human Rights and remedying rights violations in case they are identified; for example, issues relating to human trafficking, forced labour, child labour, freedom of association, right to collective bargaining, equal remuneration and discrimination. Providing equal employment opportunity, ensuring distributive, procedural, and interactional fairness, creating a harassment-free, safe environment and respecting fundamental rights are some of the ways in which we ensure the same.

3. Is the premise/ office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	13095946	9491006
Total fuel consumption (B)	17165	13725
Energy consumption through other sources (C)	88200	85400
Total energy consumption (A+B+C)	13201311	9590131
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.284119103	0.287318923

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

Details of Renewable energy Projects of the Company

Solar

The Company has Rooftop Solar Power Project at its Vadu Budruk Plant.

The Company's 5 MW Solar Power Project at Gujarat Solar Park, Charnka Village, District Patan (Kutch), Gujarat, generated 0.80 crore Units of Electricity with sales-re venue of Rs. 8.90 crore in the FY 2022-2023. The entire electricity is purchased by Gujarat Urja Vikas Nigam Limited (**GUVN**L), a Government of Gujarat Company, in terms of the multi-year Power Purchase Agreement.

Windmill

Wind Turbine Machines, owned and operated by the Company, located in districts of Satara, Ahmednagar & Sambhajinagar, having aggregate capacity of over 8.10 MW generated a total of 1.22 crore units in FY 2022-2023. Out of this, 0.64 crore units were used as captive consumption, which accounted for approximately 41.38% of the energy-consumption of the Company's factory at Village Vadu Budruk, and remaining 0.58 crore units were sold to Maharashtra State Electricity Board.

2. Does the entity have any sites/ facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No, the Company does not have any site identified as DCs under PAT scheme

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	10604	10121
(ii) Groundwater	2428	3570.89
(iii) Third party water	2000	2000
(iv) Seawater/ desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	15032	15691.89
Total volume of water consumption (in kilolitres)	10859.26	10415.93
Water intensity per rupee of turnover (Water consumed / turnover)	0.00000234	0.00000312

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation:

Yes, The Company's Pithampur Plant is Zero Water Pollutants discharge plant, meaning there is no pollutants discharged from that plant. Water discharged from operations in the Company's Pune Plant situated at Vadu - Budruk is treated and used for gardening and hence there is no liquid discharge in lakes, rivers etc. in the vicinity of the said plant.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
Nox	Mg/NM3	26.04	23.74
Sox	Kg/Day	19.95	16.53
Particulate matter (PM)	Mg/NM3	87.92	81.01
Persistent organic pollutants (POP)	NA	Nil	Nil
Volatile organic compounds (VOC)	NA	Nil	Nil
Hazardous air pollutants (HAP)-Carbon monoxide	Mg/NM3	0.82	0.60
Others– please specify	NA	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

YES (GREEN ENVIRO-ENVIRONMENTAL COUNSULTANCY AND LABORATORY)

CARBON EMISSION CREDIT UNITS (CERS)

The Company has so far received 64,000 CERS from its Wind Power Project and 51,000 CERS from its Solar Project. These CERS can be sold in Carbon Credit Market.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	Nil	Nil
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	Nil	Nil
Total Scope 1 and Scope 2 emissions per rupee of turnover	Not Applicable	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details. Not Applicable

8. Provide details related to waste management by the entity, in the following format:

The Company has procedures in place to handle waste at its office premises for - paper, plastic, water and excess electricity consumption waste. The Company is actively trying to collect data on the amount of waste generated.

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste

	FY 2022-23	FY 2021-22
(i) Recycled	Used or spent oil-1800 ltr	Used or spent oil-2200 ltr
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	Used or spent oil-1800 ltr	Used or spent oil-2200 ltr

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste		
(i) Incineration	1)Oily cotton waste-3.7MT, 2)Paint sludge-28.09MT, 3)ETP Sludge-0.327MT	1)Oily cotton waste-1.748MT, 2)Paint sludge-36.56MT, 3)ETP Sludge-0.745MT
(ii) Landfilling	1)Grinding dust-36.44MT	1)Grinding dust-52.44MT
(iii) Other disposal operations	NA	NA
Total	68.559	91.493

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency : No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company disposes hazardous wastes in line with Maharashtra Pollution Control Board (MPCB) norms

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S.No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval /clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	Nil	NA	NA

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

The Company has not undertaken any new projects in FY 2022-23 and it has not conducted any environmental impact assessments of projects.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/ N). If not, provide details of all such non-compliances, in the following format:

Yes

LEADERSHIP INDICATORS

- 1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23	FY 2021-22
From renewable sources		
Total electricity consumption (A)	1309595	949101
Total fuel consumption (B)	1717	1373
Energy consumption through other sources (C)	8821	8538
*Total energy consumed from renewable sources (A+B+C)	1320133	959012
From non-renewable sources		
Total electricity consumption (D)	11786351	8541905
Total fuel consumption (E)	15448	12352
Energy consumption through other sources (F)	79379	76862
Total energy consumed from non-renewable sources (D+E+F)	11881178	8631119

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

- 2. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):** Not Applicable as the Company does not have plant in areas of water stress

For each facility/ plant located in areas of water stress, provide the following information:

- (i) Name of the area: Not applicable
- (ii) Nature of operations: Not Applicable
- (iii) Water withdrawal, consumption and discharge in the following format: Not Applicable

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

- 3. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	Nil	Nil
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent	Nil	Nil
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Not Applicable	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No.

- 4. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not Applicable as the Company does not have any plants in ecologically sensitive areas.

5. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/ effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Nil	NA	NA

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers/ associations:

The Company one affiliation with trade and industry chamber/ associations.

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry Association (State/ National)
1	Automotive Components Manufacturers' Association (ACMA)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Not Applicable: Since there was no anti-competitive conduct on part of the Company.		

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Currently the Company does not have any Social Impact Assessment (SIA) projects in place.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

No, the Company does not have any projects for which R&R is being undertaken

3. Describe the mechanisms to receive and redress grievances of the community:

The Company has devised Vigil Mechanism to address concerns of all the Stakeholders

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	36%	39%
Sourced directly from within the district and neighbouring districts	55%	49%

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**
Not Applicable
2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**
Not Applicable, as the Company had no CSR Obligation for the Financial Year 2022-23
3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/ vulnerable groups?**
No, the Company has no preferential procurement policy
- (b) **From which marginalized/ vulnerable groups do you procure?**
Not Applicable
- (c) **What percentage of total procurement (by value) does it constitute?**
Not Applicable
4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**
The Company has not acquired any Intellectual Property Rights during the Financial Year 2022-23.
5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:**
Not Applicable
6. **Details of beneficiaries of CSR Projects :**
Not Applicable, as the Company had no CSR Obligation for the Financial Year 2022-23

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback:**

The Company treats customer complaints with utmost importance and believe that it needs to be agile, transparent and solution-oriented to resolve them efficiently and satisfactorily. The Company ensures to keep the customer informed throughout the entire process of complaint resolution and focus on resolving retail customer complaints. The Company also maintains multiple points of communication with the customer. Customers can lodge Complaints with the Company's Quality Control Department and the said complaints are resolved in time bound manner on priority basis as well as the nature of Complaints.

2. **Turnover of products as a percentage of turnover from all products that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	Not Applicable
Recycling and/ or safe disposal	Not Applicable

3. Number of consumer complaints in respect of the following:

	FY		Remarks	FY		Remarks
Data privacy	Nil	Nil	NA	Nil	Nil	NA
Advertising	Nil	Nil	NA	Nil	Nil	NA
Cyber-security	Nil	Nil	NA	Nil	Nil	NA
Delivery of essential services	NA	NA	NA	NA	NA	NA
Restrictive Trade Practices	Nil	Nil	NA	Nil	Nil	NA
Unfair Trade Practices	Nil	Nil	NA	Nil	Nil	NA
Other	Nil	Nil	NA	Nil	Nil	NA

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Not Applicable
Forced recalls	Nil	Not Applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/ No) If available, provide a web-link of the policy:

There is no defined Policy on Cyber Security framed by the Company.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/ action taken by regulatory authorities on safety of products/ services:

During the Financial Year ended March 31, 2023, no instances were identified on issues relating to advertisement and delivery of essential products, cyber security and data privacy of customers, re-occurrence of instances of product recalls. No penalties were levied or actions taken by any regulatory authorities on safety of products/ services.

LEADERSHIP INDICATORS

1. Channels/ platforms where information on products and services of the entity can be accessed (provide web link, if available) also available on website of the co. www.zfindia.com:

The platforms used for the information are Website, Integrated Annual Report and Media advertisement/ publications also available on the website of the Company at www.zfindia.com

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services:

Yes, the Company ensures that all the information as required to be displayed on the product labels as per the applicable rules and regulations are properly displayed.

3. Mechanisms in place to inform consumers of any risk of disruption/ discontinuation of essential services:

Customers are informed through emails, telecommunications, further the Company also informs to the stock exchange in case there is disruption/ temporary closure of operations.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/ No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/ services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/ No):

Not Applicable

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact:

The Company has not had any known incident of data breach during the Financial Year 2022-23.

b. Percentage of data breaches involving personally identifiable information of customers:

Not Applicable



STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report

To,
The Members of
ZF STEERING GEAR (INDIA) LIMITED, PUNE

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **ZF Steering Gear (India) Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 31, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone 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 standalone 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 standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Revenue recognition- Rebates and Discounts</p> <p>The Company measures revenue net of any trade discounts and volume rebates.</p> <p>Material estimation by the Company is involved in recognition and measurement of rebates and discounts.</p> <p>This includes establishing an accrual at the year end, particularly in arrangements with varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end.</p> <p>We identified the evaluation of accrual for rebates and discounts as a key audit matter.</p>	<p>Principal Audit Procedures</p> <ul style="list-style-type: none"> We tested the effectiveness of controls over design, implementation and operating effectiveness of, key manual and application controls. They cover control over computation of discounts and rebates and rebate and discount accruals; Inspecting on a sample basis, key customer contracts. Based on the terms and conditions relating to rebates and discounts, we evaluated the Company's revenue recognition policies with reference to the requirements of Indian Accounting Standard-115 (Revenue from contracts with customers); Substantive testing performed by selecting samples of rebate and discount transactions recorded during the year and verifying the computation with the relevant source documents; Understanding the process followed by the Company to determine the amount of accrual of rebates and discounts. Testing samples of rebate accruals and comparing to underlying documentation; Critically assessing manual journal entries posted to revenue, on a sample basis, to identify unusual items; Checking completeness and accuracy of the data used by the Company for accrual of rebates and discounts.

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>Evaluation of impairment of equity investments and loans given to Subsidiaries</p> <p>The Company has made equity investments of Rs. 8.08 crores and has advanced loans of Rs. 12.41 crores to Drivesys Systems Private Limited and Nexsteer Systems Private Limited, (Wholly owned subsidiaries of the Company).</p> <p>The Company's evaluation of impairment of its equity investments and loans given involves the comparison of its recoverable value of each cash-generating unit to its corresponding carrying value. The Company used the discounted cash flow model to estimate recoverable value, which requires management to make significant estimates and assumptions related to forecasts of future revenues and discount rates. Both subsidiaries are currently in pre-operative stage.</p> <p>We focused on this area as Key Audit Matter because of the Company's assessment of the 'recoverable value' of the CGU (at the entity level) involves judgements about the future results of the business and the discount rates applied to future cash flow forecasts.</p>	<p>Principal Audit Procedures</p> <p>With the assistance of our fair value specialists, we evaluated the reasonableness of the</p> <p>(1) valuation methodology and</p> <p>(2) discount rate by:</p> <ul style="list-style-type: none"> • Testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation. • Developing a range of independent estimates and comparing those to the discount rate selected by management. • Performed a sensitivity analysis to determine the effect of variation in the cash flow estimates.

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

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Report of the Directors, Boards Report including Annexure to Boards Reports, Business Responsibility Report, Corporate Governance and Shareholders information, the Overview of Financial Performance, and Report on Risk Management (collectively referred as "other information") but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Responsibilities for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian accounting standards) Rules 2015, as amended from time to time. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

As part of an audit in accordance with SAs, specified under section 143(10) of the Act, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information/ standalone financial statements of the Company to express an opinion on the standalone 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.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report to the extent applicable 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, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 32(a) in Standalone Financial Statements.

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

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

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

Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Board of Directors of the Company have proposed a final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

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

For Joshi Apte & Co.,

Chartered Accountants

(ICAI Firm registration number: 104370W)

Per Prakash Apte

Partner

Membership No.: 033212

UDIN: 23033212BGXWPN3783

Pune, April 29, 2023

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 to the Members of ZF Steering Gear (India) Limited for the year ended March 31, 2023.

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 ZF Steering Gear (India) Limited (the "Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility and Those Charged with Governance for Internal Financial Controls

The Board of Directors of the Company 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under The Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 ICAI 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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 the 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 standalone 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 March 31, 2023, based on the internal financial 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 ICAI.

For Joshi Apte & Co.,
Chartered Accountants
(ICAI Firm registration number: 104370W)

Per Prakash Apte
Partner
Membership No.: 033212
UDIN: 23033212BGXWPN3783
Pune, April 29, 2023

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 to the Members of ZF Steering Gear (India) Limited for the year ended March 31, 2023.

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

- (i) In respect of the Company’s Property plant and Equipment and Intangible Assets:
 - (a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property plant and equipment, and right of use assets
 - B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment, right of use assets under which the assets are physically verified by the management at reasonable intervals during the year as per the verification plan adopted by the Company, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us and the records produced to us for our verification, the discrepancies noticed during such physical verification were not material and the same have been properly dealt with in the books of account.
- (c) Based on our examination of the property tax receipts and lease agreement for land on which land is constructed, registered sale deed/ transfer deed/ conveyance deed provided to us, we report that the title in respect of self-constructed buildings and title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour lessee) disclosed in the standalone financial statements included under Property, Plant and Equipment are held in the name of the Company as at balance sheet date except for:

Description of property	Land at Koregaon Bhima, Taluka Shirur, District Pune, Maharashtra	Land at Koregaon Bhima, Taluka Shirur, District Pune, Maharashtra
Gross carrying value (Rs. In Crores)	0.04	0.01
Asset held in name of	Mr. Dinesh Munot	Mr. Dinesh Munot
Whether held in name of promoter, director or their relative or employee	Yes	Yes
Period during which it was not held in name of the Company	From 1995 Till Date	From 1995 Till Date
Reason for not being held in name of company	These land parcels were agricultural lands at the time of acquisition, due to the restrictions contained in Section 63 of the Bombay Tenancy & Agricultural Lands Act, 1948 whereby a company cannot buy agricultural land in Maharashtra. Hence these lands were acquired in the name of Mr. Dinesh Munot on behalf of the Company.	
Where ownership of the Asset is in dispute, details of such dispute	No	No

- (d) The Company has not revalued its Property, Plant and Equipment (including right of use assets of assets) and intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

- (ii) (a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of goods. The Company is maintaining proper records of inventory. According to the information and explanations given to us and on the basis of the stock verification records, the discrepancies noticed on verification between the physical stock and the book records were not more than 10% in the aggregate for each class of inventory were noticed.
- (b) The Company has sanctioned working capital limit in excess of Rs 5 Crores, in aggregate, from banks and financial institutions on the basis of security of current assets and quarterly stock statements filed by the Company with such banks and financial institutions which are in agreement with books of accounts.
- (iii) (a) During the year the Company has provided loans to employees and subsidiaries, the detailed information is mentioned below: -

Particulars	Loan to employees (Rs. In Crores)	Loan to Subsidiaries (Rs. In Crores)	Guarantees/ Securities Provided (Rs. In Crores)
Aggregate amount provided during the year	0.05	12.41	12.51
Balance Outstanding as at Balance Sheet Date	0.22	12.41	12.51

- (b) The investments made and terms and conditions of the grant of all loans and advances in the nature of loans provided are not, prima facie, prejudicial to the Company's interest.
- (c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated. The repayments/receipts of principal is not initiated currently due to moratorium period of two years, after which the loan will be repayable within next five years. The repayments/receipts of interest are regular.
- (d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.

- (e) The Company has granted loans or advances in the nature of loans which had fallen due during the year and was/were repaid on or before the due date. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.
- (f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.
- (v) The Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of customs, and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable, except Building cess amounting to Rs. 0.31 Crores.

Details of dues of Income Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2023 on account of dispute are given below:

Nature of Statute	Nature of Dues	Forum where the Dispute is pending	Financial Year	Amount (Rs. In Crore)
Income Tax Act, 1961	Assessed TDS Dues by CPC	CIT (Appeal), Delhi	FY 2012-13	0.03
Maharashtra Value Added Tax, 2002	Assessment Dues	Joint Commissioner Appeal	FY 2016-17	0.34
Maharashtra Value Added Tax, 2002	Assessment Dues	Joint Commissioner Appeal	FY 2017-18	0.12
Income Tax Act, 1961	Assessment Dues	ITAT, Pune & CIT (Appeal), Delhi	FY 2013-14	0.88
Income Tax Act, 1961	Assessment Dues	CIT (Appeal), Delhi	FY 2014-15	1.8
Income Tax Act, 1961	Assessment Dues	CIT (Appeal), Delhi	FY 2015-16	4.4
Income Tax Act, 1961	Assessment Dues	CIT (Appeal), Delhi	FY 2016-17	1.12
Income Tax Act, 1961	Assessment Dues	CIT (Appeal), Delhi	FY 2017-18	0.64*
Income Tax Act, 1961	Assessment Dues	CIT (Appeal), Delhi	FY 2018-19	2.86*
Central Excise	Assessment dues	CESTAT, Mumbai	FY 2021-22	0.11

* Demands are disclosed net of amounts deposited with authorities. The Company has paid the amount against the disputed liability under protest.

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) a) According to the information and explanations given to us and based on our examination, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings or in the payment of interest on thereon to any lender.
- b) According to the information and explanations given to us including representation receive from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the standalone financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Accordingly reporting under clause 3(x)(a) of the Order is not applicable to Company.
- b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) a) 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 has been noticed or reported during the year.
- b) No report under section 143(12) of The Companies Act 2013 has been filed in Form ADT – 4 as prescribed under rule 13 of Companies (Audit & Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.
- c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required under Related Party Disclosures specified in Companies (Indian accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company to the Company during the year and till date, in determining the nature, timing and extent of audit procedures.
- (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 to its directors and accordingly provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting under clause (xvi)(a) of the order is not applicable to the Company.
- (b) In our Opinion, there is no investment company within the Group (as defined in the Core Investments Companies (Reserve Bank) Directions 2016) and accordingly reporting under clause (xvi)(b) of the order is not applicable to the Company.

(xvii)The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the Statutory Auditor during the year. Accordingly reporting under clause(xviii) of the order is not applicable to the Company.

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

(xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For Joshi Apte & Co.,
Chartered Accountants
(ICAI Firm registration number: 104370W)**

**Per Prakash Apte
Partner
Membership No.: 033212
UDIN: 23033212BGXWPN3783
Pune, April 29, 2023**

STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

(Rs. in Crore)

	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	3[a]	130.57	143.93
Capital work in progress	3[c]	1.49	2.37
Investment Property	4[b]	1.08	-
Right of use asset	3[b]	12.92	14.40
Intangible assets	4[a]	0.81	0.80
Intangible assets under development	3[d]	0.16	0.02
Financial assets			
(i) Investments	5[a]	155.46	118.60
(ii) Loans	5[e]	26.42	7.78
(iii) Other non-current financial assets	5[g]	0.59	0.50
Other non-current assets	6	3.96	6.33
Income Tax Assets (Net)	7	4.43	3.90
Deferred tax Assets (Net)	8	1.52	12.87
Total non-current assets		339.41	311.50
Current assets			
Inventories	9	58.15	57.52
Financial assets			
(i) Trade receivables	5[b]	107.06	90.26
(ii) Cash and cash equivalents	5[c]	0.16	4.13
(iii) Bank Balances other than Cash and cash equivalents	5[d]	0.37	0.37
(iv) Loans	5[e]	0.05	0.11
(v) Others	5[f]	0.32	0.39
Other current assets	6	4.92	7.89
Total current assets		171.03	160.67
TOTAL ASSETS		510.44	472.17
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	10	9.07	9.07
Other equity	11	410.51	386.04
Total Equity		419.58	395.11
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Lease Liability	12[c]	4.16	5.14
Provisions	13	0.91	0.92
Other non current liabilities	14	1.99	3.45
Total non-current liabilities		7.06	9.51
Current liabilities			
Financial liabilities			
(i) Borrowings	12[a]	36.14	27.70
(ii) Trade payables			
A) Total outstanding dues of Micro and Small Enterprises	12[b]	2.96	2.58
B) Total outstanding dues of creditors other than Micro and Small Enterprises	12[b]	32.49	25.17
(iii) Lease Liability	12[c]	0.92	0.79
(iv) Others	12[d]	1.83	3.02
Other current liabilities	14	6.64	5.81
Provisions	13	2.82	2.48
Total current liabilities		83.80	67.55
Total liabilities		90.86	77.06
TOTAL EQUITY AND LIABILITIES		510.44	472.17

Significant Accounting Policies

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

2

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner

Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune
April 29, 2023

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Crore)

	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from operations	15	450.43	312.80
Other income	16	13.98	20.98
Total Income		464.41	333.78
EXPENSES			
Cost of raw material consumed	17	293.62	206.99
Change in Inventory of finished goods and work in progress	18	(0.53)	(15.77)
Employee benefits expense	19	55.91	47.39
Other expenses	20	45.31	33.57
Total Expenses		394.31	272.18
Profit before interest, tax, depreciation, amortisation expenses and exceptional items (EBITDA)		70.10	61.60
Finance costs	21	0.72	0.31
Depreciation and amortisation expense	22	32.18	31.39
Profit before exceptional items and tax		37.20	29.90
Exceptional items		-	-
Profit before tax		37.20	29.90
Tax Expense	23		
Current tax		6.22	5.76
Minimum Alternative Tax (MAT) credit entitlement		(6.22)	(5.76)
Deferred tax		11.76	11.63
Total tax expense		11.76	11.63
Profit for the year		25.44	18.27
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit obligations		(1.37)	0.28
- Income tax relating to the above items	23	0.40	(0.08)
Other comprehensive income for the year, net of tax		(0.97)	0.20
Total comprehensive income for the year		24.47	18.47
Earnings per equity share of Rs 10 each	24		
Basic and diluted earnings per share		28.04	20.14

Significant Accounting Policies

2

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

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune

April 29, 2023

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Crore)

	For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/ (Loss) before exceptional items and tax	37.20	29.90
Adjustments for:		
Depreciation and amortisation expense	32.18	31.39
Interest paid	0.72	0.31
Fair value change in investment	(1.72)	(6.83)
(Profit)/ Loss on sale of PPE	0.59	0.10
(Profit)/ Loss on sale of investment	(3.01)	(7.51)
Interest Income	(0.88)	(0.46)
Exchange variation	(0.32)	(0.07)
Provision for reduction in value of inventory	0.00	0.38
Dividend received	(0.43)	(0.21)
Operating profit before working capital changes	64.33	47.00
Adjustments for changes in working capital:		
(Increase)/ Decrease in inventory	(0.63)	(20.35)
(Increase)/ Decrease in trade receivables and financial assets	(16.79)	(11.95)
(Increase)/ Decrease in other non-current and current assets	2.95	1.64
Increase/ (Decrease) in provisions and other liabilities	(0.62)	5.94
Increase/ (Decrease) in trade payables and financial liabilities	8.02	(2.50)
Cash generated from operations	57.26	19.78
Income tax paid - Net	(6.74)	(4.61)
Net cash generated from operating activities	50.52	15.17
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(19.22)	(33.27)
Sale proceed from property, plant and equipment	0.21	0.26
Interest received	0.89	0.48
Dividend received	0.43	0.21
Purchase of Investment	(29.51)	(8.00)
Sale proceed from Investment	5.48	24.16
Investment in subsidiaries	(8.08)	-
Loans given to subsidiaries	(12.41)	-
Net cash used in investing activities	(62.21)	(16.16)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	61.80	25.39
Repayment of borrowings	(51.43)	(28.15)
Dividend paid (including dividend distribution tax)	-	(0.08)
Interest paid	(0.72)	(0.31)
Net cash used in financing activities	9.65	(3.15)
Net Increase/ (Decrease) in cash and cash equivalents	(2.04)	(4.14)
Cash and cash equivalents as at the beginning of the year	2.20	6.34
Cash and cash equivalents as at the end of the year	0.16	2.20
Cash and cash equivalents comprise of the following:		
Cash on hand	0.01	0.01
Balances with banks - Current accounts	0.15	4.12
Overdraft Facilities	-	(1.93)
	0.16	2.20

Significant Accounting Policies

2

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

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune

April 29, 2023

STANDALONE STATEMENT OF CHANGES IN EQUITY

(Rs. in Crore)

A. Equity Share Capital

	Notes	Amount
As at April 1, 2022		9.07
Changes in equity share capital due to prior period errors		-
Restated balance as at April 1, 2022		9.07
Changes in equity share capital during the current year	10	-
As at March 31, 2023		9.07

	Notes	Amount
As at April 1, 2021		9.07
Changes in equity share capital due to prior period errors		-
Restated balance as at April 1, 2021		9.07
Changes in equity share capital during the previous year	10	-
As at March 31, 2022		9.07

B. Other Equity

Particulars	Attributable to owners Reserves and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at April 1, 2022	0.35	2.32	235.00	148.37	386.04
Profit for the year	-	-	-	25.44	25.44
Other comprehensive income for the year net of tax	-	-	-	(0.97)	(0.97)
Total comprehensive income for the year	-	-	-	24.47	24.47
Balance at March 31, 2023	0.35	2.32	235.00	172.84	410.51

Particulars	Attributable to owners Reserves and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at April 1, 2021	0.35	2.32	235.00	129.90	367.57
Profit for the year	-	-	-	18.27	18.27
Other comprehensive income for the year net of tax	-	-	-	0.20	0.20
Total comprehensive income for the year	-	-	-	18.47	18.47
Balance at March 31, 2022	0.35	2.32	235.00	148.37	386.04

Significant Accounting Policies

2

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

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune

April 29, 2023

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1 Company overview

ZF Steering Gear (India) Limited ("the Company") is listed on Bombay Stock Exchange (BSE) domiciled in India and was incorporated in 1981 under the provision of the Companies Act, 1956. The Company is primarily engaged in the business of production & assembling of steering systems for vehicles, buses and tractors. The Company has plant at Vadu Budruk, Near Pune and at Pithampur (Madhya Pradesh) for production and assembling of steering systems and accessories.

2 Significant accounting policies

2.1 Basis of preparation

(i) Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of the Companies Act, 2013 (the 'Act').

These standalone financial statements were authorised for issue by the Company's Board of Directors on April 29, 2023.

(ii) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis except for following items:

- Certain financial assets and liabilities which are measured at fair value; and
- Defined benefit plans - plan assets measured at fair value

(iii) Use of estimates

In preparing these standalone financial statements, the management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and accompanying disclosure of contingent liability. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2023 is included in the following notes:

Note 8 - Recognition of deferred tax assets: Availability of future taxable profit against which tax losses carried forward can be used;

Note 29 - Measurement of defined benefit obligations: Key actuarial assumptions;

Note 13 - Provision for warranty.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which estimates are revised and in future years'.

2.2 Current versus non-current classification

The Company presents assets and liabilities in its Balance Sheet based on current versus non-current classification. An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Segment reporting

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

Corporate assets and liabilities, income and expenses which relate to the Company as a whole and are not allocable to segments, have been included under unallocated items. Refer Note 28 for segment information presented."

2.4 Foreign currencies

(i) Functional and presentation currency

The standalone financial statements are presented and accounted for in Indian Rupees (INR), which is the Company's functional and presentation currency. The Company determines its own functional currency (the currency of the primary economic environment in which the Company operates) and items included in the standalone financial statements of the Company are measured using that functional currency.

(ii) Transactions and balances

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

2.5 Revenue

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

2.6 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss in proportion to export sale.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.7 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

As a lessee:

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cashflows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Company as a lessor:

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

2.9 A Impairment of non financial assets

Property, plant and equipment (PPE) and Intangible assets (IA) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 B Impairment of Investment

The carrying value of assets/ cash generating units at each Balance Sheet date are reviewed for impairment. If any such indication exists, the Company estimates their recoverable amount and impairment is recognised, if the carrying amount of these assets/ cash generating units exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. When there is indication that an impairment loss recognised for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit & Loss.

2.10 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.11 Trade receivables

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

2.12 Inventories

Inventories are valued at the lower of cost (Value of cost is computed on a weighted average basis) and estimated net realisable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Goods-in-transit are stated at actual cost incurred upto the date of balance sheet. Scrap is valued at net realisable value.

2.13 Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

A. Financial Assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(I) Classification

The financial assets are classified in the following measurement categories:

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

Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as fair value gains/ losses on financial assets in statement of profit or loss. Interests, dividends and gain/ loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

(II) Measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

Amortised Cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and
- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include trade and other receivables and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the Statement of Profit and Loss in other income.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets 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 associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

B. Financial Liabilities

The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification

The financial liabilities are classified in the following measurement categories:

- a) Those to be measured as financial liabilities at fair value through profit or loss,
- b) Those to be measured at amortised cost

(II) Measurement

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

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The EIR is the rate that exactly discounts estimated future cash outflow (including all fees and premium paid or received that form an integral part of the EIR, 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. This category generally applies to borrowings.

Financial guarantee issued by the Company that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument, is recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

(III) Derecognition of financial liabilities

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

(IV) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 Interest and Dividend income

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividend income

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

2.15 Property, plant and equipment (PPE)

Property, plant and equipment excluding land are measured at cost/ deemed cost, less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated attributable costs of dismantling and removing the item and restoring the site on which it is located.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

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 repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a written down value method (WDV) method and its life taken as per Schedule II to the Companies Act, 2013. Except in respect of :

- a) Plant & machinery depreciated over the useful life of 1 to 15 years, wherein, the life of the said assets has been assessed based on internal technical evaluations, taking in to the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support, etc. Tangible assets residual value is kept at 5% of cost of the assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and recorded in statement of profit or loss.

2.16 Investment Property

Investment property is property (land or a building or part of a building or both) held either to earn rental income or for capital appreciation or for both, but neither for sale in the ordinary course of business nor used in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the Investment Property is recognised in Statement of Profit and Loss.

2.17 Intangible assets

(i) Recognition and measurement

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can

be reliably measured. Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

(ii) Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the following method and useful life:

Class of asset	Method	Life of the asset
SAP related Software	Straight Line Method	3 years
Other Computer Software	Written Down Method	6 years
Patent	Straight Line Method	15 years

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

2.19 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.20 Provisions, Contingent Liabilities and Capital Commitments

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

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any.

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

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

2.21 Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to

the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

Leave encashment Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

Defined Benefit Plans - Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.23 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crore as per the requirement of Schedule III, unless otherwise stated.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

3. (a) Property, Plant and Equipment (PPE)

	Gross Block					Accumulated Depreciation					Net Block	
	Carrying amount as at 1 April 2022	Additions	Deletions / Disposals	Reclassification	Balance as at 31 March 2023	Balance as at 1 April 2022	Depreciation for the year	Accumulated depreciation on deletions/ disposals	Reclassification	Balance as at 31 March 2023	as at 31 March 2023	as at 31 March 2022
Property, Plant and Equipment (PPE)												
Land*	1.09	-	-	-	1.09	-	-	-	-	-	1.09	1.09
Buildings **	55.63	2.43	-	(2.72)	55.34	15.36	5.05	-	(1.64)	18.77	36.57	40.27
Plant & Equipment	197.91	10.86	(5.08)	-	203.69	123.80	18.84	(4.30)	-	138.34	65.35	74.11
Plant & Equipment (R & D)	1.17	-	-	-	1.17	0.98	-	-	-	0.98	0.19	0.19
Furnitures & Fixtures	2.84	1.09	-	-	3.93	1.66	0.46	-	-	2.12	1.81	1.18
Vehicles	8.39	2.11	(0.29)	-	10.21	5.10	1.13	(0.27)	-	5.96	4.25	3.29
Office Equipment	5.04	1.06	(0.04)	-	6.06	3.98	0.71	(0.04)	-	4.65	1.41	1.06
Electrical Installation	8.01	1.13	(0.02)	-	9.12	5.04	1.25	(0.02)	-	6.27	2.85	2.97
ETP/STP Plant	0.36	-	-	-	0.36	0.22	0.02	-	-	0.24	0.12	0.14
Wind Mills	15.13	0.19	-	-	15.32	3.81	1.35	-	-	5.16	10.17	11.32
Solar Power Plant	26.92	-	-	-	26.92	18.60	1.55	-	-	20.15	6.77	8.32
Total property, plant and equipment	322.49	18.87	(5.43)	(2.72)	333.21	178.55	30.36	(4.63)	(1.64)	202.64	130.57	143.93

	Gross Block					Accumulated Depreciation					Net Block	
	Carrying amount as at 1 April 2021	Additions	Deletions / Disposals	Reclassification	Balance as at 31 March 2022	Balance as at 1 April 2021	Depreciation for the year	Accumulated depreciation on deletions/ disposals	Reclassification	Balance as at 31 March 2022	as at 31 March 2022	as at 31 March 2021
Property, Plant and Equipment (PPE)												
Land*	1.09	-	-	-	1.09	-	-	-	-	-	1.09	1.09
Buildings	55.43	0.20	-	-	55.63	10.94	4.42	-	-	15.36	40.27	44.49
Plant & Equipment	191.63	8.83	(2.55)	-	197.91	107.25	18.97	(2.42)	-	123.80	74.11	84.38
Plant & Equipment (R & D)	1.17	-	-	-	1.17	0.91	0.07	-	-	0.98	0.19	0.26
Furniture & Fixtures	3.30	0.07	(0.53)	-	2.84	1.76	0.40	(0.50)	-	1.66	1.18	1.54
Vehicles	7.15	1.24	-	-	8.39	3.96	1.14	-	-	5.10	3.29	3.19
Office Equipment	4.87	0.33	(0.16)	-	5.04	3.45	0.68	(0.15)	-	3.98	1.06	1.42
Electrical Installation	8.16	0.02	(0.17)	-	8.01	4.17	1.03	(0.15)	-	5.04	2.97	3.99
ETP/STP Plant	0.36	-	-	-	0.36	0.20	0.02	-	-	0.22	0.14	0.16
Wind Mills	18.62	-	(3.49)	-	15.13	5.60	1.53	(3.32)	-	3.81	11.32	13.02
Solar Power Plant	26.92	-	-	-	26.92	16.70	1.90	-	-	18.60	8.32	10.22
Total property, plant and equipment	318.70	10.69	(6.90)	-	322.49	154.94	30.16	(6.54)	-	178.56	143.93	163.76

*Title deeds of Immovable Property not held in the name of the Company

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Property, Plant & Equipment	Land at Koregaon Bhima, Taluka Shirur, District Pune, Maharashtra	0.04	Mr. Dinesh Munot	Promoter and Director	4th April 1995	These lands were agricultural lands at the time of acquisition. Due to the restrictions contained in Section 63 of the Bombay Tenancy & Agricultural Lands Act, 1948 a company cannot buy agricultural land in Maharashtra. Hence these lands were acquired in the name of Mr. Dinesh Munot on behalf of the company.
Property, Plant & Equipment	Land at Koregaon Bhima, Taluka Shirur, District Pune, Maharashtra	0.01	Mr. Dinesh Munot	Promoter and Director	25th May 1995	

** Note : Reclassification from the Gross Block and Accumulated Depreciation of Property, Plant & Equipment includes transfer to Investment Property.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

3 [b] Right of Use Asset

	Category of Right of Use asset
	Leasehold land & Office Premises
Balance as at March 31, 2022	14.40
Additions	-
Amortisation	1.48
Balance as At March 31, 2023	12.92
Balance as at March 31, 2021	9.96
Additions	5.15
Amortisation	0.71
Balance as At March 31, 2022	14.40

3 [c] Capital-Work-in Progress (CWIP)

CWIP aging schedule as on 31st March 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.42	0.07	-	-	1.49
Projects temporarily suspended	-	-	-	-	-

CWIP aging schedule as on 31st March 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.28	0.09	-	-	2.37
Projects temporarily suspended	-	-	-	-	-

3 [d] Intangible assets under development

Intangible assets under development aging schedule as on 31st March 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.14	-	-	0.02	0.16
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development aging schedule as on 31st March 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	0.02	0.02
Projects temporarily suspended	-	-	-	-	-

There was no overdue completion for any of the projects and there was no cost overrun for any project in FY 2022-23 and FY 2021-22

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

4 a) INTANGIBLE ASSETS

	Computer software	Technical know how	Patent	Total
Year ended March 31, 2023				
Gross Carrying Amount				
Carrying amount as at April 1, 2022	5.71	0.01	0.05	5.77
Additions	0.35	-	-	0.35
Disposals / adjustments	-	-	-	-
At March 31, 2023	6.06	0.01	0.05	6.12
Accumulated depreciation and impairment, if any				
As at April 1, 2022	4.96	-	0.01	4.97
Charge for the year	0.33	-	0.01	0.34
Disposals / adjustments	-	-	-	-
At March 31, 2023	5.29	-	0.02	5.31
Net Block At March 31, 2023	0.77	0.01	0.03	0.81

* Amount of depreciation pertaining to patent for period ended March 31, 2023 is Rs. 16,598 (March 31, 2022 - Rs. 36,882).

	Computer software	Technical know how	Patent	Total
Year ended March 31, 2022				
Gross Carrying Amount				
Carrying amount as at April 1, 2021	5.48	0.01	0.05	5.54
Additions	0.24	-	-	0.24
Disposals / adjustments	(0.01)	-	-	(0.01)
At March 31, 2022	5.71	0.01	0.05	5.77
Accumulated depreciation and impairment, if any				
As at April 1, 2021	4.44	-	0.01	4.45
Charge for the year	0.52	-	-	0.52
Disposals / adjustments	-	-	-	-
At March 31, 2022	4.96	-	0.01	4.97
Net Block At March 31, 2022	0.75	0.01	0.04	0.80

4 b) INVESTMENT PROPERTY

	31-Mar-23	31-Mar-22
Balance as at March 31, 2022	-	-
Additions	2.72	-
Deletions	-	-
Amortisation	1.64	-
Balance as At March 31, 2023	1.08	-
Balance as at March 31, 2021	-	-
Additions	-	-
Deletions	-	-
Amortisation	-	-
Balance as At March 31, 2022	-	-

Market Value of rented property at ICC Tower, Pune is Rs. 8.20 Crores and market value of property at Eden Hall, Pune is Rs. 3.60 Crores.

Additions to Gross Block and Amortisation includes reclassification from Property, Plant & Equipment.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

5 FINANCIAL ASSETS

[a] INVESTMENTS

	Notes	31-Mar-23	31-Mar-22
Non-Current			
Investment in equity shares (quoted, fully paid-up, at FVTPL)	See note (i)	24.61	23.40
Investments in redeemable Non-Convertible Bonds (quoted, fully paid-up, at amortised cost)	See note (ii)	4.40	4.40
Investments in Mutual Funds (quoted, at FVTPL)	See note (iii)	118.37	90.80
Investments in equity shares (unquoted, at cost)	See note (iv)	8.08	-
		155.46	118.60

	31-Mar-23	31-Mar-22
Aggregate amount of quoted investments and market value thereof	147.38	118.60
Aggregate amount of unquoted investments (at cost)	8.08	-

(i) Investment in equity shares (Quoted, fully paid-up, at FVTPL)

	31-Mar-23		31-Mar-22	
	Nos	Amount	Nos	Amount
ICICI Bank Limited (Face value of Rs. 2 each)	78,424	6.89	78,424	5.72
Tata Consultancy Services Limited (Face value of Re. 1 each) \$	24,432	7.83	24,432	9.14
KPIT Technologies Limited (Face value of Rs. 10 each)	60,000	5.55	60,000	3.61
Birlasoft Limited (Face value of Rs. 2 each)	38,011	0.99	40,000	1.82
Borosil Renewables Limited (Face value of Re. 1 each)	8,000	0.33	8,000	0.46
SBI Card & payment services Limited (Face value of Rs 10 each)	1,530	0.11	1,530	0.13
Infosys Limited (Face value of Rs. 5 each)	5,386	0.77	5,386	1.03
GAIL (India) limited (Face value of Rs. 10 each)	79,725	0.84	53,933	0.84
Mahindra & Mahindra Limited (Face value of Rs. 5 each)	8,000	0.93	8,000	0.65
Life Insurance Corporation of India (Face value of Rs. 10 each)	7,000	0.37	-	-
		24.61		23.40

\$ 5,000 Equity shares of TCS Ltd. having a market value of Rs 1.87 Crores are pledged in favour of Prabhudas Lilladher Pvt. Ltd. (A stock broker) as Margin.

(ii) Investments in redeemable Non-Convertible Bonds (Quoted, fully paid-up, at amortised cost)

	31-Mar-23		31-Mar-22	
	Nos	Amount	Nos	Amount
National Highway Authority of India (NHAI)	24,724	2.44	24,724	2.44
Power Finance Corporation Limited (PFC)	19,935	1.96	19,935	1.96
		4.40		4.40

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(iii) Investments in Mutual Funds (Quoted, at FVTPL)

	31-Mar-23		31-Mar-22	
	Nos	Amount	Nos	Amount
HDFC Credit Risk Debt Fund - Direct - Growth #	49,63,912	10.71	49,63,912	10.23
Reliance Capital Limited Series B/ 437 - NCD	500	-	500	-
HDFC Banking and Financial Services Fund - Direct- Growth	48,20,646	5.45	43,73,179	4.46
Axis Focused 25 Fund - Direct- Growth	-	-	7,76,900	3.74
Nippon India Money Market Fund - Direct - Growth	57,415	20.37	27,007	9.05
Invesco India Focused 20 Equity Fund - Direct - Growth	6,09,997	0.89	6,09,997	0.96
Invesco India Corporate bond Fund - Direct - Growth	24,770	7.04	24,770	6.77
IIFL Special opportunities fund	20,20,047	1.70	20,20,047	1.90
Kotak banking and PSU debt fund - Direct - Growth \$	42,00,467	23.89	42,00,467	22.80
HDFC Banking and PSU Debt Fund - Direct- Growth \$\$	1,19,34,999	23.90	1,19,34,999	22.87
Edelweiss Alternative Equity Fund	23,07,833	6.33	23,13,091	7.49
IRB Invit fund	1,00,000	0.67	1,00,000	0.53
ICICI Prudential Transportation and Logistics Fund-Direct-Growth	15,00,501	1.44	-	-
ICICI Prudential Commodities Fund Direct Growth	3,46,630	0.96	-	-
Tata Nifty G-SEC Dec 2029 Index Fund	49,17,388	5.00	-	-
Mirae Asset Nifty 8-13 Year G-SEC ETF	21,02,677	5.00	-	-
Kotak Nifty SDL Jul 2033 Index Fund	49,66,723	5.02	-	-
		118.37		90.80

(iv) Investments in equity shares (unquoted, at cost)

	31-Mar-23		31-Mar-22	
	Nos	Amount	Nos	Amount
Investment in Wholly Owned Subsidiaries				
Drivesys Systems Private Limited (Face value of Rs. 10 each)	80,00,000	8.00	-	-
Nexsteer Systems Private Limited (Face value of Rs. 10 each)	80,000	0.08	-	-
		8.08		-

Carrying amount of investment, pledged as security with bank (shown in bold)

\$ - 20,00,467 units are pledged against overdraft facility utilised by the company and 22,00,000 units are pledged against Term Loan facility used by Drivesys Systems Private Limited (Wholly Owned Subsidiary).

\$\$ - 1,19,34,999 units are pledged against overdraft facility utilised by the company.

Fair value measurements related to investments are disclosed in Note 26.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[b] TRADE RECEIVABLES

	31-Mar-23	31-Mar-22
Trade receivables	107.06	90.26
Total receivables	107.06	90.26
Current portion	107.06	90.26
Non-current portion	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Break-up of security details

	31-Mar-23	31-Mar-22
Trade receivables		
Unsecured, considered good	107.06	90.26
Sub-total	107.06	90.26
Less: Impairment allowance	-	-
Total	107.06	90.26

(i) Trade receivables includes Rs. 0.22 Crore from subsidiary companies as on 31-03-2023.

(ii) The Company's exposure to credit risk, currency risk related to trade receivables are disclosed in Note 25.

Transferred receivables

The carrying amount of trade receivables includes receivables which are discounted with banks. The Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Company has retained the late payment and credit risk. Accordingly, the Company continues to recognise the transferred assets in entirety in its balance sheet. The amount repayable under the bill discounting arrangement is presented as borrowing.

The relevant carrying amounts are as follows:	31-Mar-23	31-Mar-22
Total transferred receivables	33.56	25.39

Ageing of Trade Receivables as on 31st March 2023

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	94.78	12.18	0.10	-	-	-	107.06
(ii) Undisputed Trade Receivables – which have significant increase in credit risk		-	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired		-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good		-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk		-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired		-	-	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

Ageing of Trade Receivables as on 31st March 2022

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	77.65	12.27	0.17	0.07	0.10	-	90.26
(ii) Undisputed Trade Receivables – which have significant increase in credit risk		-	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired		-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good		-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk		-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired		-	-	-	-	-	-

[c] CASH AND CASH EQUIVALENTS

	31-Mar-23	31-Mar-22
Cash on hand*	0.01	0.01
Balances with banks - Current accounts	0.15	4.12
	0.16	4.13

* Cash balance as at March 31, 2023 is Rs. 51,059; as at March 31, 2022 is Rs. 65,488.

[d] BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

	31-Mar-23	31-Mar-22
Balances with banks in - on account of unpaid dividends	0.37	0.37
	0.37	0.37

[e] LOANS

	31-Mar-23	31-Mar-22
Non Current (Unsecured, considered good)		
Minimum Alternative Tax (MAT) credit	13.84	7.63
Loan to subsidiaries	12.41	-
Loan to employees	0.17	0.15
	26.42	7.78
Current (Unsecured, considered good)		
Loan to employees	0.05	0.11
	0.05	0.11

Note : The company has provided loan of Rs. 4.55 Cr and Rs. 7.86 Cr to Drivesys Systems Private Limited and Nexsteer Systems Private Limited respectively for the purpose of Capital Expenditure and also to meet the working capital requirement of such business exclusively. The loan is repayable after April, 2025 upto March, 2030 and interest is accrued on monthly basis.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

Name of the Loanee	Rate of interest	Secured/ Unsecured	As at March 31, 2023	As at March 31, 2022
Drivesys Systems Private Limited	Repo Rate + 2.20%	Unsecured	4.55	-
Nexsteer Systems Private Limited	Repo Rate + 2.20%	Unsecured	7.86	-

Repo rate will be as per rate specified by RBI

Repo rate will be reset quarterly

- First Reset Date : The External Benchmark rate of the loans/facility will be first reset on the 16th day of the second calendar month, excluding the month of disbursement.
- Subsequent Reset Date : The external benchmark rate will subsequently be reset on the 16th day of 3rd month, which is immediately succeeding, the previous reset dates.

Company has issued comfort letter in lieu of Corporate Guarantee on behalf of subsidiary to their banker towards credit facilities)

[f] OTHERS

	31-Mar-23	31-Mar-22
Current		
Incentives under Government schemes/ Grant	0.15	0.21
Interest on Fixed Deposit/ others	0.17	0.18
	0.32	0.39

[g] OTHER NON-CURRENT FINANCIAL ASSETS

	31-Mar-23	31-Mar-22
Non Current (Unsecured, considered good)		
Security Deposits	0.59	0.50
	0.59	0.50

6 OTHER ASSETS

	31-Mar-23	31-Mar-22
Non Current		
Capital Advances	3.96	6.33
Total	3.96	6.33
Current		
Balances with Government authorities	-	5.32
VAT receivable	0.38	0.38
Prepaid expenses	1.74	1.31
Advances to suppliers	2.80	0.88
Total	4.92	7.89

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022(Contd...)

(Rs. in Crore)

7 NON CURRENT TAX ASSETS

	31-Mar-23	31-Mar-22
Non Current		
Opening balance	3.90	5.23
Add: Taxes paid during the year (For Current year Rs. 6.74 Crores & for earlier years Rs. 4.61 Crores)	6.74	4.61
Less: Tax expenses pertaining to current year	(6.22)	(5.76)
Less: Tax expenses pertaining to earlier year	-	(0.18)
Closing balance	4.43	3.90

8 DEFERRED TAX ASSETS (Net)

	31-Mar-23	31-Mar-22
Deferred tax (liabilities)/ assets		
Property, plant and equipment	3.41	2.09
Provision for expenses to be claimed on payment basis	1.29	1.11
Investments	(3.58)	(2.93)
Business Loss	0.40	12.60
Deferred tax (liabilities)/ assets net	1.52	12.87

(i) Movement in deferred tax (liabilities)/ assets

	31-Mar-21	Recognised in			31-Mar-22
		Profit or loss	OCI	Equity	
Property, plant and equipment	1.38	0.71	-	-	2.09
Provision for expenses to be claimed on payment basis	0.74	0.45	(0.08)	-	1.11
Investments	(2.00)	(0.93)	-	-	(2.93)
Business Loss	24.46	(11.86)	-	-	12.60
	24.58	(11.63)	(0.08)	-	12.87

	31-Mar-22	Recognised in			31-Mar-23
		Profit or loss	OCI	Equity	
Property, plant and equipment	2.09	1.32	-	-	3.41
Provision for expenses to be claimed on payment basis	1.11	(0.22)	0.40	-	1.29
Investments	(2.93)	(0.65)	-	-	(3.58)
Business loss	12.60	(12.20)	-	-	0.40
	12.87	(11.75)	0.40	-	1.52

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

9 INVENTORIES

	31-Mar-23	31-Mar-22
(at lower of cost or net realisable value)		
Raw materials	12.43	12.71
Work - in - Progress	28.61	25.14
Finished Goods	17.11	20.05
less: Provision for reduction in value of inventory	-	(0.38)
Total	58.15	57.52
Included in inventories goods in transit/ at godown as follows:		
Raw materials	0.48	0.83
Finished goods	8.41	10.99
Total	8.89	11.82

10 SHARE CAPITAL

[a] Authorised share capital

	Equity shares of Rs. 10 each (PY Rs. 10 each)	
	No. of shares	Amount
As at 31-Mar-2022	1,00,00,000	10
Increase during the year	-	-
As at 31-Mar-2023	1,00,00,000	10

[b] Issued equity share capital, fully paid-up

	Equity shares of Rs. 10 each (PY Rs. 10 each)	
	No. of shares	Amount
As at 31-Mar-2022	90,73,300	9.07
Change during the year	-	-
As at 31-Mar-2023	90,73,300	9.07

(i) Terms/ rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee.

In the event of liquidation of the Company, the holders of each equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[c] Details of shareholders holding more than 5% of the aggregate shares in the Company :

(i) Equity shares of (face value: Rs.10 each)

	31-Mar-23		31-Mar-22	
	No. of shares	% of total equity shares	No. of shares	% of total equity shares
Robert Bosch Automotive Steering GmbH	-	-	23,40,155	25.79
Mr. Utkarsh Munot	25,91,494	28.56	11,91,494	13.13
Mr. Dinesh Munot	18,89,445	20.82	9,49,290	10.46

[d] Disclosure of Shareholding of Promoters

Disclosure of Shareholding of Promoters as on 31st March 2023 is as follows

Shares held by Promoters					% Change during the year
Promoter Name	As on 31st March 2023		As on 31st March 2022		
	No. of shares	% of total shares	No. of shares	% of total shares	
Mr. Utkarsh Munot	25,91,494	28.56	11,91,494	13.13	15.43
Mr. Dinesh Munot	18,89,445	20.82	9,49,290	10.46	10.36
Mrs. Nandini Munot	3,21,474	3.54	3,21,474	3.54	-
Munot Harishkumar Amolchand (Huf)	2,69,500	2.97	2,69,500	2.97	-
Mr. Jinendra Hirachand Munot	2,27,059	2.50	2,29,259	2.53	(0.02)
Mrs. Amita Jinendra Munot	1,50,215	1.66	1,52,457	1.68	(0.02)
Mrs. Pramila Amolchand Munot	1,46,753	1.62	1,46,753	1.62	-
Mrs. Trupti Sushen Gupta	1,23,496	1.36	1,23,496	1.36	-
Mr. Piyush Jinendra Munot	1,19,413	1.32	1,21,813	1.34	(0.03)
Mr. Yash Munot	1,16,427	1.28	1,20,627	1.33	(0.05)
Mrs. Pragati Dinesh Bothra	1,17,102	1.29	1,17,102	1.29	-
Munot Jinendrakumar Hirachand (Huf)	30,400	0.34	30,400	0.34	-
Mrs. Eitika Utkarsh Munot	2,712	0.03	2,712	0.03	-
Ms. Prerna Bothra	1,886	0.02	1,886	0.02	-
Robert Bosch Automotive Steering GmbH*	-	0.00	23,40,155	25.79	(25.79)
	61,07,376	67.31	61,18,418	67.43	(0.12)

* During the year, Robert Bosch Automotive Steering GmbH (Robert Bosch) has sold its equity stake to Indian Promoters. However, Robert Bosch will be continue one of the promotor of the company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

11 OTHER EQUITY

	31-Mar-23	31-Mar-22
General Reserve	235.00	235.00
Securities Premium	2.32	2.32
Capital Reserve	0.35	0.35
Retained Earnings	172.84	148.37
	410.51	386.04

(i) General Reserve

	31-Mar-23	31-Mar-22
Balance at the beginning of the year	235.00	235.00
Movement during the year	-	-
Balance at the end of the year	235.00	235.00

The General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss. As per Companies Act 2013, transfer of profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

(ii) Securities Premium

	31-Mar-23	31-Mar-22
Balance at the beginning of the year	2.32	2.32
Movement during the year	-	-
Balance at the end of the year	2.32	2.32

Security premium is used to record the premium on issue of share.

(iii) Capital Reserve

	31-Mar-23	31-Mar-22
Balance at the beginning of the year	0.35	0.35
Movement during the year	-	-
Balance at the end of the year	0.35	0.35

Capital reserve is created from special capital incentive received from SICOM and MEDA and this amount not required to be repaid. These reserves will be utilised in accordance with the provision of Companies Act 2013.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(iv) Retained Earnings

	31-Mar-23	31-Mar-22
Balance at the beginning of the year	148.37	129.90
Net profit for the year	25.44	18.27
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.97)	0.20
Balance at the end of the year	172.84	148.37

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/ (gain) on defined benefit plans, net of taxes that will not be reclassified to Profit and Loss. Retained earnings is a free reserve available to the Company.

12 FINANCIAL LIABILITIES

12 [a] CURRENT BORROWINGS

	Security	31-Mar-23	31-Mar-22
Secured			
(I) From banks			
Overdraft Facilities	These facilities are secured against pledge of certain financial asset of the Company (refer note 5a).	-	1.93
Bill discounting with banks	Secured against transferred trade receivables.	33.56	25.39
Current maturities of long-term debt		-	0.38
Cash Credit	First charge on Stock and book debts (except overdraft)	2.58	-
		36.14	27.70

The Company's exposure to Liquidity risk, market risk and credit risk related to borrowings are discussed in Note 25.

12 [b] TRADE PAYABLES

	31-Mar-23	31-Mar-22
Current		
Total outstanding dues of Micro and Small Enterprises (Refer note -31)	2.96	2.58
Total outstanding dues of creditors other than Micro and Small Enterprises	32.49	25.17
	35.45	27.75

(i) Details of trade payables to related parties are disclosed as part of note 36 - Related party disclosures.

(ii) The Company's exposure to Liquidity risk, currency risk related to trade payables are discussed in Note 25.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

Ageing of Trade Payables as on 31st March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Payable	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)MSME	-	2.92	0.04	0.00	-	-	2.96
(ii)Others	5.80	10.48	16.20	0.01	-	-	32.49
(iii) Disputed dues – MSME							
(iv) Disputed dues - Others							
TOTAL	5.80	13.40	16.24	0.01	-	-	35.45

Ageing of Trade Payables as on 31st March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Payable	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)MSME	0	2.22	0.36	-	-	-	2.58
(ii)Others	5.67	10.98	8.48	0.04	-	-	25.17
(iii) Disputed dues – MSME							
(iv) Disputed dues - Others							
TOTAL	5.67	13.20	8.84	0.04	-	-	27.75

12[c] LEASE LIABILITY

	31-Mar-23	31-Mar-22
Non-current		
lease liability	4.16	5.14
	4.16	5.14
Current		
lease liability	0.92	0.79
	0.92	0.79

The following is the movement in lease liability during the year ended March 31, 2023:-

	Amount
Balance as of April 1, 2022	5.93
Addition	-
Finance cost accrued during the period	0.47
Payment of Lease Liability	(1.32)
Balance as on March 31, 2023	5.08
Balance as of April 1, 2021	0.98
Addition	5.15
Finance cost accrued during the period	0.18
Payment of Lease Liability	(0.38)
Balance as on March 31, 2022	5.93

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2023 on an undiscounted basis:

	31-Mar-23	31-Mar-22
Less than 1 year	1.32	1.26
one to five year	4.05	5.28
More than 5 year	1.53	1.62
Total	6.90	8.16

12[d] OTHERS

	31-Mar-23	31-Mar-22
Current		
Payable for capital goods	1.46	2.65
Unpaid dividends	0.37	0.37
Others	-	-
	1.83	3.02

13 PROVISIONS

	31-Mar-23	31-Mar-22
Non-current		
Provision for leave encashment	0.91	0.92
	0.91	0.92
Current		
Provision for gratuity (see note 29)	0.45	(0.09)
Provision for leave encashment	1.38	1.57
Warranty provision [See note (i) below]	0.99	1.00
	2.82	2.48

Note (i) - Warranty provision

The Company generally offers a warranty for a period of 3 years or 3,00,000 km whichever is earlier for its products. Warranty costs are determined as a percentage of sales based on the past trends of the costs required to be incurred for repairs, replacements, material costs and servicing cost. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past information may differ from future claims. As the time value of money is not considered to be material, warranty provisions are not discounted.

Movement in warranty provision

	For the year ended	
	31-Mar-23	31-Mar-22
Carrying amount in the beginning of the year	1.00	1.14
Additional provision made	1.49	0.83
Amount used	(1.50)	(0.97)
unused amount reversed	-	-
Carrying amount at the end of the year	0.99	1.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

14 OTHER LIABILITIES

	31-Mar-23	31-Mar-22
Non Current		
Deferred Income	0.01	0.03
Security Deposit	0.47	-
Export Promotion Capital Goods (EPCG)	1.51	3.42
	1.99	3.45
Current		
Advance from customers	1.25	1.91
Deferred revenue	0.70	0.73
Statutory liabilities	3.64	0.74
Others	1.05	2.43
	6.64	5.81

EPCG Liability refers Government incentives of Rs. 1.51 Crores as at March 31, 2023. This grants relating to property, plant and equipment related to duty saved on import of capital goods and spares under the Exports Promotion Capital Goods (EPCG) scheme. Under such scheme, the Company is committed to export six times of duty saved on import of Capital Goods over a period of six years. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

15 REVENUE FROM OPERATIONS

	For the year ended	
	31-Mar-23	31-Mar-22
Revenue from sale of products		
-Sale of Products	436.13	299.58
	436.13	299.58
Revenue from rendering services		
- Domestic services	1.04	0.82
	1.04	0.82
Other operating income		
- Solar power income	8.90	8.71
- Windmill income	1.46	1.66
- Sale of scrap	2.90	2.03
	13.26	12.40
	450.43	312.80

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

16 OTHER INCOME

	For the year ended	
	31-Mar-23	31-Mar-22
Dividend income	0.43	0.21
Interest income	0.88	0.46
Realised gains on Financial assets Investment measured at FVTPL	3.01	7.51
Unrealised gain/ (loss) on Financial assets Investment measured at FVTPL	1.72	6.83
Foreign exchange gain	0.32	0.07
Government grants*	6.24	5.09
Export incentive	0.39	0.27
Other non operating income	0.47	0.54
Rental Income from Investment Property	0.52	-
	13.98	20.98

* Government Grants include incentive of Rs 1.47 Crores (P.Y.-1.62 crores) for the year ended March 31, 2023 towards Exports Promotion Capital Goods (EPCG) scheme and Rs. 4.77 Crores (PY 3.46 Crores) subsidy received from Madhya Pradesh State Government.

17 COST OF RAW MATERIAL CONSUMED

	For the year ended	
	31-Mar-23	31-Mar-22
Raw material consumed	289.13	203.79
Packing material consumed	1.96	1.63
Fabrication and processing charges	2.53	1.57
	293.62	206.99

18 CHANGE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

	For the year ended	
	31-Mar-23	31-Mar-22
Opening stock		
Work in progress	25.14	22.89
Finish goods (Includes Goods in transit/ at godown)	20.05	6.53
	45.19	29.42
Less: Closing stock		
Work in progress	28.61	25.14
Finish goods (Includes Goods in transit/ at godown)	17.11	20.05
	45.72	45.19
	(0.53)	(15.77)

19 EMPLOYEE BENEFITS EXPENSE

	For the year ended	
	31-Mar-23	31-Mar-22
Salaries, wages, bonus etc.	28.43	28.46
Contribution to provident and other funds	0.45	1.47
Staff welfare expenses	4.18	3.79
Contract Labour Expenses	22.85	13.67
	55.91	47.39

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

20 OTHER EXPENSES

	For the year ended	
	31-Mar-23	31-Mar-22
Power and fuel (Net of credit of windmill and solar income of Rs. 4.96 Crore, PY-Rs. 3.88 Crore)	14.69	10.67
Repairs and maintenance		
-Buildings	2.74	1.33
-Machinery	3.71	2.32
-Others	1.19	0.69
Rent	0.10	0.21
Insurance	0.73	0.74
Rates and taxes	0.27	0.81
Selling and distribution expenses	8.78	4.94
Solar energy generation expenses	1.05	1.06
Windmill energy generation expenses	1.23	1.61
Loss on sale/ discard of assets	0.59	0.11
CSR expense	-	0.46
Audit fees	0.13	0.11
Other miscellaneous expenses	10.10	8.51
	45.31	33.57

A. AUDITORS' REMUNERATION

	31-Mar-23	31-Mar-22
Audit fees	0.10	0.09
Limited review	0.02	0.01
Tax audit fees	0.01	0.01
	0.13	0.11

The amounts presented are net of GST/ other applicable taxes.

B. Expenditure incurred on corporate social responsibility activities

The Expenditure incurred for complying with provisions for the CSR expenditure required under section 135 of Companies Act, 2013 has been done through contribution to one NGO (Non Government Organisation) and for skill development of apprentices.

	31-Mar-23	31-Mar-22
Gross amount required to be spent by the Company during the year	-	-
Amount spent during the year on :		
Construction/Acquisition of any asset	-	-
On purpose other than above	-	0.46

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

21 FINANCE COSTS

	For the year ended	
	31-Mar-23	31-Mar-22
Interest expenses	0.63	0.22
Other borrowing cost	0.09	0.09
	0.72	0.31

22 DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended	
	31-Mar-23	31-Mar-22
Depreciation on property, plant and equipment	30.35	30.16
Amortisation of intangible assets	0.35	0.52
Amortisation of right of use assets	1.48	0.71
	32.18	31.39

23 INCOME TAX

[a] Income tax expense is as follows:

	For the year ended	
	31-Mar-23	31-Mar-22
Statement of profit and loss		
Current tax:		
Current tax on profits for the year	6.22	5.76
Taxation of earlier years	-	-
Total current tax expense	6.22	5.76
Minimum Alternative Tax (MAT) credit entitlement :		
MAT credit entitlement	(6.22)	(5.76)
Total MAT credit entitlement	(6.22)	(5.76)
Deferred tax:		
Deferred tax expense/ (income)	11.76	11.63
Total deferred tax expense/ (benefit)	11.76	11.63
Income tax expense	11.76	11.63
Other comprehensive income		
Deferred tax related to OCI items:		
- On loss/ (gain) on remeasurements of defined benefit plans	0.40	(0.08)
	0.40	(0.08)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[b] Reconciliation of tax expense and the accounting profit computed by applying the Income tax rate:

	For the year ended	
	31-Mar-23	31-Mar-22
Profit before exceptional items and tax	37.20	29.90
Tax at the Indian tax rate of 29.12% but consider MAT 17.472% (2021-22: 17.472%)	6.50	5.22
Effect of non deductible expenses	(0.28)	0.54
Effect of exempt/ other income/ deduction	-	-
Brought forward losses set off against current year profits	11.76	11.63
Minimum Alternative Tax (MAT) credit entitlement	(6.22)	(5.76)
Taxation of earlier years	-	-
Income tax expense	11.76	11.63

24 EARNINGS PER SHARE

	For the year ended	
	31-Mar-23	31-Mar-22
Basic and diluted earnings per share (face value of Rs. 10 each)		
- Profit attributable to the equity share holders of the Company	25.44	18.27
- Weighted average number of shares	90,73,300	90,73,300
Basic and diluted earnings per share in INR	28.04	20.14

25 FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to a variety of financial risks, viz liquidity risk, market risk and credit risk. The Management of the Company has the overall responsibility for establishing and governing the Company's risk policy framework. The risk management policies are formulated after the identification and analysis of the risks and suitable risk limits and controls are set which are monitored & reviewed periodically. The changes in the market conditions and allied areas are accordingly reflected in the changes of the policy. The key risks and mitigating actions are placed before the Audit Committee of the Company who then evaluates and takes the necessary corrective action. The sources of risk, which the Company is exposed to and how the Company manages these risks with their impact on the Financial Statements is given below:

Risk	Exposure from	Measurement	Management
Credit risk	Trade receivables, Cash and cash equivalents	Aging analysis, Credit ratings	Credit limits
Liquidity risk	Borrowings, Trade payables and other liabilities	Cash flow budgeted Vs actuals	Availability of committed credit lines and borrowing facilities
Market risk - Foreign Currency	Foreign currency receivables and payables; Forecasted foreign currency transactions	Cash flow forecasting and Sensitivity analysis	Insignificant foreign currency exposure
Market risk - Interest rate	Long-term borrowings at variable interest rates	Sensitivity analysis	The Company has an insignificant finance cost. Moreover the Company keeps looking for low interest rate opinion from time to time.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[A] Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables). However, the credit risk on account of financing activities, i.e., balances with banks is very low, since the Company holds all the balances with approved bankers only.

Trade receivables

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the customers outstanding balances to which the Company grants credit terms in the normal course of business. Concentration of credit risk with respect to trade receivables are limited, as the Company's customer are reputed and having good credit credentials as well as that they are long standing customers. All trade receivables are reviewed and assessed for default on a fortnightly basis.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

	31-Mar-23	31-Mar-22
Not past due	94.78	77.65
Past due but not impaired		
- Past due 0 to 180 days	12.18	12.27
- Past due more than 180 days	0.10	0.34
	107.06	90.26

[B] Liquidity risk

Liquidity risk is the risk the Company faces in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, Management considers both normal and stressed conditions.

Maturities of financial liabilities

The below table analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount	Upto 1 year	Between 2 and 5 years	More than 5 years	Total
31-Mar-23					
Non-derivatives					
Borrowings	36.14	36.14	-	-	36.14
Lease Liability	5.08	0.92	3.38	0.78	5.08
Trade payables	35.45	35.44	0.01	-	35.45
Capital creditors	1.46	1.46	-	-	1.46
Other financial liabilities	0.37	0.37	-	-	0.37
Total	78.50	74.33	3.39	0.78	78.50

	Carrying amount	Upto 1 year	Between 2 and 5 years	More than 5 years	Total
31-Mar-22					
Non-derivatives					
Borrowings	27.70	27.70	-	-	27.70
Lease Liability	5.93	0.86	4.26	0.81	5.93
Trade payables	27.75	27.71	0.04	-	27.75
Capital creditors	2.65	2.65	-	-	2.65
Other financial liabilities	0.37	0.37	-	-	0.37
Total	64.40	59.29	4.30	0.81	64.40

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(i) Financing arrangements:

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

	31-Mar-23	31-Mar-22
Variable rate		
Cash credit and overdraft facilities	36.64	44.71
	36.64	44.71

[C] Market risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Currency risk; and
- Interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments.

(i) Foreign currency risk

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material. The risk exposure is with respect to various currencies viz. USD, EURO and YEN. The risk is measured through monitoring the net exposure to various foreign currencies and the same is minimized to the extent possible..

(a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	USD	EUR	YEN	Total
31-Mar-23				
Financial assets				
Trade receivables	3.11	-	-	3.11
Net exposure to foreign currency risk (assets)	3.11	-	-	3.11
Financial liabilities				
Trade payables	0.01	1.06	-	1.07
Net exposure to foreign currency risk (liabilities)	0.01	1.06	-	1.07

	USD	EUR	YEN	Total
31-Mar-22				
Financial assets				
Trade receivables	3.24	-	-	3.24
Net exposure to foreign currency risk (assets)	3.24	-	-	3.24
Financial liabilities				
Trade payables	0.02	0.49	-	0.51
Net exposure to foreign currency risk (liabilities)	0.02	0.49	-	0.51

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(b) Foreign currency sensitivity analysis

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and YEN exchange rates, with all other variables held constant:

	Impact on profit after tax	
	31-Mar-23	31-Mar-22
USD		
- Increase by 10%	0.22	0.23
- Decrease by 10%	(0.22)	(0.23)
EUR		
- Increase by 10%	(0.08)	(0.03)
- Decrease by 10%	0.08	0.03
YEN		
- Increase by 10%	-	-
- Decrease by 10%	-	-

ii) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/ borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Interest rate risk exposure

the exposure of the company to change in interest rate at end of the reporting periods are as follows:

	31-Mar-23		31-Mar-22	
	Amount	% of total borrowings	Amount	% of total borrowings
Variable rate borrowings, average borrowing rate 8.70% (P.Y. 6.75%)	2.58	100.00%	1.93	83.55%

Sensitivity

Profit and loss is sensitive to higher/Lower interest expenses from borrowing as a result of change in interest rate.

	Impact on profit after tax	
	31-Mar-23	31-Mar-22
Interest rate increase by 100 basis points	(0.02)	(0.02)
Interest rate decrease by 100 basis points	0.02	0.02

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

26 FAIR VALUE MEASUREMENTS

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

(A) Financial instruments by category

	Mar-23							Mar-22					
	Carrying amount				Fair value			Carrying amount			Fair value		
	FVTPL	Amortised Cost	Cost	FVTOCI	Level 1	Level 2	Level 3	FVTPL	Amortised Cost	FVTOCI	Level 1	Level 2	Level 3
[i] Financial assets													
Non Current													
Investment													
Investment in equity quoted	24.61	-	-	-	24.61	-	-	23.40	-	-	23.40	-	-
Investment in mutual fund	118.37	-	-	-	118.37	-	-	90.80	-	-	90.80	-	-
Investment in bond	-	4.40	-	-	-	-	-	-	4.40	-	-	-	-
Investment in subsidiaries	-	-	8.08	-	-	-	-	-	-	-	-	-	-
Loans													
Security deposit	-	0.59	-	-	-	-	-	-	0.50	-	-	-	-
MAT Credit	-	13.84	-	-	-	-	-	-	7.63	-	-	-	-
Loan to subsidiaries	-	12.41	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	0.17	-	-	-	-	-	-	0.15	-	-	-	-
Loan													
Current													
Trade receivables	-	107.06	-	-	-	-	-	-	90.26	-	-	-	-
Cash and cash equivalents	-	0.16	-	-	-	-	-	-	4.13	-	-	-	-
Other bank balances	-	0.37	-	-	-	-	-	-	0.37	-	-	-	-
Other financial assets	-	0.37	-	-	-	-	-	-	0.50	-	-	-	-
	142.98	139.37	8.08	-	142.98	-	-	114.20	107.94	-	114.20	-	-
[ii] Financial liabilities													
Non Current													
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Liability	-	4.16	-	-	-	-	-	-	5.14	-	-	-	-
Current													
Short term borrowings	-	36.14	-	-	-	-	-	-	27.70	-	-	-	-
Trade payables	-	35.45	-	-	-	-	-	-	27.75	-	-	-	-
Lease Liability	-	0.92	-	-	-	-	-	-	0.79	-	-	-	-
Capital creditor	-	1.46	-	-	-	-	-	-	2.65	-	-	-	-
Other financial liabilities	-	0.37	-	-	-	-	-	-	0.37	-	-	-	-
	-	78.50	-	-	-	-	-	-	64.40	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(B) FAIR VALUE HIERARCHY

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company has made certain judgements and estimates in determining the fair values of the financial instruments that are

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company as classified the financial instruments into three levels prescribed under the accounting standard. An explanation of each level is as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: Level 2 hierarchy includes financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

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

(C) VALUATION TECHNIQUES

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices for mutual funds
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis or such other acceptable valuation methodology, wherever applicable There are no items in the financial instruments, which required level 3 valuation.

27 CAPITAL MANAGEMENT

The Company policy is to have robust financial base so as to maintain outsider's confidence and to sustain future development of the business. Management monitors the return on capital, as well as level of dividends to equity shareholders. The Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liability, comprising interest-bearing loans and borrowing and obligations under financial lease, less cash and cash equivalents. Adjusted equity includes the share capital, reserve and surplus.

	31-Mar-23	31-Mar-22
Net Debt	35.98	23.57
Total Equity	419.58	395.11
Net Debt to equity ratio	0.09	0.06

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

28 SEGMENT INFORMATION

[A] Description of segment and principal activities

The Company's Operating Segments are established on the basis of those components of the Company that are evaluated regularly by the CODM (the 'Chief Operating Decision Maker' as defined in Ind AS 108- 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and internal business reporting systems.

The Company has two reportable segments :

- A) Auto component :- This is related to auto component manufacturing.
- B) Renewable energy:-This is related to electricity generation through solar and windmill.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with one additional policies for segment reporting. That Segment Assets and segment liability represent assets and liabilities in respective segments. Tax related assets/ liabilities and other assets/ liability that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".

[B] Information about reportable segments

	31-Mar-23				31-Mar-22			
	Auto component	Renewable energy	Unallocable	Total	Auto component	Renewable energy	Unallocable	Total
Segment revenue:								
External revenue*	447.50	15.41	6.56	469.47	308.40	14.24	15.01	337.65
Less: inter segment revenue	-	(5.06)	-	(5.06)	-	(3.87)	-	(3.87)
Total segment revenue	447.50	10.35	6.56	464.41	308.40	10.37	15.01	333.78
segment profit before tax	20.95	9.75	6.50	37.20	7.24	7.73	14.93	29.90
Segment results	20.95	9.75	(5.26)	25.44	7.24	7.73	3.30	18.27
Segment results includes :								
Interest expenses	0.72	-	-	0.72	0.31	-	-	0.31
Interest income	-	-	0.88	0.88	-	-	0.46	0.46
Depreciation	28.91	3.27	-	32.18	27.58	3.81	-	31.39
Tax expenses	-	-	11.76	11.76	-	-	11.63	11.63
Segment assets	310.47	24.72	175.25	510.44	301.36	27.81	143.00	472.17
Segment assets includes:								
Capital expenditure incurred during the year	19.03	0.19	-	19.22	10.93	-	-	10.93
Segment liabilities	90.68	0.18	-	90.86	76.88	0.18	-	77.06

* External Revenue - Auto Components - Rs. 447.50 Crores includes Revenue from sale of products - Rs. 436.13 Crores; Revenue from rendering services - Rs. 1.04 Crores; Revenue from Sale Of Scrap - Rs. 2.90 Crores; Government Grants - Rs. 6.24 Crores; Export Incentive - Rs. 0.39 Crores; Other Non-Operating Income - Rs. 0.47 Crores and Foreign Exchange Gain - Rs. 0.32 Crores.

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the related asset.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[C] Information about geographical areas

Revenue from external customers

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table.

	31-Mar-23	31-Mar-22
India	450.62	321.93
Overseas	13.79	11.85
Total	464.41	333.78

Non-current assets other than financial instruments, deferred tax assets

	31-Mar-23	31-Mar-22
India	155.42	171.75
Total	155.42	171.75

[D] Major customers

Revenue of approximately Rs. 293.83 Crore (PY- Rs. 190.11 Crore) are derived from three major external customers of the Company. This revenue is attributed to auto component manufacturing segment.

29 EMPLOYEE BENEFIT OBLIGATIONS

29(a) Defined Contribution plans

Provident Fund: Contribution towards provident fund for 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. Amount recognised as expenses in the profit and loss statement in respect of defined contribution plan is Rs. 0.78 Crore (Previous year - Rs. 0.98 Crore).

29(b) Defined Benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. 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's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The fair value of the plan assets of the trust administered by the Company, is deducted from the gross obligation, and Assumptions used in valuation are discount rate, escalation, mortality rate, etc.

(i) Movement of defined benefit obligation and plan assets

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

	Present value of obligation	Fair value of plan assets	Net Amount
As at 31-Mar-2022	12.90	12.99	(0.09)
Current service cost	0.32	-	0.32
Interest expenses/ income	0.90	0.95	(0.05)
Total amount recognised in profit and loss	1.22	0.95	0.27
Remeasurements			
Gain/ loss from change in demographic assumption	0.10	0.10	-
Gain/ loss from change in financial assumption	0.64	(0.07)	0.71
Experience Gain/ loss	0.68	0.01	0.67
Total amount recognised in other comprehensive income	1.42	0.04	1.38
Employer contributions	-	1.12	(1.12)
Benefit payments	(0.19)	(0.19)	-
Mortality charges and taxes	-	(0.01)	0.01
As at 31-Mar-2023	15.35	14.90	0.45

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

	Present value of obligation	Fair value of plan assets	Net Amount
As at 31-Mar-2021	12.35	12.32	0.03
Current service cost	0.41	-	0.41
Interest expenses/ income	0.79	0.79	-
Total amount recognised in profit and loss	1.20	0.79	0.41
Remeasurements			
Gain/ loss from change in demographic assumption	-	-	-
Gain/ loss from change in financial assumption	(0.14)	0.04	(0.18)
Experience gain/ loss	(0.09)	0.01	(0.10)
Total amount recognised in other comprehensive income	(0.23)	0.05	(0.28)
Employer contributions	-	0.28	(0.28)
Benefit payments	(0.42)	(0.42)	-
Mortality charges and taxes	-	(0.03)	0.03
As at 31-Mar-2022	12.90	12.99	(0.09)

(ii) Net assets/ liabilities

An analysis of net (deficit)/ assets is provided below for the Company's principal defined benefit gratuity scheme.

	31-Mar-23	31-Mar-22
Present value of funded obligations	15.35	12.90
Fair value of plan assets	14.90	12.99
Net deficit for funded schemes	(0.45)	0.09

(iii) Analysis of plan assets is as follows:

	31-Mar-23	31-Mar-22
Insurer managed funds (%)	100%	100%
Others (%)	0%	0%
Total	100%	100%

(iv) Actuarial assumptions and sensitivity analysis

	31-Mar-23	31-Mar-22
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.30%	7.00%
Rate of increase in compensation levels		
For First year	10.00%	6.00%
Thereafter	10.00%	6.00%
Expected rate of return on plan assets	7.00%	6.50%
"Expected average remaining working lives of employees (in years)"	5.81	10.30
Withdrawal Rate	15.00%	7.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

Notes:

- Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations.
- Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.

Sensitivity of the defined benefit obligation to changes in weighted principal assumptions is

	Impact on present benefit obligation	
	31-Mar-23	31-Mar-22
Discount rate - Increase by 1%	(0.24)	(0.23)
Discount rate - Decrease by 1%	0.26	0.25
Salary increment rate - Increase by 1%	0.21	0.22
Salary increment rate - Decrease by 1%	(0.19)	(0.20)
Withdrawal rate - Increase by 1%	0.03	0.01
Withdrawal rate - Decrease by 1%	(0.03)	(0.02)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice it is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to previous period.

(v) Expected future benefits payments

The Company monitors the funding levels on annual basis and accordingly decides upon the contribution to the fund. Expected contributions to post-employment benefit plans for the year ending 31 March 2023 are Rs. Nil . The expected maturity analysis of undiscounted post employment benefit is as follows:

	Less than a year	1 to 2 years	2-5 Years	More than 5 years
As at 31-Mar-2023				
Defined benefit obligation - Gratuity	11.39	0.64	2.42	3.34
As at 31-Mar-2022				
Defined benefit obligation - Gratuity	9.95	0.40	1.25	2.48

30 LEASES

The details of the right-of-use asset held by the Group are as follows:

	As on April 1, 2022	Additions for FY 2022-23	Amortisation charge for FY 2022-23	As at March 31, 2023
Leasehold land & Office Premises	14.40	0.00	1.48	12.92
Total	14.40	0.00	1.48	12.92

Interest expense on lease liabilities is Rs. 0.47 Crore (March 31, 2022 - Rs. 0.18 Crore) for year ended March 31, 2023.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

31 MICRO, SMALL AND MEDIUM ENTERPRISES

i)

	31-Mar-23	31-Mar-22
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period		
- Principal amount outstanding	2.96	2.58
- Interest thereon		
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period -		
- Interest paid in terms of Section 16	-	-
- Interest payable on delayed principal payments	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 -		
- Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms and not as payable under the Act	-	-
- Normal Interest payable during the year, for the period of delay in making payment, as per the agreed terms and not as payable under the Act.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period -		
- Total interest accrued during the period	-	-
- Total Interest remaining unpaid out of the above as at the balance sheet date	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
- Outstanding interest at the end of previous year	-	-
- Outstanding interest at the end of current year	-	-

ii) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSMED.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

32 a) CONTINGENT LIABILITIES

	31-Mar-23	31-Mar-22
Income Tax matters in dispute in respect of penalty matters pending before CIT (Appeal), Pune	3.26	3.26
Income Tax demand for A.Y. 2003-04 adjusted by Assessing Officer against refund order for A.Y. 2015-16. Appeal for the AY 2003-04 is already pending before CIT(Appeal), Pune.	0.11	0.11
Income Tax matters in dispute in respect of Assessment dues (A.Y.2014-15) before ITAT, Pune & CIT (Appeal) Delhi	0.88	0.88
Income Tax matters in dispute in respect of Assessment dues (A.Y.2015-16) before CIT (Appeal), Delhi	1.81	1.81
Income Tax matters in dispute in respect of Assessment dues (A.Y.2016-17) before CIT (Appeal), Delhi	4.40	4.40
Income Tax matters in dispute in respect of Assessment dues (A.Y.2017-18) before CIT (Appeal), Delhi	1.12	1.12
Income Tax matters in dispute in respect of Assessment dues (A.Y.2018-19) before CIT (Appeal), Delhi	0.80	0.43
Income Tax matters in dispute in respect of Assessment dues (A.Y.2019-20) before CIT (Appeal), Delhi	2.88	0.12
Bank Guarantees issued by the Company	1.82	1.96
TDS Matter pertaining to F.Y. 2012-13 pending with CIT(A) Pune	0.03	0.03
Sales tax liability under dispute before Joint Commissioner of Sales Tax for F.Y. 2016-17	0.34	0.34
Sales tax liability under dispute before Joint Commissioner of Sales Tax for F.Y. 2017-18	0.12	0.12
Central Excise Liability under dispute before CESTAT Mumbai	0.11	0.11
Comfort letter in lieu of Corporate Guarantee (issued on behalf of subsidiary to their banker towards credit facilities)	2.09	-

b) Search note

As informed earlier, the assessment proceeding u/s 153A read with Section 143(3) of the Income Tax Act, 1961 have been completed vide orders passed on September 29, 2021 for the 7 assessment years. The Company has filed necessary rectification applications, stay applications with the tax department for all the assessment years. Further, the Company has also filed appeals in all 7 assessment years before the Commissioner Appeal to challenge the assessment orders and alleged additions made by the tax department. The rectification, stay applications and appeals filed are pending before the tax department and/or appeal authority, as the case may be, for the adjudication, except for 2 assessment years, where the Company has paid 20% of tax demand under protest, basis of rectification orders passed. The Company has been advised that based on legal position, the additions may not be sustainable, being made without considering the factual aspects and applicable provisions of the law.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

- c) As reported earlier, certain employees, who were employed in supervisory category, remained absent from work during the Financial Year 2018-19 and also submitted the alleged charter of demand. The Company, after taking precautionary steps and in exercise of its rights as the employer, terminated services of 236 such employees and also denied their claim of salary / remuneration for the period of absence, before termination of their services. Out of the legal proceedings initiated against the Company in respect of these matters by these ex-employees; the proceedings related to 100 ex-employees are still pending before the Judicial Forum. The Company has been advised that, these individuals or any other person have no valid claims, in respect of any of their demands including but not limited to the demand related to salary/remuneration for unauthorized absenteeism during the course of their employment with the Company. This disclosure is being made as a matter of caution and without prejudice to the legal position of the Company before any Judicial Forum or Statutory Authority.
- d) The last Wage Settlement dated 01.03.2015, with the workmen of the Company, employed at the Vadu Budruk factory, expired on 31.08.2018. Thereafter, based on the Charter of Demands submitted by ZF Steering Gear Kamgar Sangathana, dated 18.03.2018, the conciliation proceedings were initiated before the Assistant Labour Commissioner (Labour Office, Pune), the Conciliation Officer. The said Officer submitted the Failure Report to the Government and the matter is referred to the Hon'ble Member, Industrial Tribunal, Pune, which Reference is pending consideration of the Hon'ble Member, Industrial Tribunal, Pune. Considering the pendency of the said Reference and though strictly not required, the Company, as a matter of caution, submitted the Approval Applications, in respect of dismissal of 74 workmen of the Company, working at the Vadu Budruk factory, to whom punishment for misconduct was awarded, after conducting enquiries. The said Applications of the Company are also pending consideration of the Hon'ble Member, Industrial Tribunal, Pune.

33 COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 12.85 Crore (March 31, 2022 - Rs. 12.83 Crore).
- b) Total export obligation under the EPCG Scheme was Rs. 37.02 crores and obligation payable as on March 31, 2023 is Rs. 9.06 Crores (March 2022 - Rs. 20.54 Crores).
- 34 There are no transactions and / or disputed balance outstanding with companies struck off under section 248 of the Companies Act, 2013.
- 35 The company does not have any charges or satisfaction of charges which is yet to be registered with ROC beyond statutory period except for one charge satisfaction of which is under process by ROC.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

36 RELATED PARTY DISCLOSURES

A Names of related parties and related party relationship where control exists:

No.	Nature of relationship	Name of related party
1	Foreign collaborator	Pump Technology Solutions (subsidiary of Robert Bosch Automotive Steering GmbH)
2	Key managerial personnel	Mr. Dinesh Munot - Chairman
		Mr. Utkarsh Munot - Managing Director
		Mr. Jinendra Jain - Chief Financial Officer
		Mr. Satish Mehta - Company Secretary
3	Non-executive directors	Mr. Manish Motwani
		Mr. Shridhar S. Kalmadi
		Mr. S. A. Gundecha
		Mrs. Smita Lahoti
		Mr. Sandeep Nelamangala (Resigned on 05th April 2023)
		Mr. Adit Rathi
4	Enterprises in which directors / shareholders have significant influence	Varsha Forging Pvt. Ltd.
		Emtech Solutions Pvt Ltd.
5	Wholly Owned Subsidiaries	DriveSys Systems Private Limited
		NexSteer Systems Private Limited

B Key managerial personnel compensation

	31-Mar-23	31-Mar-22
a. Short term employee benefits (Salary paid during the year)	10.27	8.61
b. Post-employment benefits (cumulative)	7.90	6.31
c. Long term employee benefits (cumulative)	0.60	1.07
	18.77	15.99

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

C Transaction with related parties

	For the year ended	
	31-Mar-23	31-Mar-22
Purchase of raw material & components		
Foreign collaborator	-	2.35
Domestic supplier of raw material & components		
Varsha Forging Pvt Ltd	16.25	3.68
Lease Rental Payment		
Emtech Solutions Pvt Ltd.	1.21	0.28
Sitting fees to Non Executive & Independent directors	0.22	0.20
Interest Income		
DriveSys Systems Private Limited	0.07	-
NexSteer Systems Private Limited	0.38	-
Interest paid		
DriveSys Systems Private Limited	0.01	-
Services rendered		
DriveSys Systems Private Limited	0.12	-
NexSteer Systems Private Limited	0.07	-
Loan given		
DriveSys Systems Private Limited	6.30	-
NexSteer Systems Private Limited	7.86	-
Loan taken and repaid		
DriveSys Systems Private Limited	1.75	-

D Outstanding balances

	31-Mar-23	31-Mar-22
Trade payables		
Foreign collaborator	-	0.40
Domestic supplier of raw material & components	4.16	3.21
Lease Rental Payment	-	0.09
Key managerial personnel	-	0.68
Loan given	12.41	-
Trade Receivables	0.22	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

37 ADDITIONAL REGULATORY INFORMATION

RATIO ANALYSIS

Ratio	Numerator	Denominator	Current year	Previous year	% Change
Current ratio (in times)	Total current assets	Total current liabilities	2.04	2.38	-14%
Debt-Equity ratio (in times)	Debt consists of borrowings and lease liabilities.	Total equity	0.10	0.09	15%
Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments + Short Term Borrowings	1.53	1.49	3%
Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	6.25%	4.73%	32%
Inventory turnover ratio (in times)	Sales	Average Inventory	7.54	6.30	20%
Trade receivables turnover ratio (in times)	Revenue from operations	Average Trade Receivables	4.57	3.71	23%
Trade payables turnover ratio (in times)	(Cost of raw material consumed + Other expenses)	Average Trade Payables	10.71	7.74	38%
Net capital turnover ratio (in times)	Revenue from operations	"Average working capital (i.e. Total current assets less Total current liabilities)"	5.16	3.36	54%
Net profit ratio (in %)	Net profit ratio (in %)	Revenue from operations	5.6%	5.8%	-3%
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Total Debt + Deferred tax liabilities - Deferred Tax Assets	8.26%	7.26%	14%
Return on investment (in %)	Income generated from invested funds	"Average invested funds in treasury investments"	4.21%	12.56%	-67%

REASONS FOR CHANGE IN RATIO BEING MORE THAN 25%

Return on equity ratio (in %) increased by 32%

Increase in Profit after tax by Rs. 6.50 Crores on account of higher sales and economies of high volumes has resulted in significant jump in Return on Equity. It also includes incremental Government Grant of Rs. 1 Crore (approx).

Trade payables turnover ratio (in months) increased by 38%

More suppliers coming on discount terms.

Net capital turnover ratio increased by 54%

Working capital in current year increased by 5.85 Cr.

Return on investment (in %) decreased by 67%

Return on investment (in %) significantly lower in FY 2022-23 due to less returns in equity and debt mutual funds.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

38 As reported earlier, the Company has received a communication dated 19 October 2022, from ZF Friedrichshafen AG, regarding alleged infringement and passing off, of the trademark/mark “ZF” and/or “ZF India” and amongst other alleged demands, ZF Friedrichshafen AG, has claimed a sum of Rs. 100 crores in damages from the Company. The Company continues to be of the opinion that, it has not committed any act of infringement and/or passing off, in any manner whatsoever. The Company vide communication dated 12 April 2023, has sent a detailed reply to ZF Friedrichshafen AG. The allegations of ZF Friedrichshafen AG and/or ZF India Private Limited are neither accepted nor acceptable to the Company. The Company has also sent a letter to certain affiliates of ZF Friedrichshafen AG, to cease and desist the use of the name “ZF” and/or “ZF India”, in relation to certain products, as per the terms of the No-Objection Letter dated 28 July 2006, issued by the Company to ZF Friedrichshafen AG. This disclosure is made, without prejudice to the rights of the Company and only in order to comply with the applicable disclosure requirements to the Company, as a listed entity.

39 RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs vide notification dated 31st March, 2023 has amended following Indian Accounting Standards (Ind AS) ,effective from 1st April, 2023.

Ind AS 1, Presentation of financial statements

- Companies should now disclose material accounting policies rather than their significant accounting policies.
- Accounting policies information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statement.

Ins AS 8, Accounting policies, change in accounting estimates and errors

- Definition of ‘changes in account estimate’ has been replaced by revised definition of accounting estimate.
- As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.
- A company develops an accounting estimate to achieve the objective set out by an accounting policy.
- Accounting estimate includes:
 - A. Selection of measurement technique (estimate or valuation technique).
 - B. Selecting the inputs to be used when applying the chosen measurement technique.

Ins AS 12, Income taxes

- Narrowed the scope of the initial recognition exemption (IRE)(with regard to leases and decommissioning obligations).
 - Now IRE does not apply to transaction that give rise to equal and offsetting temporary differences.
 - Accordingly, companies will need to recognize a deferred tax assets and a deferred tax liability for temporary differences arising on transactions such an initial recognition of a lease and a decommissioning provision.]
- Company does not see any material impact in next financial year.

40 The Board of Directors have recommended a dividend at the rate Rs. 5 per share on equity shares of Rs.10 each for the financial year ended 31 March 2023, subject to the approval of shareholders in the Annual General Meeting of the Company.

41 Figures of the previous financial year have been regrouped, wherever necessary, to confirm to the current period's classification and Presented in Rupees Crore.

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune

April 29, 2023



CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To,

The Members of

ZF STEERING GEAR (INDIA) LIMITED, PUNE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **ZF Steering Gear (India) Limited** (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements.

Key Audit Matters –

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the

subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Revenue recognition- Rebates and Discounts</p> <p>The Company measures revenue net of any trade discounts and volume rebates. Material estimation by the Company is involved in recognition and measurement of rebates and discounts. This includes establishing an accrual at the yearend, particularly in arrangements with varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end.</p> <p>We identified the evaluation of accrual for rebates and discounts as a key audit matter.</p>	<p>Principal Audit Procedures</p> <ul style="list-style-type: none"> • We tested the effectiveness of controls over design, implementation and operating effectiveness of, key manual and application controls. They cover control over computation of discounts and rebates and rebate and discount accruals; • Inspecting on a sample basis, key customer contracts. Based on the terms and conditions relating to rebates and discounts, we evaluated the Company's revenue recognition policies with reference to the requirements of Indian Accounting Standard-115 (Revenue from contracts with customers); • Substantive testing performed by selecting samples of rebate and discount transactions recorded during the year and verifying the computation with the relevant source documents; • Understanding the process followed by the Company to determine the amount of accrual of rebates and discounts. Testing samples of rebate accruals and comparing to underlying documentation; • Critically assessing manual journal entries posted to revenue, on a sample basis, to identify unusual items; <p>Checking completeness and accuracy of the data used by the Company for accrual of rebates and discounts.</p>

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

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Report of the Directors, Boards Report including Annexure to Boards Reports, Business Responsibility Report, Corporate Governance and Shareholders information, the Overview of Financial Performance, and Report on Risk Management (collectively referred as "other information") but does not include the Consolidated and Standalone Financial Statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Responsibilities for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian accounting standards) Rules 2015, as amended from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with SAs, specified under section 143(10) of the Act, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Holding 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information/ consolidated financial statements of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the audit of consolidated financial statements of such entities included in the consolidated financial statements, of which we are independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 22.01 Crores and net liabilities of Rs. 0.92 Crores as at 31st March 2023, total revenues of Rs. 0.02 Crores and net cash inflows amounting to Rs. 0.05 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it

relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors. Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report to the extent applicable 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 of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid consolidated 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 of the Holding Company, and taken on record by the Board of Directors of the Holding Company, and reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies are disqualified as on March 31, 2023 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 Holding Company, and its subsidiary companies, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

Further, we report that, regarding the provisions of section 197, no managerial remuneration has been paid, hence reporting is not applicable to two subsidiary companies covered under the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

i. The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements. Refer Note 32(a) in Consolidated Financial Statements.

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

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

iv. a. The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of

such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Parent or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

iv. The Board of Directors of the Holding Company have proposed a final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

2. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

For Joshi Apte & Co.,
Chartered Accountants
(ICAI Firm registration number: 104370W)

Per Prakash Apte
Partner
Membership No.: 033212
UDIN: 23033212BGXWPO9158
Pune, April 29, 2023

ANNEXURE 1

List of Entities Included

Sr. No.	Name of Entity	Relationship
1	ZF Steering Gear (India) Ltd.	Holding Company
2	DriveSys Systems Pvt. Ltd.	Wholly Owned Subsidiary of ZF Steering Gear (India) Ltd.
3	NexSteer Systems Pvt. Ltd.	Wholly Owned Subsidiary of ZF Steering Gear (India) Ltd.

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 to the Members of ZF Steering Gear (India) Limited for the year ended March 31, 2023.

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 ZF Steering Gear (India) Limited (the “Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Holding Company for the year ended on that date.

Management’s Responsibility and Those Charged with Governance for Internal Financial Controls

The Board of Directors of the Holding Company are 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 (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under The Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding 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 ICAI 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 judgment, including the assessment of the risks of material misstatement of the consolidated statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide financial a basis for our audit opinion on the Holding 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 consolidated 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 consolidated 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 the 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 consolidated 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 Holding 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 March 31, 2023, based on the internal financial 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 ICAI.

**For Joshi Apte & Co.,
Chartered Accountants
(ICAI Firm registration number: 104370W)**

**Per Prakash Apte
Partner
Membership No.: 033212
UDIN: 23033212BGXWPO9158
Pune, April 29, 2023**

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(Rs. in Crore)

	Notes	As at March 31, 2023
ASSETS		
Non-current assets		
Property, Plant and Equipment	3[a]	130.57
Capital work in progress	3[c]	7.06
Investment Property	4[b]	1.08
Right of use asset	3[b]	25.56
Intangible assets	4[a]	0.81
Intangible assets under development	3[d]	0.16
Financial assets		
(i) Investments	5[a]	147.39
(ii) Loans	5[e]	14.01
(iii) Other non-current financial assets	5[g]	0.60
Other non-current assets	6	6.19
Income Tax Assets (Net)	7	4.43
Deferred tax Assets (Net)	8	1.52
Total non-current assets		339.38
Current assets		
Inventories	9	58.15
Financial assets		
(i) Trade receivables	5[b]	106.85
(ii) Cash and cash equivalents	5[c]	0.22
(iii) Bank Balances other than Cash and cash equivalents	5[d]	0.37
(iv) Loans	5[e]	0.05
(v) Others	5[f]	0.32
Other current assets	6	6.40
Total current assets		172.36
TOTAL ASSETS		511.74
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	10	9.07
Other equity	11	409.61
Total Equity		418.68
LIABILITIES		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	12[a]	2.10
(ii) Lease Liability	12[d]	4.16
Provisions	13	0.91
Other non current liabilities	14	1.99
Total non-current liabilities		9.16
Current liabilities		
Financial liabilities		
(i) Borrowings	12[b]	36.14
(ii) Trade payables		
A) Total outstanding dues of Micro and Small Enterprises	12[c]	2.96
B) Total outstanding dues of creditors other than Micro and Small Enterprises	12[c]	32.52
(iii) Lease Liability	12[d]	0.92
(iv) Others	12[e]	1.83
Other current liabilities	14	6.71
Provisions	13	2.82
Total current liabilities		83.90
Total liabilities		93.06
TOTAL EQUITY AND LIABILITIES		511.74

Significant Accounting Policies

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

2

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune
April 29, 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Crore)

	Note	For the year ended March 31, 2023
INCOME		
Revenue from operations	15	450.43
Other income	16	13.28
Total Income		463.71
EXPENSES		
Cost of raw material consumed	17	293.62
Change in Inventory of finished goods and work in progress	18	(0.53)
Employee benefits expense	19	55.92
Other expenses	20	45.50
Total Expenses		394.51
Profit before interest, tax, depreciation, amortisation expenses and exceptional items (EBITDA)		69.20
Finance costs	21	0.72
Depreciation and amortisation expense	22	32.18
Profit before exceptional items and tax		36.30
Exceptional items		-
Profit before tax		36.30
Tax Expense	23	
Current tax		6.22
Minimum Alternative Tax (MAT) credit entitlement		(6.22)
Deferred tax		11.76
Total tax expense		11.76
Profit for the year		24.54
Other comprehensive income		
(i) Items that will not be reclassified to profit or loss		
- Remeasurements of defined benefit obligations		(1.37)
- Income tax relating to the above items	23	0.40
Other comprehensive income for the year, net of tax		(0.97)
Total comprehensive income for the year		23.57
Earnings per equity share of Rs 10 each	24	
Basic and diluted earnings per share		27.05

Significant Accounting Policies

2

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

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta

Company Secretary

Place: Pune

April 29, 2023

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Crore)

	For the year ended March 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES:	
Profit/ (Loss) before exceptional items and tax	36.30
Adjustments for:	
Depreciation and amortisation expense	32.18
Interest paid	0.72
Fair value change in investment	(1.72)
(Profit)/ Loss on sale of PPE	0.59
(Profit)/ Loss on sale of investment	(3.03)
Interest Income	(0.44)
Exchange variation	(0.23)
Provision for reduction in value of inventory	0.00
Dividend received	(0.43)
Operating profit before working capital changes	63.94
Adjustments for changes in working capital:	
(Increase)/ Decrease in inventory	(0.63)
(Increase)/ Decrease in trade receivables and financial assets	(16.59)
(Increase)/ Decrease in other non-current and current assets	1.47
Increase/ (Decrease) in provisions and other liabilities	(0.54)
Increase/ (Decrease) in trade payables and financial liabilities	7.96
Cash generated from operations	55.61
Income tax paid - Net	(6.74)
Net cash generated from operating activities	48.87
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of property, plant and equipment	(39.66)
Sale proceed from property, plant and equipment	0.21
Interest received	0.45
Dividend received	0.43
Purchase of Investment	(29.52)
Sale proceed from Investment	5.50
Net cash used in investing activities	(62.59)
CASH FLOW FROM FINANCING ACTIVITIES:	
Proceeds from borrowings	63.89
Repayment of borrowings	(51.43)
Dividend paid (including dividend distribution tax)	-
Interest paid	(0.72)
Net cash used in financing activities	11.74
Net Increase/ (Decrease) in cash and cash equivalents	(1.98)
Cash and cash equivalents as at the beginning of the year	2.20
Cash and cash equivalents as at the end of the year	0.22
Cash and cash equivalents comprise of the following:	
Cash on hand	0.01
Balances with banks - Current accounts	0.21
Overdraft Facilities	-
	0.22

Significant Accounting Policies

2

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

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

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DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain

Satish Mehta Chief Financial Officer

Place: Pune

April 29, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Rs. in Crore)

A. Equity Share Capital

	Notes	Amount
As at April 1, 2022		9.07
Changes in equity share capital due to prior period errors		-
Restated balance as at April 1, 2022		9.07
Changes in equity share capital during the current year	10	-
As at March 31, 2023		9.07

B. Other Equity

Particulars	Attributable to owners Reserves and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at April 1, 2022	0.35	2.32	235.00	148.37	386.04
Profit for the year	-	-	-	24.54	24.54
Other comprehensive income for the year net of tax	-	-	-	(0.97)	(0.97)
Total comprehensive income for the year	-	-	-	23.57	23.57
Balance at March 31, 2023	0.35	2.32	235.00	171.94	409.61

Significant Accounting Policies

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

2

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune
April 29, 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1 Company overview

The consolidated financial statements comprise financial statements of ZF Steering Gear (India) Limited ('ZF India' or 'the Company' or 'the Holding Company') and its subsidiaries (collectively, 'the Group'). Z F Steering Gear (India) Limited is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on the Bombay Stock Exchange in India. The registered office of the Holding Company is situated at 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune- 412 216.

The Group is engaged in the business of production & assembling of steering systems for vehicles, buses and tractors.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Company's Board of Directors on April 29, 2023.

2 Significant accounting policies

2.1 Basis of preparation of Consolidated Financial Statements

(i) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements

(ii) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for following items:

- Certain financial assets and liabilities which are measured at fair value; and
- Defined benefit plans - plan assets measured at fair value

(iii) Basis of consolidation

The consolidated financial statements for the year ended March 31, 2023 comprise the financial statements of Z F Steering Gear (India) Limited and its subsidiaries (collectively referred to as "the Group").

Following subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of entity	Relationship	Country of Incorporation	% of Ownership Interest as on March 31, 2023
DriveSys Systems Private Limited	Subsidiary	India	100%
NexSteer Systems Private Limited	Subsidiary	India	100%

All the above subsidiaries are under the same management.

Control exists when the parent has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e., year ended on March 31.

Consolidation procedure:

- i. Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

- ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- iii. Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant & equipment are eliminated in full).

(iii) Use of estimates

In preparing these consolidated financial statements, the management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and accompanying disclosure of contingent liability. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2023 is included in the following notes:

Note 8 - Recognition of deferred tax assets: Availability of future taxable profit against which tax losses carried forward can be used;

Note 29 - Measurement of defined benefit obligations: Key actuarial assumptions;

Note 13 - Provision for warranty.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which estimates are revised and in future years'.

2.2 Current versus non-current classification

The Group presents assets and liabilities in its Balance Sheet based on current versus non-current classification

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Segment reporting

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies

Corporate assets and liabilities, income and expenses which relate to the Group as a whole and are not allocable to segments, have been included under unallocated items. Refer Note 28 for segment information presented.

2.4 Foreign currencies

(i) Functional and presentation currency

The consolidated financial statements are presented and accounted for in Indian Rupees (INR), which is the Group's functional and presentation currency. The Group determines its own functional currency (the currency of the primary economic environment in which the Group operates) and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

2.5 Revenue

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

Use of significant judgements in revenue recognition

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products/ services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the

expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

2.6 Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss in proportion to export sale.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.7 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

As a lessee:

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cashflows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Group as a lessor:

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue to allocate the consideration in the contract.

2.9 A Impairment of non financial assets

Property, plant and equipment (PPE) and Intangible assets (IA) that have an indefinite useful life are not subject to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 B Impairment of Investment

The carrying value of assets/ cash generating units at each Balance Sheet date are reviewed for impairment. If any such indication exists, the Group estimates their recoverable amount and impairment is recognised, if the carrying amount of these assets/ cash generating units exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. When there is indication that an impairment loss recognised for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit & Loss.

2.10 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

2.11 Trade receivables

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

2.12 Inventories

Inventories are valued at the lower of cost (Value of cost is computed on a weighted average basis) and estimated net realisable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Goods-in-transit are stated at actual cost

incurred upto the date of balance sheet. Scrap is valued at net realisable value.

2.13 Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

A. Financial Assets

The Group determines the classification of its financial assets at initial recognition. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(I) Classification

The financial assets are classified in the following measurement categories:

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

Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as fair value gains/ losses on financial assets in statement of profit or loss. Interests, dividends and gain/ loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

(II) Measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

Amortised Cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include trade and other receivables and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the consolidated Statement of Profit and Loss in other income.

(III) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the assets 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

B. Financial Liabilities

The Group determines the classification of its financial liabilities at initial recognition.

(I) Classification

The financial liabilities are classified in the following measurement categories:

- Those to be measured as financial liabilities at fair value through profit or loss,
- Those to be measured at amortised cost

(II) Measurement

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

The Group classifies all financial liabilities as subse-

quently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The EIR is the rate that exactly discounts estimated future cash outflow (including all fees and premium paid or received that form an integral part of the EIR, 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. This category generally applies to borrowings.

(III) Derecognition of financial liabilities

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

(IV) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in consolidated the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

2.14 Interest and Dividend income

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividend income

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

2.15 Property, plant and equipment (PPE)

Property, plant and equipment excluding land are measured at cost/ deemed cost, less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated attributable costs of dismantling and removing the item and restoring the site on which it is located.

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 Group 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 repair and maintenance costs are recognised in consolidated Statement of Profit and Loss as incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a written down value method (WDV) method and its life taken as per Schedule II to the Companies Act, 2013. Except in respect of :

a) Plant & machinery depreciated over the useful life of 1 to 15 years, wherein, the life of the said assets has been assessed based on internal technical evaluations, taking in to the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support, etc. Tangible assets residual value is kept at 5% of cost of the assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and recorded in consolidated statement of profit or loss.

2.16 Investment Property

Investment property is property (land or a building or part of a building or both) held either to earn rental income or for capital appreciation or for both, but neither for sale in the ordinary course of business nor used in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the Investment Property is recognised in consolidated Statement of Profit and Loss.

2.17 Intangible assets

(i) Recognition and measurement

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured. Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(ii) Amortisation methods and periods

The Group amortises intangible assets with a finite useful life using the following method and useful life:

Class of asset	Method	Life of the asset
SAP related Software	Straight Line Method	3 years
Other Computer Software	Written Down Method	6 years
Patent	Straight Line Method	15 years

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

2.19 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.20 Provisions, Contingent Liabilities and Capital Commitments

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

The expenses relating to a provision is presented in the consolidated Statement of Profit and Loss net of reimbursements, if any.

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

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

2.21 Employee Benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the consolidated statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

Defined Benefit Plans - Gratuity obligations

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in consolidated profit or loss as past service cost.

Defined contribution plan

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.23 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crore as per the requirement of Schedule III, unless otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

3. (a) Property, Plant and Equipment (PPE)

	Gross Block					Accumulated Depreciation					Net Block	
	Carrying amount as at 1 April 2022	Additions	Deletions / Disposals	Reclassification	Balance as at 31 March 2023	Balance as at 1 April 2022	Depreciation for the year	Accumulated depreciation on deletions/ disposals	Reclassification	Balance as at 31 March 2023	as at 31 March 2023	as at 31 March 2022
Property, Plant and Equipment (PPE)												
Land*	1.09	-	-	-	1.09	-	-	-	-	-	1.09	1.09
Buildings **	55.63	2.43	-	(2.72)	55.34	15.36	5.05	-	(1.64)	18.77	36.57	40.27
Plant & Equipment	197.91	10.86	(5.08)	-	203.69	123.80	18.84	(4.30)	-	138.34	65.35	74.11
Plant & Equipment (R & D)	1.17	-	-	-	1.17	0.98	-	-	-	0.98	0.19	0.19
Furnitures & Fixtures	2.84	1.09	-	-	3.93	1.66	0.46	-	-	2.12	1.81	1.18
Vehicles	8.39	2.11	(0.29)	-	10.21	5.10	1.13	(0.27)	-	5.96	4.25	3.29
Office Equipment	5.04	1.06	(0.04)	-	6.06	3.98	0.71	(0.04)	-	4.65	1.41	1.06
Electrical Installation	8.01	1.13	(0.02)	-	9.12	5.04	1.25	(0.02)	-	6.27	2.85	2.97
ETP/STP Plant	0.36	-	-	-	0.36	0.22	0.02	-	-	0.24	0.12	0.14
Wind Mills	15.13	0.19	-	-	15.31	3.81	1.35	-	-	5.16	10.16	11.32
Solar Power Plant	26.92	-	-	-	26.92	18.60	1.55	-	-	20.15	6.77	8.32
Total property, plant and equipment	322.49	18.87	(5.43)	(2.72)	333.21	178.55	30.36	(4.63)	(1.64)	202.64	130.57	143.93

*Title deeds of Immovable Property not held in the name of the Company

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Property, Plant & Equipment	Land at Koregaon Bhima, Taluka Shirur, District Pune, Maharashtra	0.04	Mr. Dinesh Munot	Promoter and Director	4th April 1995	These lands were agricultural lands at the time of acquisition. Due to the restrictions contained in Section 63 of the Bombay Tenancy & Agricultural Lands Act, 1948 a company cannot buy agricultural land in Maharashtra. Hence these lands were acquired in the name of Mr. Dinesh Munot on behalf of the company.
Property, Plant & Equipment	Land at Koregaon Bhima, Taluka Shirur, District Pune, Maharashtra	0.01	Mr. Dinesh Munot	Promoter and Director	25th May 1995	

** Note : Reclassification from the Gross Block and Accumulated Depreciation of Property, Plant & Equipment includes transfer to Investment Property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

3 [b] Right of Use Asset

	Category of Right of Use asset
	Leasehold land & Office Premises
Balance as at March 31, 2022	14.40
Additions	12.69
Amortisation	1.53
Balance as At March 31, 2023	25.56

3 [c] Capital-Work-in Progress (CWIP)

CWIP aging schedule as on 31st March 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	6.99	0.07	-	-	7.06
Projects temporarily suspended	-	-	-	-	-

3 [d] Intangible assets under development

Intangible assets under development aging schedule as on 31st March 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.14	-	-	0.02	0.16
Projects temporarily suspended	-	-	-	-	-

There was no overdue completion for any of the projects and there was no cost overrun for any project in FY 2022-23.

4 a) INTANGIBLE ASSETS

	Computer software	Technical know how	Patent	Total
<u>Year ended March 31, 2023</u>				
Gross Carrying Amount				
Carrying amount as at April 1, 2022	5.71	0.01	0.05	5.77
Additions	0.35	-	-	0.35
Disposals / adjustments	-	-	-	-
At March 31, 2023	6.06	0.01	0.05	6.12
Accumulated depreciation and impairment, if any				
As at April 1, 2022	4.96	-	0.01	4.97
Charge for the year	0.33	-	0.01	0.34
Disposals / adjustments	-	-	-	-
At March 31, 2023	5.29	-	0.02	5.31
Net Block At March 31, 2023	0.77	0.01	0.03	0.81

* Amount of depreciation pertaining to patent for period ended March 31, 2023 is Rs. 16,598.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

4 b) INVESTMENT PROPERTY

	31-Mar-23
Balance as at March 31, 2022	-
Additions	2.72
Deletions	-
Amortisation	1.64
Balance as At March 31, 2023	1.08

Market Value of rented property at ICC Tower, Pune is Rs. 8.20 Crores and market value of property at Eden Hall, Pune is Rs. 3.60 Crores.

Additions to Gross Block and Amortisation includes reclassification from Property, Plant & Equipment.

5 FINANCIAL ASSETS

[a] INVESTMENTS

	Notes	31-Mar-23
Non-Current		
Investment in equity shares (quoted, fully paid-up, at FVTPL)	See note (i)	24.61
Investments in redeemable Non-Convertible Bonds (quoted, fully paid-up, at amortised cost)	See note (ii)	4.40
Investments in Mutual Funds (quoted, at FVTPL)	See note (iii)	118.38
		147.39

	31-Mar-23
Aggregate amount of quoted investments and market value thereof	147.39

(i) Investment in equity shares (Quoted, fully paid-up, at FVTPL)

	31-Mar-23	
	Nos	Amount
ICICI Bank Limited (Face value of Rs. 2 each)	78,424	6.89
Tata Consultancy Services Limited (Face value of Re. 1 each) \$	24,432	7.83
KPIT Technologies Limited (Face value of Rs. 10 each)	60,000	5.55
Birlasoft Limited (Face value of Rs. 2 each)	38,011	0.99
Borosil Renewables Limited (Face value of Re. 1 each)	8,000	0.33
SBI Card & payment services Limited (Face value of Rs 10 each)	1,530	0.11
Infosys Limited (Face value of Rs. 5 each)	5,386	0.77
GAIL (India) limited (Face value of Rs. 10 each)	79,725	0.84
Mahindra & Mahindra Limited (Face value of Rs. 5 each)	8,000	0.93
Life Insurance Corporation of India (Face value of Rs. 10 each)	7,000	0.37
		24.61

\$ 5,000 Equity shares of TCS Ltd. having a market value of Rs 1.87 Crores are pledged in favour of Prabhudas Lilladher Pvt. Ltd. (A stock broker) as Margin.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(ii) Investments in redeemable Non-Convertible Bonds (Quoted, fully paid-up, at amortised cost)

	31-Mar-23	
	Nos	Amount
National Highway Authority of India (NHAI)	24,724	2.44
Power Finance Corporation Limited (PFC)	19,935	1.96
		4.40

(iii) Investments in Mutual Funds (Quoted, at FVTPL)

	31-Mar-23	
	Nos	Amount
HDFC Credit Risk Debt Fund - Direct - Growth #	49,63,912	10.71
Reliance Capital Limited Series B/ 437 - NCD	500	-
HDFC Banking and Financial Services Fund - Direct- Growth	48,20,646	5.45
Nippon India Money Market Fund - Direct - Growth	57,444	20.38
Invesco India Focused 20 Equity Fund - Direct - Growth	6,09,997	0.89
Invesco India Corporate bond Fund - Direct - Growth	24,770	7.04
IIFL Special opportunities fund	20,20,047	1.70
Kotak banking and PSU debt fund - Direct - Growth \$	42,00,467	23.89
HDFC Banking and PSU Debt Fund - Direct- Growth \$\$	1,19,34,999	23.90
Edelweiss Alternative Equity Fund	23,07,833	6.33
IRB Invit fund	1,00,000	0.67
ICICI Prudential Transportation and Logistics Fund-Direct-Growth	15,00,501	1.44
ICICI Prudential Commodities Fund Direct Growth	3,46,630	0.96
Tata Nifty G-SEC Dec 2029 Index Fund	49,17,388	5.00
Mirae Asset Nifty 8-13 Year G-SEC ETF	21,02,677	5.00
Kotak Nifty SDL Jul 2033 Index Fund	49,66,723	5.02
		118.38

Carrying amount of investment, pledged as security with bank (shown in bold)

Fair value measurements related to investments are disclosed in Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[b] TRADE RECEIVABLES

	31-Mar-23
Trade receivables	106.85
Total receivables	106.85
Current portion	106.85
Non-current portion	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Break-up of security details

	31-Mar-23
Trade receivables	
Unsecured, considered good	106.85
Sub-total	106.85
Less: Impairment allowance	-
Total	106.85

(i) The Group's exposure to credit risk, currency risk related to trade receivables are disclosed in Note 25.

Transferred receivables

The carrying amount of trade receivables includes receivables which are discounted with banks. The Group has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Group has retained the late payment and credit risk. Accordingly, the Group continues to recognise the transferred assets in entirety in its balance sheet. The amount repayable under the bill discounting arrangement is presented as borrowing.

The relevant carrying amounts are as follows:	31-Mar-23
Total transferred receivables	33.56

Ageing of Trade Receivables as on 31st March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	94.78	11.97	0.10	-	-	-	106.85
(i) Undisputed Trade Receivables – which have significant increase in credit risk		-	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired		-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good		-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk		-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired		-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[c] CASH AND CASH EQUIVALENTS

	31-Mar-23
Cash on hand*	0.01
Balances with banks - Current accounts	0.21
	0.22

* Cash balance as at March 31, 2023 is Rs. 51,059.

[d] BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

	31-Mar-23
Balances with banks in - on account of unpaid dividends	0.37
	0.37

[e] LOANS

	31-Mar-23
Non Current (Unsecured, considered good)	
Minimum Alternative Tax (MAT) credit	13.84
Loan to employees	0.17
	14.01
Current (Unsecured, considered good)	
Loan to employees	0.05
	0.05

[f] OTHERS

	31-Mar-23
Current	
Incentives under Government schemes/ Grant	0.15
Interest on Fixed Deposit/ others	0.17
	0.32

[g] OTHER NON-CURRENT FINANCIAL ASSETS

	31-Mar-23
Non Current (Unsecured, considered good)	
Security Deposits	0.60
	0.60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

6 OTHER ASSETS

	31-Mar-23
Non Current	
Capital Advances	6.19
Total	6.19
Current	
Balances with Government authorities	0.06
VAT receivable	0.38
Prepaid expenses	1.74
Advances to suppliers	4.22
Total	6.40

7 NON CURRENT TAX ASSETS

	31-Mar-23
Non Current	
Opening balance	3.90
Add: Taxes paid during the year (For Current year Rs. 6.74 Crores)	6.74
Less: Tax expenses pertaining to current year	(6.22)
Less: Tax expenses pertaining to earlier year	-
Closing balance	4.43

8 DEFERRED TAX ASSETS (Net)

	31-Mar-23
Deferred tax (liabilities)/ assets	
Property, plant and equipment	3.41
Provision for gratuity and leave encashment	1.29
Investments	(3.58)
Business Loss	0.40
Deferred tax (liabilities)/ assets net	1.52

(i) Movement in deferred tax (liabilities)/ assets

	31-Mar-22	Recognised in			31-Mar-23
		Profit or loss	OCI	Equity	
Property, plant and equipment	2.09	1.32	-	-	3.41
Provision for expenses to be claimed on payment basis	1.11	(0.22)	0.40	-	1.29
Investments	(2.93)	(0.65)	-	-	(3.58)
Business Loss	12.60	(12.20)	-	-	0.40
	12.87	(11.75)	0.40	-	1.52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

9 INVENTORIES

	31-Mar-23
(at lower of cost or net realisable value)	
Raw materials	12.43
Work - in - Progress	28.61
Finished Goods	17.11
less: Provision for reduction in value of inventory	-
Total	58.15
Included in inventories goods in transit/ at godown as follows:	
Raw materials	0.48
Finished goods	8.41
Total	8.89

10 SHARE CAPITAL

[a] Authorised share capital

	Equity shares of Rs. 10 each (PY Rs. 10 each)	
	No. of shares	Amount
As at 31-Mar-2022	1,00,00,000	10
Increase during the year	-	-
As at 31-Mar-2023	1,00,00,000	10

[b] Issued equity share capital, fully paid-up

	Equity shares of Rs. 10 each (PY Rs. 10 each)	
	No. of shares	Amount
As at 31-Mar-2022	90,73,300	9.07
Change during the year	-	-
As at 31-Mar-2023	90,73,300	9.07

(i) Terms/ rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee.

In the event of liquidation of the Company, the holders of each equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[c] Details of shareholders holding more than 5% of the aggregate shares in the Company :

(i) Equity shares of (face value: Rs.10 each)

	31-Mar-23	
	No. of shares	% of total equity shares
Mr. Utkarsh Munot	25,91,494	28.56
Mr. Dinesh Munot	18,89,445	20.82

[d] Disclosure of Shareholding of Promoters

Disclosure of Shareholding of Promoters as on 31st March 2023 is as follows

Shares held by Promoters		
Promoter Name	As on 31st March 2023	
	No. of shares	% of total shares
Mr. Utkarsh Munot	25,91,494	28.56
Mr. Dinesh Munot	18,89,445	20.82
Mrs. Nandini Munot	3,21,474	3.54
Munot Harishkumar Amolchand (Huf)	2,69,500	2.97
Mr. Jinendra Hirachand Munot	2,27,059	2.50
Mrs. Amita Jinendra Munot	1,50,215	1.66
Mrs. Pramila Amolchand Munot	1,46,753	1.62
Mrs. Trupti Sushen Gupta	1,23,496	1.36
Mr. Piyush Jinendra Munot	1,19,413	1.32
Mr. Yash Munot	1,16,427	1.28
Mrs. Pragati Dinesh Bothra	1,17,102	1.29
Munot Jinendrakumar Hirachand (Huf)	30,400	0.34
Mrs. Eitika Utkarsh Munot	2,712	0.03
Ms. Purna Bothra	1,886	0.02
Robert Bosch Automotive Steering GmbH*	-	0.00
	61,07,376	67.31

* During the year, Robert Bosch Automotive Steering GmbH (Robert Bosch) has sold its equity stake to Indian Promoters. However, Robert Bosch will be continue one of the promotor of the company.

11 OTHER EQUITY

	31-Mar-23
General Reserve	235.00
Securities Premium	2.32
Capital Reserve	0.35
Retained Earnings	171.94
	409.61

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(i) General Reserve

	31-Mar-23
Balance at the beginning of the year	235.00
Movement during the year	-
Balance at the end of the year	235.00

The General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss. As per Companies Act 2013, transfer of profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

(ii) Securities Premium

	31-Mar-23
Balance at the beginning of the year	2.32
Movement during the year	-
Balance at the end of the year	2.32

Security premium is used to record the premium on issue of share.

(iii) Capital Reserve

	31-Mar-23
Balance at the beginning of the year	0.35
Movement during the year	-
Balance at the end of the year	0.35

Capital reserve is created from special capital incentive received from SICOM and MEDA and this amount not required to be repaid. These reserves will be utilised in accordance with the provision of Companies Act 2013.

(iv) Retained Earnings

	31-Mar-23
Balance at the beginning of the year	148.37
Net profit for the year	24.54
Items of other comprehensive income recognised directly in retained earnings	
- Remeasurements of post-employment benefit obligation, net of tax	(0.97)
Balance at the end of the year	171.94

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/ (gain) on defined benefit plans, net of taxes that will not be reclassified to Profit and Loss. Retained earnings is a free reserve available to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

12 FINANCIAL LIABILITIES

12 [a] NON CURRENT BORROWINGS

	Security	31-Mar-23
Secured		
(I) From banks		
From Banks - Term Loan	Pledge of Mutual Fund units belonging to the ZF Steering Gear India Ltd and Drivesys Systems Pvt. Ltd	2.10
Current maturities of long-term debt		-
		2.10

Note : The Group has taken a Loan Kotak Mahindra Bank for Capital Expenditure at Repo Rate plus 2.20% . The Principal amount is repayable after March 2024 upto March 2028 in monthly installments and interest is accrued on monthly basis.

The Company's exposure to Liquidity risk, market risk and credit risk related to borrowings are discussed in Note 25.

12 [b] CURRENT BORROWINGS

	Security	31-Mar-23
Secured		
(I) From banks		
Bill discounting with banks	Secured against transferred trade receivables.	33.56
Current maturities of long-term debt		-
Cash Credit	First charge on Stock and book debts (except overdraft)	2.58
		36.14

The Company's exposure to Liquidity risk, market risk and credit risk related to borrowings are discussed in Note 25.

12 [c] TRADE PAYABLES

	31-Mar-23
Current	
Total outstanding dues of Micro and Small Enterprises (Refer note -31)	2.96
Total outstanding dues of creditors other than Micro and Small Enterprises	32.52
	35.48

(i) Details of trade payables to related parties are disclosed as part of note 37 - Related party disclosures.

(ii) The Company's exposure to Liquidity risk, currency risk related to trade Payables are discussed in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

Ageing of Trade Payables as on 31st March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Payable	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)MSME	-	2.92	0.04	0.00	-	-	2.96
(ii)Others	5.80	10.48	16.23	0.01	-	-	32.52
(iii) Disputed dues – MSME							
(iv) Disputed dues - Others							
TOTAL	5.80	13.40	16.27	0.01	-	-	35.48

12[d] LEASE LIABILITY

	31-Mar-23
Non-current	
lease liability	4.16
	4.16
Current	
lease liability	0.92
	0.92

The following is the movement in lease liability during the year ended March 31, 2023:-

	Amount
Balance as of April 1, 2022	5.93
Addition	-
Finance cost accrued during the period	0.47
Payment of Lease Liability	(1.32)
Balance as on March 31, 2023	5.08

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2023 on an undiscounted basis:

	31-Mar-23
Less than 1 year	1.32
one to five year	4.05
More than 5 year	1.53
Total	6.90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

12[e] OTHERS

	31-Mar-23
Current	
Payable for capital goods	1.46
Unpaid dividends	0.37
Others	-
	1.83

13 PROVISIONS

	31-Mar-23
Non-current	
Provision for leave encashment	0.91
	0.91
Current	
Provision for gratuity (see note 29)	0.45
Provision for leave encashment	1.38
Warranty provision [See note (i) below]	0.99
	2.82

Note (i) - Warranty provision

The Company generally offers a warranty for a period of 3 years or 3,00,000 km whichever is earlier for its products. Warranty costs are determined as a percentage of sales based on the past trends of the costs required to be incurred for repairs, replacements, material costs and servicing cost. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past information may differ from future claims. As the time value of money is not considered to be material, warranty provisions are not discounted.

Movement in warranty provision

	For the year ended
	31-Mar-23
Carrying amount in the beginning of the year	1.00
Additional provision made	1.49
Amount used	(1.50)
unused amount reversed	-
Carrying amount at the end of the year	0.99

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

14 OTHER LIABILITIES

	31-Mar-23
Non Current	
Deferred Income	0.01
Security Deposit	0.47
Export Promotion Capital Goods (EPCG)	1.51
	1.99
Current	
Advance from customers	1.25
Deferred revenue	0.70
Statutory liabilities	3.71
Others	1.05
	6.71

EPCG Liability refers Government incentives of Rs. 1.51 Crores as at March 31, 2023. This grants relating to property, plant and equipment related to duty saved on import of capital goods and spares under the Exports Promotion Capital Goods (EPCG) scheme. Under such scheme, the Company is committed to export six times of duty saved on import of Capital Goods over a period of six years. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

15 REVENUE FROM OPERATIONS

	For the year ended
	31-Mar-23
Revenue from sale of products	
-Sale of Products	436.13
	436.13
Revenue from rendering services	
- Domestic services	1.04
	1.04
Other operating income	
- Solar power income	8.90
- Windmill income	1.46
- Sale of scrap	2.90
	13.26
	450.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

16 OTHER INCOME

	For the year ended
	31-Mar-23
Dividend income	0.43
Interest income	0.44
Realised gains on Financial assets Investment measured at FVTPL	3.03
Unrealised gain/ (loss) on Financial assets Investment measured at FVTPL	1.72
Profit on sale/ discard of assets	-
Foreign exchange gain	0.23
Government grants*	6.24
Export incentive	0.39
Other non operating income	0.29
Rental Income	0.51
	13.28

* Government Grants include incentive of Rs 1.47 Crores for the year ended March 31, 2023 towards Exports Promotion Capital Goods (EPCG) scheme and Rs. 4.77 Crores subsidy received from Madhya Pradesh State Government.

17 COST OF RAW MATERIAL CONSUMED

	For the year ended
	31-Mar-23
Raw material consumed	289.13
Packing material consumed	1.96
Fabrication and processing charges	2.53
	293.62

18 CHANGE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

	For the year ended
	31-Mar-23
Opening stock	
Work in progress	25.14
Finish goods (Includes Goods in transit/ at godown)	20.05
	45.19
Less: Closing stock	
Work in progress	28.61
Finish goods (Includes Goods in transit/ at godown)	17.11
	45.72
	(0.53)

19 EMPLOYEE BENEFITS EXPENSE

	For the year ended
	31-Mar-23
Salaries, wages, bonus etc.	28.43
Contribution to provident and other funds	0.45
Staff welfare expenses	4.19
Contract Labour Expenses	22.85
	55.92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

20 OTHER EXPENSES

	For the year ended
	31-Mar-23
Power and fuel (Net of credit of windmill and solar income of Rs. 4.97 Crore)	14.69
Repairs and maintenance	
-Buildings	2.74
-Machinery	3.71
-Others	1.19
Rent	0.10
Insurance	0.73
Rates and taxes	0.45
Selling and distribution expenses	8.78
Solar energy generation expenses	1.05
Windmill energy generation expenses	1.23
Loss on sale/ discard of assets	0.59
Audit fees	0.14
Other miscellaneous expenses	10.10
	45.50

A. AUDITORS' REMUNERATION

	31-Mar-23
Audit fees	0.10
Limited review	0.02
Tax audit fees	0.01
	0.13

The amounts presented are net of GST/ other applicable taxes.

B. Expenditure incurred on corporate social responsibility activities

The Expenditure incurred for complying with provisions for the CSR expenditure required under section 135 of Companies Act, 2013 has been done through contribution to one NGO (Non Government Organisation) and for skill development of apprentices.

	31-Mar-23
Gross amount required to be spent by the Company during the year	-
Amount spent during the year on :	
Construction/Acquisition of any asset	-
On purpose other than above	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

21 FINANCE COSTS

	For the year ended
	31-Mar-23
Interest expenses	0.62
Other borrowing cost	0.10
	0.72

22 DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended
	31-Mar-23
Depreciation on property, plant and equipment	30.35
Amortisation of intangible assets	0.35
Amortisation of right of use assets	1.48
	32.18

23 INCOME TAX

[a] Income tax expense is as follows:

	For the year ended
	31-Mar-23
Statement of profit and loss	
Current tax:	
Current tax on profits for the year	6.22
Taxation of earlier years	-
Total current tax expense	6.22
Minimum Alternative Tax (MAT) credit entitlement :	
MAT credit entitlement	(6.22)
Total MAT credit entitlement	(6.22)
Deferred tax:	
Deferred tax expense/ (income)	11.76
Total deferred tax expense/ (benefit)	11.76
Income tax expense	11.76
Other comprehensive income	
Deferred tax related to OCI items:	
- On loss/ (gain) on remeasurements of defined benefit plans	0.40
	0.40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[b] Reconciliation of tax expense and the accounting profit computed by applying the Income tax rate:

	For the year ended
	31-Mar-23
Profit before exceptional items and tax	36.30
Tax at the Indian tax rate of 29.12% but consider MAT 17.472%	6.50
Effect of non deductible expenses	(0.28)
Effect of exempt/ other income/ deduction	-
Brought forward losses set off against current year profits	11.76
Minimum Alternative Tax (MAT) credit entitlement	(6.22)
Taxation of earlier years	-
Income tax expense	11.76

24 EARNINGS PER SHARE

	For the year ended
	31-Mar-23
Basic and diluted earnings per share (face value of Rs. 10 each)	
- Profit attributable to the equity share holders of the Company	24.54
- Weighted average number of shares	90,73,300
Basic and diluted earnings per share in INR	27.05

25 FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to a variety of financial risks, viz liquidity risk, market risk and credit risk. The Management of the Company has the overall responsibility for establishing and governing the Company's risk policy framework. The risk management policies are formulated after the identification and analysis of the risks and suitable risk limits and controls are set which are monitored & reviewed periodically. The changes in the market conditions and allied areas are accordingly reflected in the changes of the policy. The key risks and mitigating actions are placed before the Audit Committee of the Company who then evaluates and takes the necessary corrective action. The sources of risk, which the Company is exposed to and how the Company manages these risks with their impact on the Financial Statements is given below:

Risk	Exposure from	Measurement	Management
Credit risk	Trade receivables, Cash and cash equivalents	Aging analysis, Credit ratings	Credit limits
Liquidity risk	Borrowings, Trade payables and other liabilities	Cash flow budgeted Vs actuals	Availability of committed credit lines and borrowing facilities
Market risk - Foreign Currency	Foreign currency receivables and payables; Forecasted foreign currency transactions	Cash flow forecasting and Sensitivity analysis	Insignificant foreign currency exposure
Market risk - Interest rate	Long-term borrowings at variable interest rates	Sensitivity analysis	The Company has an insignificant finance cost. Moreover the Company keeps looking for low interest rate opinion from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[A] Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables). However, the credit risk on account of financing activities, i.e., balances with banks is very low, since the Company holds all the balances with approved bankers only.

Trade receivables

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the customers outstanding balances to which the Company grants credit terms in the normal course of business. Concentration of credit risk with respect to trade receivables are limited, as the Company's customer are reputed and having good credit credentials as well as that they are long standing customers. All trade receivables are reviewed and assessed for default on a fortnightly basis.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

	31-Mar-23
Not past due	94.78
Past due but not impaired	
- Past due 0 to 180 days	11.97
- Past due more than 180 days	0.10
	106.85

[B] Liquidity risk

Liquidity risk is the risk the Company faces in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, Management considers both normal and stressed conditions.

Maturities of financial liabilities

The below table analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount	Upto 1 year	Between 2 and 5 years	More than 5 years	Total
31-Mar-23					
Non-derivatives					
Borrowings	38.24	38.24	-	-	38.24
Lease Liability	5.08	0.92	3.38	0.78	5.08
Trade payables	35.48	35.47	0.01	-	35.48
Capital creditors	1.46	1.46	-	-	1.46
Other financial liabilities	0.37	0.37	-	-	0.37
Total	80.63	76.46	3.39	0.78	80.63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(i) Financing arrangements:

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

	31-Mar-23
Variable rate	
Cash credit and overdraft facilities	36.64
	36.64

[C] Market risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Currency risk; and
- Interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments.

(i) Foreign currency risk

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material. The risk exposure is with respect to various currencies viz. USD, EURO and YEN. The risk is measured through monitoring the net exposure to various foreign currencies and the same is minimized to the extent possible.

(a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	USD	EUR	YEN	Total
31-Mar-23				
Financial assets				
Trade receivables	3.11	-	-	3.11
Net exposure to foreign currency risk (assets)	3.11	-	-	3.11
Financial liabilities				
Trade payables	0.01	1.06	-	1.07
Net exposure to foreign currency risk (liabilities)	0.01	1.06	-	1.07

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(b) Foreign currency sensitivity analysis

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and YEN exchange rates, with all other variables held constant:

	Impact on profit after tax
	31-Mar-23
USD	
- Increase by 10%	0.22
- Decrease by 10%	(0.22)
EUR	
- Increase by 10%	(0.08)
- Decrease by 10%	0.08
YEN	
- Increase by 10%	-
- Decrease by 10%	-

ii) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/ borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Interest rate risk exposure

the exposure of the Company to change in interest rate at end of the reporting periods are as follows:

	31-Mar-23	
	Amount	% of total borrowings
Variable rate borrowings, average borrowing rate 8.70%	2.58	100.00%

Sensitivity

Profit and loss is sensitive to higher/Lower interest expenses from borrowing as a result of change in interest rate.

	Impact on profit after tax
	31-Mar-23
Interest rate increase by 100 basis points	(0.02)
Interest rate decrease by 100 basis points	0.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

26 FAIR VALUE MEASUREMENTS

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

(A) Financial instruments by category

	Mar-23					
	Carrying amount			Fair value		
	FVTPL	Amortised Cost	FVT OCI	Level 1	Level 2	Level 3
[i] Financial assets						
Non Current						
Investment						
Investment in equity quoted	24.61	-	-	24.61	-	-
Investment in mutual fund	118.38	-	-	118.38	-	-
Investment in bond	-	4.40	-	-	-	-
Loans						
Security deposit	-	0.60	-	-	-	-
MAT Credit	-	13.84	-	-	-	-
Other financial assets	-	0.17	-	-	-	-
Current						
Trade receivables	-	106.85	-	-	-	-
Cash and cash equivalents	-	0.22	-	-	-	-
Other bank balances	-	0.37	-	-	-	-
Other financial assets	-	0.37	-	-	-	-
	142.99	126.82	-	142.99	-	-
[ii] Financial liabilities						
Non Current						
Borrowings	-	2.10	-	-	-	-
Lease Liability	-	4.16	-	-	-	-
Current						
Short term borrowings	-	36.14	-	-	-	-
Trade payables	-	35.48	-	-	-	-
Lease Liability	-	0.92	-	-	-	-
Capital creditor	-	1.46	-	-	-	-
Other financial liabilities	-	0.37	-	-	-	-
	-	80.63	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(B) FAIR VALUE HIERARCHY

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company has made certain judgements and estimates in determining the fair values of the financial instruments that are

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company as classified the financial instruments into three levels prescribed under the accounting standard. An explanation of each level is as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: Level 2 hierarchy includes financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

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

(C) VALUATION TECHNIQUES

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices for mutual funds
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis or such other acceptable valuation methodology, wherever applicable

There are no items in the financial instruments, which required level 3 valuation.

27 CAPITAL MANAGEMENT

The Company policy is to have robust financial base so as to maintain outsider's confidence and to sustain future development of the business. Management monitors the return on capital, as well as level of dividends to equity shareholders. The Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liability, comprising interest-bearing loans and borrowing and obligations under financial lease, less cash and cash equivalents. Adjusted equity includes the share capital, reserve and surplus.

The Capital Gearing Ratio for 31 March, 2023 is as follows

	31-Mar-23
Net Debt	38.02
Total Equity	418.68
Net Debt to equity ratio	0.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

28 SEGMENT INFORMATION

[A] Description of segment and principal activities

The Company's Operating Segments are established on the basis of those components of the Company that are evaluated regularly by the CODM (the 'Chief Operating Decision Maker' as defined in Ind AS 108- 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and internal business reporting systems.

The Company has two reportable segments :

- A) Auto component :- This is related to auto component manufacturing.
- B) Renewable energy:-This is related to electricity generation through solar and windmill.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with one additional policies for segment reporting. That Segment Assets and segment liability represent assets and liabilities in respective segments. Tax related assets/ liabilities and other assets/ liability that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".

[B] Information about reportable segments

	31-Mar-23			
	Auto component	Renewable energy	Unallocable	Total
Segment revenue:				
External revenue*	447.23	15.41	6.13	468.77
Less: inter segment revenue	-	(5.06)	-	(5.06)
Total segment revenue	447.23	10.35	6.13	463.71
segment profit before tax	20.48	9.75	6.07	36.30
Segment results	20.48	9.75	(5.69)	24.54
Segment results includes :				
Interest expenses	0.72	-	-	0.72
Interest income	-	-	0.44	0.44
Depreciation	28.91	3.27	-	32.18
Tax expenses	-	-	11.76	11.76
Segment assets	319.84	24.72	167.18	511.74
Segment assets includes:				
Capital expenditure incurred during the year	19.03	0.19	-	19.22
Segment liabilities	92.88	0.18	-	93.06

* External Revenue - Auto Components - Rs. 447.23 Crores includes Revenue from sale of products - Rs. 436.13 Crores; Revenue from rendering services - Rs. 1.04 Crores; Revenue from Sale Of Scrap - Rs. 2.90 Crores; Government Grants - Rs. 6.24 Crores; Export Incentive - Rs. 0.39 Crores; Other Non-Operating Income - Rs. 0.29 Crores and Foreign Exchange Gain - Rs. 0.23 Crores.

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the related asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

[C] Information about geographical areas

Revenue from external customers

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table.

	31-Mar-23
India	449.92
Overseas	13.79
Total	463.71

Non-current assets other than financial instruments, deferred tax assets

	31-Mar-23
India	175.86
Total	175.86

[D] Major customers

Revenue of approximately Rs. 293.83 Crore are derived from three major external customers of the Company. This revenue is attributed to auto component manufacturing segment.

29 EMPLOYEE BENEFIT OBLIGATIONS

29(a) Defined Contribution plans

Provident Fund: Contribution towards provident fund for 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. Amount recognised as expenses in the profit and loss statement in respect of defined contribution plan is Rs. 0.78 Crore.

29(b) Defined Benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. 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's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The fair value of the plan assets of the trust administered by the Company, is deducted from the gross obligation, and Assumptions used in valuation are discount rate, escalation, mortality rate, etc.

(i) Movement of defined benefit obligation and plan assets

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

	Present value of obligation	Fair value of plan assets	Net Amount
As at 31-Mar-2022	12.90	12.99	(0.09)
Current service cost	0.32	-	0.32
Interest expenses/ income	0.90	0.95	(0.05)
Total amount recognised in profit and loss	1.22	0.95	0.27
Remeasurements			
Gain/ loss from change in demographic assumption	0.10	0.10	-
Gain/ loss from change in financial assumption	0.64	(0.07)	0.71
Experience Gain/ loss	0.68	0.01	0.67
Total amount recognised in other comprehensive income	1.42	0.04	1.38
Employer contributions	-	1.12	(1.12)
Benefit payments	(0.19)	(0.19)	-
Mortality charges and taxes	-	(0.01)	0.01
As at 31-Mar-2023	15.35	14.90	0.45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

(ii) Net assets/ liabilities

An analysis of net (deficit)/ assets is provided below for the Company's principal defined benefit gratuity scheme.

	31-Mar-23
Present value of funded obligations	15.35
Fair value of plan assets	14.90
Net deficit for funded schemes	(0.45)

(iii) Analysis of plan assets is as follows:

	31-Mar-23
Insurer managed funds (%)	100%
Others (%)	0%
Total	100%

(iv) Actuarial assumptions and sensitivity analysis

	31-Mar-23
Mortality table	IALM(2012-14) ult
Discount rate	7.30%
Rate of increase in compensation levels	
For First year	10.00%
Thereafter	10.00%
Expected rate of return on plan assets	7.00%
"Expected average remaining working lives of employees (in years)"	5.81
Withdrawal Rate	15.00%

Notes:

- Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations.
- Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

Sensitivity of the defined benefit obligation to changes in weighted principal assumptions is

	Impact on present benefit obligation
	31-Mar-23
Discount rate - Increase by 1%	(0.24)
Discount rate - Decrease by 1%	0.26
Salary increment rate - Increase by 1%	0.21
Salary increment rate - Decrease by 1%	(0.19)
Withdrawal rate - Increase by 1%	0.03
Withdrawal rate - Decrease by 1%	(0.03)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice it is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to previous period.

(v) Expected future benefits payments

The Company monitors the funding levels on annual basis and accordingly decides upon the contribution to the fund. Expected contributions to post-employment benefit plans for the year ending 31 March 2023 are Rs. Nil . The expected maturity analysis of undiscounted post employment benefit is as follows:

	Less than a year	1 to 2 years	2-5 Years	More than 5 years
As at 31-Mar-2023				
Defined benefit obligation - Gratuity	11.39	0.64	2.42	3.34

30 LEASES

The details of the right-of-use asset held by the Group are as follows:

	As on April 1, 2022	Additions for FY 2022-23	Amortisation charge for FY 2022-23	As at March 31, 2023
Leasehold land & Office Premises	14.40	12.69	1.53	25.56
Total	14.40	12.69	1.53	25.56

Interest expense on lease liabilities is Rs. 0.47 Crore for year ended March 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

31 MICRO, SMALL AND MEDIUM ENTERPRISES

i)

	31-Mar-23
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period -	
- Principal amount outstanding	2.96
- Interest thereon	
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period -	
- Interest paid in terms of Section 16	-
- Interest payable on delayed principal payments	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 -	
- Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms and not as payable under the Act	-
- Normal Interest payable during the year, for the period of delay in making payment, as per the agreed terms and not as payable under the Act.	-
The amount of interest accrued and remaining unpaid at the end of each accounting period -	
- Total interest accrued during the period	-
- Total Interest remaining unpaid out of the above as at the balance sheet date	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	
- Outstanding interest at the end of previous year	-
- Outstanding interest at the end of current year	-

ii) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSMED.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

32 a) CONTINGENT LIABILITIES

	31-Mar-23
Income Tax matters in dispute in respect of penalty matters pending before CIT (Appeal), Pune	3.26
Income Tax demand for A.Y. 2003-04 adjusted by Assessing Officer against refund order for A.Y. 2015-16. Appeal for the AY 2003-04 is already pending before CIT(Appeal), Pune.	0.11
Income Tax matters in dispute in respect of Assessment dues (A.Y.2014-15) before ITAT, Pune & CIT (Appeal) Delhi	0.88
Income Tax matters in dispute in respect of Assessment dues (A.Y.2015-16) before CIT (Appeal), Delhi	1.81
Income Tax matters in dispute in respect of Assessment dues (A.Y.2016-17) before CIT (Appeal), Delhi	4.40
Income Tax matters in dispute in respect of Assessment dues (A.Y.2017-18) before CIT (Appeal), Delhi	1.12
Income Tax matters in dispute in respect of Assessment dues (A.Y.2018-19) before CIT (Appeal), Delhi	0.80
Income Tax matters in dispute in respect of Assessment dues (A.Y.2019-20) before CIT (Appeal), Delhi	2.88
Bank Guarantees issued by the Company	1.82
TDS Matter pertaining to F.Y. 2012-13 pending with CIT(A) Pune	0.03
Sales tax liability under dispute before Joint Commissioner of Sales Tax for F.Y. 2016-17	0.34
Sales tax liability under dispute before Joint Commissioner of Sales Tax for F.Y. 2017-18	0.12
Central Excise Liability under dispute before CESTAT Mumbai	0.11

b) Search note

As informed earlier, the assessment proceeding u/s 153A read with Section 143(3) of the Income Tax Act, 1961 have been completed vide orders passed on September 29, 2021 for the 7 assessment years. The Company has filed necessary rectification applications, stay applications with the tax department for all the assessment years. Further, the Company has also filed appeals in all 7 assessment years before the Commissioner Appeal to challenge the assessment orders and alleged additions made by the tax department. The rectification, stay applications and appeals filed are pending before the tax department and/or appeal authority, as the case may be, for the adjudication, except for 2 assessment years, where the Company has paid 20% of tax demand under protest, basis of rectification orders passed. The Company has been advised that based on legal position, the additions may not be sustainable, being made without considering the factual aspects and applicable provisions of the law.

- c) As reported earlier, certain employees, who were employed in supervisory category, remained absent from work during the Financial Year 2018-19 and also submitted the alleged charter of demand. The Company, after taking precautionary steps and in exercise of its rights as the employer, terminated services of 236 such employees and also denied their claim of salary / remuneration for the period of absence, before termination of their services. Out of the legal proceedings initiated against the Company in respect of these matters by these ex-employees; the proceedings related to 100 ex-employees are still pending before the Judicial Forum. The Company has been advised that, these individuals or any other person have no valid claims, in respect of any of their demands including but not limited to the demand related to salary/remuneration for unauthorized absenteeism during the course of their employment with the Company. This disclosure is being made as a matter of caution and without prejudice to the legal position of the Company before any Judicial Forum or Statutory Authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

- d) The last Wage Settlement dated 01.03.2015, with the workmen of the Company, employed at the Vadu Budruk factory, expired on 31.08.2018. Thereafter, based on the Charter of Demands submitted by ZF Steering Gear Kamgar Sangathana, dated 18.03.2018, the conciliation proceedings were initiated before the Assistant Labour Commissioner (Labour Office, Pune), the Conciliation Officer. The said Officer submitted the Failure Report to the Government and the matter is referred to the Hon'ble Member, Industrial Tribunal, Pune, which Reference is pending consideration of the Hon'ble Member, Industrial Tribunal, Pune. Considering the pendency of the said Reference and though strictly not required, the Company, as a matter of caution, submitted the Approval Applications, in respect of dismissal of 74 workmen of the Company, working at the Vadu Budruk factory, to whom punishment for misconduct was awarded, after conducting enquiries. The said Applications of the Company are also pending consideration of the Hon'ble Member, Industrial Tribunal, Pune.

- 33 Additional information of net assets and share in profit or loss contributed by various entities as recognised under Schedule III of the Companies Act, 2013

Name of the Company	Share in Net Assets		Share in Profit / (loss)		Share in OCI		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount
Parent Company								
ZF Steering Gear (India) Limited	98.20	419.58	101.56	25.44	100.00	(0.97)	101.62	24.47
Subsidiary Company								
DriveSys Systems Private Limited	1.84	7.88	(0.48)	(0.12)		-	(0.50)	(0.12)
NexSteer Systems Private Limited	(0.04)	(0.19)	(1.08)	(0.27)		-	(1.12)	(0.27)
SUBTOTAL	100.00	427.27	100.00	25.05	100.00	(0.97)	100.00	24.08
Consolidation Adjustment		8.59		0.51		-		0.51
TOTAL		418.68		24.54		(0.97)		23.57

34 COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 69.32 Crore.
- b) Total export obligation under the EPCG Scheme was Rs. 37.02 crores and obligation payable as on March 31, 2023 is Rs. 9.06 Crores.

- 35 There are no transactions and / or disputed balance outstanding with companies struck off under section 248 of the Companies Act, 2013.

- 36 The company does not have any charges or satisfaction of charges which is yet to be registered with ROC beyond statutory period except for one charge satisfaction of which is under process by ROC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

37 RELATED PARTY DISCLOSURES

A Names of related parties and related party relationship where control exists:

No.	Nature of relationship	Name of related party
1	Key managerial personnel	Mr. Dinesh Munot - Chairman
		Mr. Utkarsh Munot - Managing Director
		Mr. Jinendra Jain - Chief Financial Officer
		Mr. Satish Mehta - Company Secretary
2	Non-executive directors	Mr. Manish Motwani
		Mr. Shridhar S. Kalmadi
		Mr. S. A. Gundecha
		Mrs. Smita Lahoti
		Mr. Sandeep Nelamangala (Resigned on 05th April 2023)
		Mr. Adit Rathi
3	Enterprises in which directors / shareholders have significant influence	Varsha Forging Pvt. Ltd.
		Emtech Solutions Pvt Ltd.

B Key managerial personnel compensation

	31-Mar-23
a. Short term employee benefits (Salary paid during the year)	10.27
b. Post-employment benefits (cumulative)	7.90
c. Long term employee benefits (cumulative)	0.60
	18.77

C Transaction with related parties

	For the year ended
	31-Mar-23
Purchase of raw material & components	
Domestic supplier of raw material & components	
Varsha Forging Pvt Ltd	16.25
Lease Rental Payment	
Emtech Solutions Pvt Ltd.	1.21
Sitting fees to Non Executive & Independent directors	0.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

D Outstanding balances

	31-Mar-23
Trade payables	
Domestic supplier of raw material & components	4.16

38 ADDITIONAL REGULATORY INFORMATION

RATIO ANALYSIS

Ratio	Numerator	Denominator	Current year
Current ratio (in times)	Total current assets	Total current liabilities	2.05
Debt-Equity ratio (in times)	Debt consists of borrowings and lease liabilities.	Total equity	0.10
Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments + Short Term Borrowings	1.50
Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	6.03%
Inventory turnover ratio (in times)	Sales	Average Inventory	7.54
Trade receivables turnover ratio (in times)	Revenue from operations	Average Trade Receivables	4.57
Trade payables turnover ratio (in times)	(Cost of raw material consumed + Other expenses)	Average Trade Payables	10.71
Net capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	5.09
Net profit ratio (in %)	Net profit ratio (in %)	Revenue from operations	5.4%
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Total Debt + Deferred tax liabilities - Deferred Tax Assets	8.04%
Return on investment (in %)	Income generated from invested funds	Average invested funds in treasury investments	4.23%

39 As reported earlier, the Company has received a communication dated 19 October 2022, from ZF Friedrichshafen AG, regarding alleged infringement and passing off, of the trademark/mark "ZF" and/or "ZF India" and amongst other alleged demands, ZF Friedrichshafen AG, has claimed a sum of Rs. 100 crores in damages from the Company. The Company continues to be of the opinion that, it has not committed any act of infringement and/or passing off, in any manner whatsoever. The Company vide communication dated 12 April 2023, has sent a detailed reply to ZF Friedrichshafen AG. The allegations of ZF Friedrichshafen AG and/or ZF India Private Limited are neither accepted nor acceptable to the Company. The Company has also sent a letter to certain affiliates of ZF Friedrichshafen AG, to cease and desist the use of the name "ZF" and/or "ZF India", in relation to certain products, as per the terms of the No-Objection Letter dated 28 July 2006, issued by the Company to ZF Friedrichshafen AG. This disclosure is made, without prejudice to the rights of the Company and only in order to comply with the applicable disclosure requirements to the Company, as a listed entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd...)

(Rs. in Crore)

40 RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs vide notification dated 31st March,2023 has amended following Indian Accounting Standards (Ind AS) ,effective from 1st April,2023.

Ind AS 1, Presentation of financial statements

- Companies should now disclose material accounting policies rather than their significant accounting policies.
- Accounting policies information, together with other information, is material when it can reasonably be expected to influences decisions of primary users of general purpose financial statement.

Ins AS 8, Accounting policies, change in accounting estimates and errors

- Definition of 'changes in account estimate' has been replaced by revised definition of accounting estimate.
- As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.
- A company develops an accounting estimate to achieve the objective set out by an accounting policy.
- Accounting estimate includes:

Ins AS 12, Income taxes

- Narrowed the scope of the initial recognition exemption (IRE)(with regard to leases and decommissioning obligations).
- Now IRE does not apply to transaction that give rise to equal and offsetting temporary differences.
- Accordingly, companies will need to recognize a deferred tax assets and a deferred tax liability for temporary differences arising on transactions such an initial recognition of a lease and a decommissioning provision.

Group does not see any material impact in next financial year.

41 The Board of Directors have recommended a dividend at the rate Rs. 5 per share on equity shares of Rs.10 each for the financial year ended 31 March 2023, subject to the approval of shareholders in the Annual General Meeting of the Company.

42 This is the first year of Consolidation. Hence comparative figures are not applicable.

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune

April 29, 2023

AOC 1 - Statement containing salient features of the Financial Statements of subsidiaries of the Company

Sl. No.	1	2	3
1	Name Of The Subsidiary	DRIVESYS SYSTEMS PVT LTD	NEXSTEER SYSTEMS PVT.LTD
2	Reporting period for the subsidiary concerned if different from the holding companys reporting period.	Not Applicable	Not Applicable
3	Reporting currency and exchange rate as on the last date of the relevance financial year in the case of foreign subsidiaries.	INR	INR
4	Share capital	8.00	0.08
5	Reserves and Surplus	-0.12	-0.27
6	Total Asssets	14.74	7.78
7	Total liabilities	6.86	7.97
8	Investments	0.01	0.00
9	Turnover (Note 3)	0.03	0.00
10	Profit before Taxation	-0.12	-0.27
11	Provision for Taxation (Note 4)	0.00	0.00
12	Profit After Taxation	-0.12	-0.27
13	Proposed Dividend	0.00	0.00
14	% of shareholding	100%	100%

As per our report of even date

For **Joshi Apte & Co.**
Firm Registration Number: 104370W
Chartered Accountants

Prakash Apte
Partner
Membership No. : 033212

Place: Pune
April 29, 2023

For and on behalf of the Board of Directors of ZF Steering Gear (India) Ltd.

CIN: L29130PN1981PLC023734

Dinesh Munot Chairman

DIN : 00049801

Utkarsh Munot Managing Director

DIN : 00049903

S.A. Gundecha Director and Chairman of the Audit Committee

DIN : 00220352

Jinendra Jain Chief Financial Officer

Satish Mehta Company Secretary

Place: Pune

April 29, 2023

Mission

We are firmly set on being market leaders in state-of-art technology for steering gear system.

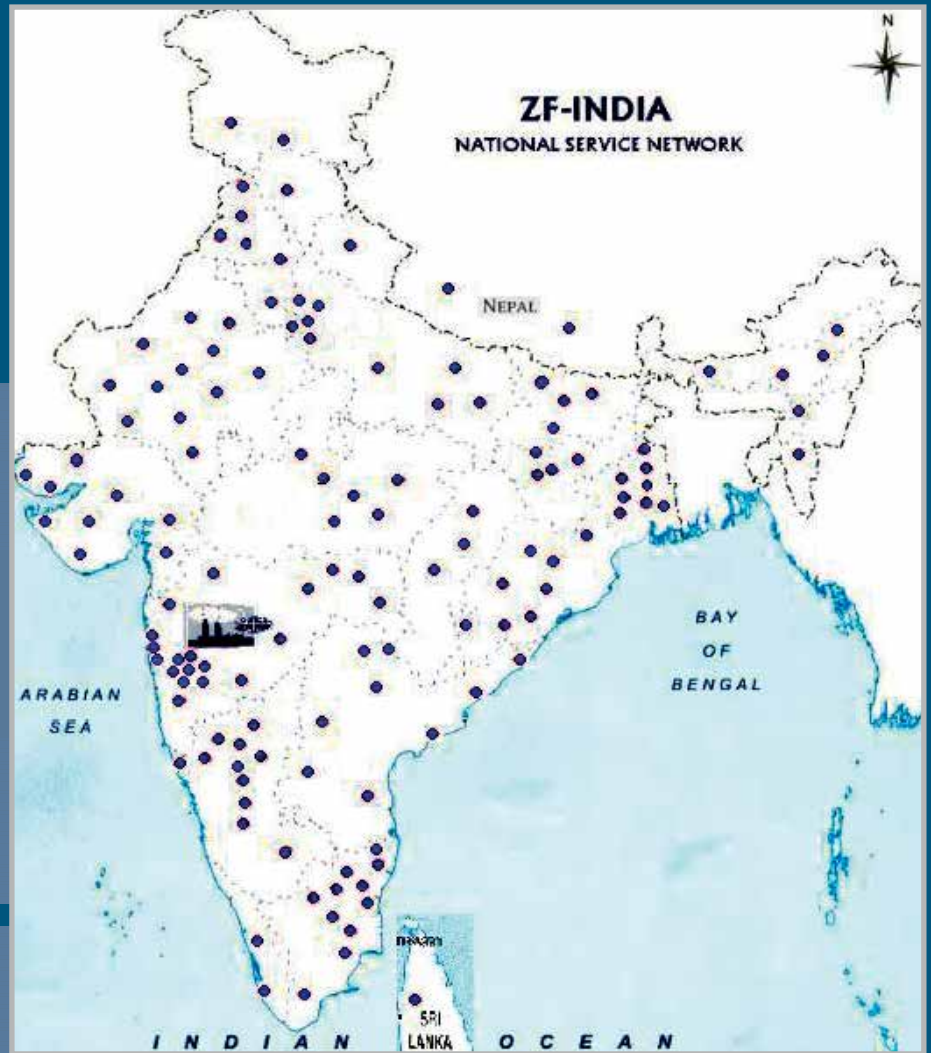
We shall ensure that our products give the necessary comfort and safety in driving.

We shall give top priority to ensure customer satisfaction through best quality products and services.

We shall, in the process of our growth, continuously upgrade our working environment and improve the skill and efficiency of everyone associated by perseverance and motivation.

Dinesh Munot
Chairman

NATIONAL SERVICE NETWORK



ZF STEERING GEAR (INDIA) LIMITED

REGD. OFFICE & PLANT

Gat No. 1242 / 44, Vadu Budruk, Tal. Shirur, Dist. Pune 412 216, India.

CIN No. L29130PN1981PLC023734

Tel. : 02137 - 305 100. Fax : 02137 - 305302 • Email - sales@zfindia.com

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