ZF INDIA
*Steering Success with Safety*

# ZF STEERING GEAR (INDIA) LIMITED

www.zfindia.com

*Steering Towards Future*

TÜVRheinland®
CERT
ISO 14001
ISO/TS 16949

38th | Annual Report 2017-2018

The Chief Executive Officer (C.E.O.) handing over the Company's Contribution towards the Prime Minister Relief Fund

Every year the Company organises Blood- Donation Camp.

Staff Motivation and Team Spirit event initiated by Human Resources Department.

# BOARD OF DIRECTORS

**Chairman & Managing Director**
Mr. Dinesh Munot

**Jt. Managing Director**
Mr. Jinendra Munot
(Up to 31.03.2018)

**Chief Executive Officer**
Mr. Utkarsh Munot

**Non-Executive Directors**

Mr. Manish Motwani
Mr. M. L. Rathi
Mr. Shridhar S. Kalmadi
Mr. Ajinkya Arun Firodia
Mr. Jitendra A. Pandit
Mr. S. A. Gundecha
Mrs. Eitika Munot
Mr. Soumitra Bhattacharya

**CHIEF FINANCIAL OFFICER (CFO)**
Mr. Jinendra Jain

**COMPANY SECRETARY**
Mr. Satish Mehta

**Audit Committee**
Mr. S. A. Gundecha - Chairman
Mr. M. L. Rathi
Mr. Jitendra A. Pandit

**Stakeholders Relationship Committee**
Mr. Jitendra A. Pandit - Chairman
Mr. M. L. Rathi
Mrs. Eitika Munot

**Nomination and Remuneration Committee**
Mr. M. L. Rathi - Chairman
Mr. Jitendra A. Pandit
Mr. Manish Motwani

**Corporate Social Responsibility Committee**
Mr. Dinesh Munot - Chairman
Mr. Jinendra Munot
(Up to 31.03.2018)
Mr. Utkarsh Munot
Mr. M. L. Rathi
Mrs. Eitika Munot

**AUDITORS**
M/s. MGM & Co.
Chartered Accountants

**INTERNAL AUDITORS**
M/s. Udyen Jain & Associates
Chartered Accountants

**SECRETARIAL AUDITOR**
Mr. I. U. Thakur
Company Secretary

**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: enquiry@zfindia.com
Web: www.zfindia.com

**BANKERS**
Kotak Mahindra Bank
Deutsche Bank AG
HDFC Bank
Bank of Maharashtra
Canara Bank
Yes Bank

**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

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# NOTICE

Notice is hereby given that the **Thirty-Eighth Annual General Meeting** of the Members of **ZF STEERING GEAR (INDIA) LIMITED** will be held as scheduled below:

| | | |
|---|---|---|
| Day | : | Monday |
| Date | : | August 27, 2018 |
| Time | : | 3.00 p.m. |
| Place | : | Registered Office of the Company,<br>Gat Nos. 1242/ 44, Village Vadu Budruk,<br>Tal. Shirur, Dist. Pune-412 216. |

to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt
   a. the Audited (Standalone) Financial Statements of the Company for the Financial Year ended March 31, 2018, together with the Reports of the Directors and the Auditors thereon, and
   b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Report of the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mrs. Eitika Munot (DIN: 01396661), who retires by rotation and, being eligible, offers herself for re-appointment.
4. To re-appoint M/s. MGM & Company, Chartered Accountants (Firm Registration Number: 117963W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 700,000 plus taxes and out of pocket expenses.

By Order of the Board of Directors
For **ZF Steering Gear (India) Ltd.**

**Satish Mehta**
Company Secretary
Membership No. : F3219

**May 30, 2018**
Registered Office:
Gat No. 1242/44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune - 412 216
CIN: L29130PN1981PLC023734

# Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Profile of the Director being re-appointed, as required by the Corporate Governance Code under Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015), are annexed to the Notice.
3. Members/ Proxies/ Representatives should bring the enclosed duly filled attendance slip, for attending the Meeting. Copies of the Annual Report or Attendance Slip will not be distributed at the Meeting.
4. **Voting through electronic means:**
   a. In compliance with the provisions of Section 108 of the Companies Act, 2013 (**the Act**), Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with 'Central Depository Services (India) Limited' (CDSL) to facilitate remote e-voting.

      Remote E-voting is optional and members shall have the option to vote either through remote e-voting or by way of poll–paper at the Annual General Meeting. Members who have cast their votes by remote e-voting prior to Meeting, may attend the Meeting, but shall not be entitled to cast their votes again.

      The Board of Directors have appointed Mr. I. U. Thakur, Practicing Company Secretary (C. P. No. 1402), who in the opinion of the Company, is a duly qualified person, as the Scrutinizer who will collate the electronic voting process in a fair and transparent manner.

**The instructions for shareholders voting electronically are as under:**

(i) The voting period begins on August 24, 2018 (9 a.m.) and ends on August 26, 2018 (5 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date August 20, 2018 (End of Day) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders/ Members.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

| | **For Members holding shares in Demat Form and Physical Form** |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot/ Attendance Slip indicated in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• 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 (iv). |

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen.

However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) **For Members holding shares in physical form**, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant **<ZF Steering Gear (India) Limited>** on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) 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.

(xviii) **Shareholders can also cast their votes using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) **Note for Non–Individual Shareholders and Custodians**

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

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

**b.** In the event, the draft resolution is assented to by the requisite majority of Shareholders by means of electronic voting, the date of declaration of result shall be deemed to be the date of passing of the said resolution at the Annual General Meeting.

**c.** The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e August 20, 2018. Shareholders are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.

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

The Results declared along with the consolidated Scrutinizer's Report shall be placed on the Company's website www.zfindia.com and on the website of CDSL. The results shall simultaneously be communicated to the BSE Limited.

5. A copy of this notice has been placed on the website of the Company and on the website of CDSL.

6. The Register of Members and Share Transfer Books of the Company will be closed from August 21, 2018 to August 27, 2018 (both days inclusive).

7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.

8. The Register of Contracts or Arrangement in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.

9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company, so as to reach it at least ten days before the date of the Meeting, so that information can be made available at the Meeting.

10. Members holding shares in physical form are requested to intimate the changes, if any, in their registered addresses, to the Company's Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd., Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune- 411 001.

11. Members are advised that respective bank details and address as furnished by them or by NSDL/ CDSL to the Company, for shares held in physical form and in the dematerialized form respectively, will be printed on their dividend warrants so as to protect against fraudulent encashment.

12. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register 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.

13. The route map showing directions to reach venue of the thirty-eighth AGM is annexed.

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 2010-11 (Interim) have been transferred to the IEPF. Unclaimed final dividend for

F. Y. 2010-11 is due for transfer in August 2018. Shareholders who have not yet encashed the dividend warrants for financial years 2010-11 (final) and thereafter are requested to contact the Company at the earliest.

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.**

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.

**It is in the Members' interest to claim any un-encashed 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.**

Members are requested 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. www.zfindia.com.

15. The Annual Report 2017-18 of the Company circulated to the Members of the Company, will be made available on the Company's website at www.zfindia.com and also on the website of the BSE Ltd. (Bombay Stock Exchange) at www.bseindia.com.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrars and Transfer Agents, Link Intime India Pvt. Ltd.
17. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, during business hours up to the date of the 38th Annual General Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.
18. In this Notice and Annexure thereto, the terms 'Shareholders' and 'Members' are used interchangeably.

**Important Communication to Members**

The following are the Company's recommendations to the shareholders/ investors:

**Open Demat Account and Dematerialize your shares**

Investors should convert their physical holdings of securities into demat holdings. Holding securities in demat form helps investors to get immediate transfer of securities. No stamp duty is payable on transfer of shares held in demat form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

**Consolidate Multiple Folios**

Investors should consolidate their shareholding held in multiple folios. This would facilitate one-stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.

**Register NECS Mandate and furnish correct bank account particulars with the Company/ Depository Participant (DP)**

Investors holding the shares in physical form should provide the National Electronic Clearing Services (**NECS**) mandate to the Company and investors holding the shares in demat form should ensure that correct and updated particulars of their bank account are available with the Depository Participant (DP). This would facilitate in receiving direct credits of dividends, refunds etc., from Companies and avoid postal delays and loss in transit.

Investors must update their new bank account numbersallotted after implementation of Core Banking Solution (CBS)to the Company in case of shares held in physical form and tothe DP in case of shares held in demat form.

**Submit Nomination Form**

As per the provisions of Section 72 of the Companies Act, 2013, the facility for making nomination is available for the Members in case of physical shares with the Company and in case of dematerialized shares with their DP. Nomination would help the nominees to get the shares transmitted in their favour. Investors must ensure that nomination made is in the prescribed Form and must be witnessed by two witnesses in order to be effective. The Form may be downloaded from the Company's website www.zfindia.com under the section 'Investor'.

**Profile of the Director being re-appointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India.**

| **Particulars** | **Mrs. Eitika Munot** |
|---|---|
| DIN | 01396661 |
| Type | Non-Executive Non-Independent |
| Age | 37 years |
| Date of Appointment | September 15, 2014 |
| Qualification | Master of Business Administration (Human Resources) from Punjab University |
| Expertise in Specific Functional areas | Mrs. Eitika Munot was working as Manager-Coordination (S.A.P & H.R.) with the Company. The S.A.P was successfully installed in the Company under her guidance and supervision. Under her direction, the Company has initiated various motivational, health and safety awareness initiative. She has resigned from the services of the Company with effect from September 1, 2014. |
| Other Directorships held in India | Nil |
| Membership of Committees (in the Company) | Stakeholders' Relationship Committee and Corporate Social Responsibility Committee |
| Membership of Committees (Others) | Nil |
| No. of Equity Shares held in the Company | Nil |
| Relationship between directors/ KMP inter-se | Mrs. Eitika Munot is wife of Mr. Utkarsh Munot and daughter in-law of Mr. Dinesh Munot. |
| Number of Board Meetings attended during the financial year 2017-18. | Four out of Four |

By Order of the Board of Directors
For **ZF Steering Gear (India) Ltd.**

**Satish Mehta**
Company Secretary
Membership No. : F3219

**May 30, 2018**

Registered Office:
Gat No. 1242/44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune - 412 216
CIN: L29130PN1981PLC023734

# Directors' Report

To the Members,

The Directors have pleasure in presenting the 38th Annual Report and the Company's Audited Financial Statements (Standalone and Consolidated) for the financial year (F.Y.) ended March 31, 2018.

## Financial Results

The Company has adopted Indian Accounting Standards (**Ind AS**) with effect from April 1, 2017, pursuant to the Government of India, Ministry of Corporate Affairs' Notification dated February 16, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the Financial Statements for the F.Y. ended March 31, 2018 of the Company and its associate company have been prepared in compliance with Ind AS. Consequently, the financial statements for the previous year (F.Y. 2016-17) have also been reinstated as per Ind AS to facilitate comparison.

**(Rs. In million)**

| Particulars | Standalone | | Consolidated (after taking into account 26% share in JV Company named 'Robert Bosch Automotive Steering Pvt. Ltd.') | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Sales (net) and other Income | **4359.28** | 4104.09 | **4359.28** | 4104.09 |
| Profit/ (Loss) before depreciation and tax | **946.77** | 910.37 | **946.77** | 910.37 |
| Depreciation and amortization expenses | **333.03** | 278.51 | **333.03** | 278.51 |
| Share of Net Profit/ (Loss) of Joint Venture | **-** | - | **(38.37)** | (184.00) |
| Profit/ (Loss) before Tax (PBT) | **613.74** | 631.86 | **575.37** | 447.86 |
| Tax Expense | **143.07** | 134.70 | **143.07** | 134.70 |
| Profit/ (Loss) for the year | **470.67** | 497.16 | **432.30** | 313.16 |
| Other comprehensive income | **17.24** | (7.40) | **17.30** | (7.76) |
| Total comprehensive income for the year | **487.91** | 489.76 | **449.60** | 305.40 |
| Balance Brought Forward from Previous year | **918.14** | 428.38 | **175.75** | (129.65) |
| Dividend & Dividend Tax thereon (F.Y. 2016-17) | **(87.36)** | - | **(87.36)** | - |
| Transfer to General Reserve | **Nil** | Nil | **Nil** | Nil |
| Closing Balance under Profit and Loss Statement c/f | **1318.69** | 918.14 | **537.99** | 175.75 |
| Earnings Per Share Basic/ Diluted | **51.87** | 54.79 | **47.65** | 34.51 |

## Dividend

Your Directors are pleased to recommend a dividend of Rs.8/- per share for the financial year ended March 31, 2018.

## Management Discussion and Analysis

International Monetary Fund (IMF) has recently indicated that with a growth rate of 6.6 per cent for the financial year 2017-18, which may rise to 7.5 per cent in F.Y. 2018-19, the prospects for Indian economy are bright. A revival of the economy post-demonetization and enforcement of Goods and Services Tax are putting the Country back on track, giving a leg up to the industry and manufacturing activities. The Indian economy is now 2.5 trillion dollar economy - seventh largest in the world.

## Industry structure and developments

The overall Commercial Vehicles segment registered a growth of 15.9 per cent in April-March 2018 as compared to 4 per cent growth in F.Y. 2016-17. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 11.0 per cent and Light Commercial Vehicles grew by 19.5 per cent during April-March 2018 over the same period of last year.

Tractor manufacturers have notched up their highest-ever sales in F.Y. 2017-18. At 7.11 lakh units, sales are significantly higher than the 5.83 lakh units recorded in F.Y. 2016-17, on back of subsidy and other support facilities extended for tractor purchase by several States, good crop output owing to good monsoon and the availability of retail finance.

## Financial Performance and state of the Company's affairs

### Auto Components

(Numbers)

| Type | 2017-18 | 2016-17 | Growth |
|---|---|---|---|
| Power Steering | 268,818 | 253,363 | 6.1% |
| Mechanical Steering | 117,644 | 111,742 | 5.3% |

Sales, in value terms, were up by 6.8% for F.Y. 2017-18, compared to F.Y.2016-17.

### Renewable Energy-

### Solar Energy

Your Company's 5 MW Solar Power Project at Gujarat Solar Park, Charnka Village, District Patan (Kutch) Gujarat generated 7.84 million Units of Electricity with sales-revenue of Rs.87.71 million in the F.Y. 2017-18. The entire electricity is purchased by Gujarat Urja Vikas Nigam Limited (GUVNL), a Government of Gujarat Company.

During the year, the Company successfully completed its rooftop solar project at its Vadu Budruk plant. This should generate approximately 6 to 7 lakh units per annum, which will be captively consumed in the said plant.

### Wind Energy

Seven Wind Turbine Machines, owned and operated by the Company, located in districts of Satara and Ahmednagar, having aggregate capacity of 6.7 MW, generated a total of 7.92 million units in the F.Y. 2017-18. All the units generated were used as captive consumption, which accounted for approximately 52.9% of the energy-consumption of the Company's factory at Village Vadu Budruk.

### Investment in the Joint Venture Company & other Investments

Rs. 98.8 million were invested as additional investment in the equity capital of the Joint Venture Company, during the F.Y. 2017-18. The Company has so far invested Rs. 1293.5 million in the Joint Venture Company. The Company also has other financial investments. In accordance with Ind AS provisions, financial instruments, except the investment in the Joint-Venture and the Bonds, have been recognised at fair value. For additional disclosures on financial investments and fair value, please refer to Note 6(a) of the standalone financial statement.

Other Income includes dividend income, interest income and realised gains of Rs. 34.98 million and unrealised gains of Rs. 47.24 million as at March 31, 2018, from the financial investments held by the Company.

### Finance cost

Finance cost of the Company was Rs. 32.2 million against Rs. 24.9 million, in view of higher working capital requirements.

### Credit Rating

ICRA, the Credit Rating Agency, has reaffirmed the A+ and A1+ rating for long and short term borrowings of the Company.

### Profitability

Profit for the year was Rs. 470.67 million as compared to Rs. 497.16 million for the F.Y. 2016-17. Earnings Per Share (EPS), as per the Standalone results, is Rs. 51.87 for the year ended March 31, 2018.

After adjusting the Company's 26% share of loss of the Joint-Venture Company, the EPS works out to Rs. 47.65, as per the Consolidated Financial Results.

### Segment wise Profitability

Profits (after-tax), after adjusting for investments income, for the Auto-components segment, are Rs. 305 million (7.1% of the segment revenue) vis-a-vis Rs. 81.87 million (56.9% of the segment revenue) for the Renewable Energy segment.

### Outlook, Opportunities and Threat

India tops the list of the fastest growing economies in the world for the coming decade and is projected to grow at 7.9 per cent annually, ahead of China and the US, according to a Harvard University report.

The automobile industry is supported by various factors such as availability of skilled labour at low cost, robust R&D centres and low cost steel production. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour.

The auto industry is set to witness major changes in the form of electric vehicles (EVs), shared mobility, accelerated transition from Bharat Stage (**BS**) IV to BS VI emission, stringent vehicle standards and safety norms.

Society of Indian Automobile Manufacturers (SIAM) has forecasted that Commercial Vehicles should continue their growth momentum in double-digits at 10 to12 per cent, with M&HCVs up by 9 to 11 per cent and light commercial vehicles growing at 10 to 12 per cent. More infrastructure development will spike up this business.

In view of the two major changes in the proposed vehicle scrap policy, for mandatory disposal of more than 20 years old commercial vehicles (previously 15 years) and the proposed implementation date being deferred to April 1, 2020, according to the rating agencies, it is unlikely to have any significant impact on the automobile industry in terms of increased demand.

The rural economy is also looking brighter and the sales of farm equipment and tractors is seeing a good growth. Tractor sales may further improve by 11-13% in F.Y. 2018-19 over the high base this fiscal, with assumptions of a normal monsoon and increased government support.

As per a recent report by 'CARE Ratings', headline inflation, lending rates, fiscal prudence, current account deficit (CAD) and exchange rates, however, are the areas of concern for the Indian economy. These national challenges will have its effect on the automobile industry as well.

### Subsidiaries, Associates and Joint Ventures

### Consolidated Financial Statements

The Company does not have any subsidiary. However, the Company has a Joint Venture with 'Robert Bosch Automotive Steering GmbH', Germany in the name of 'Robert Bosch Automotive Steering Private Limited.

The said Joint Venture has been established, as per the Joint Venture Agreement dated March 31, 2007. Robert Bosch Automotive Steering Private Limited (**the Joint Venture Company**) is also an associate company of your Company, as your Company holds 26% of the total paid up equity share capital of the said Joint Venture Company.

This necessitates presentation of Consolidated Financial Statement of the Company with its Joint Venture/ Associate Company, in addition to the Company's standalone Financial Statement, as per the provisions of the Companies Act, 2013 (**the Act**). The Annual Audited Consolidated Financial Statement together with the Report of the Auditors thereon forms part of this Annual Report.

## Joint Venture (JV)/ Associate Company

### 'Robert Bosch Automotive Steering Private Limited'

The Joint Venture Company was incorporated in the year 2007, based on the above referred Joint Venture Agreement, for manufacture of products as defined in the said Agreement, which includes Steering Gears for Commercial Vehicles, Electric Steering Systems for Passenger Cars and other products. The Joint Venture Company started its production-activities since the year 2012, after establishing state of the art facilities at Village Phulgaon, Alandi Markal, District Pune, in respect of Electric Power Steering Systems for passenger cars, as main supplier to Tata Motors and Ford India.The Joint Venture Company is trying to add new customers.

The turnover of the Joint Venture Company, during the financial year under Report, increased from Rs. 2,657 million to Rs. 3,445 million and the losses for the year ended March 31, 2018, reduced from Rs. 708 million for the year ended March 31, 2017 to Rs. 148 million.

Your Company undertook an obligation to continue to support the said Joint Venture Company and invested the additional funds in the acquisition of equity shares during the year under report. It is expected that your Company may be required to invest additional resources to support the said Joint Venture.

The Executive Management of the Joint Venture Company submitted certain information to the Board of Directors of that Company, regarding the present product-lines, products and new business opportunities. The Company is taking up the matter with the Board of Directors of that Company and the Joint Venture Partner appropriately.

A statement, pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, containing the salient features of the financial statement of the Joint Venture Company is appended with the financial statement.

## Expansion and Capital Expenditure

### Auto Components

As informed earlier, with a view to establish a second manufacturing unit for auto components, the Company has acquired on lease, an industrial plot, at Pithampur, District Dhar, Madhya Pradesh. The factory building is under construction and orders for key machineries have been issued/ being issued. The plant is expected to be operation by end of the current financial year. This will add to the manufacturing capacity of the Company by 3 lakh numbers and also bring proximity with some of the major customers of the Company. Total investment at this factory at Pithampur is expected to be Rs. 1800 million.

### Wind Energy

The Company is planning to install and commission, in the current year, additional 2.1 MW windmill in Maharashtra state, which can be used for captive power consumption.

## Internal Control System and its Adequacy

The Company has an 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. There is an internal audit department which checks all the vouchers, financial reports, registers etc. To maintain its objectivity and independence, the Board has also appointed an external Auditor, which reports to the Audit Committee of the Board on periodic basis.

The Internal Auditor monitors and evaluates 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. 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.

## Human Resources/ Industrial Relations

The industrial relations generally remained cordial during the year. A group of Engineers, who were deployed on the shop floor, did not report for work en mass from December 2, 2017 till January 16, 2018. During that period, although the normal production activities continued, the production output underwent a downturn.

As at end of March 31, 2018, the Company had 732 permanent employees on its roll.

## 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.

## Conservation of Energy, Research and Development, Technology Absorption and Innovation, Foreign ExchangeEarnings and Outgo:

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

## Directors and Key Managerial Personnel

Mr. Jinendra Munot, who was re-appointed by the Members as Joint Managing Director of the Company, for five years with effect from April 1, 2013. At the end of his term on March 31, 2018, Mr. Jinendra Munot ceased to be Joint Managing Director and Director of the Company. The Board places on record its special appreciation for the contribution made and leadership provided by Mr. Jinendra Munot during his long association with the Company.

At the ensuing Annual General Meeting, Mrs. Eitika Munot, retires by rotation and being eligible, offers herself for reappointment. The resolution for her re-appointment along with her brief Profile as required under the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(the Listing Regulations),** forms part of the Notice of the 38th Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence, as prescribed both under the Act and under the Regulation 16(b) of the Listing Regulations.

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 Company carried out the performance evaluation during the year under report.

During the period, there was no change in the Key Managerial Personnel of the Company except the cessation of Mr.Jinendra Munot as Joint Managing Director of the Company w.e.f. closing hours of March 31, 2018.

## Directors' Responsibility Statement

Your Directors state that:

i. in the preparation of the annual financial statement for the financial year ended March 31, 2018, the applicable Accounting Standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same.

ii. 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, 2018 and of the profit of the Company for the year ended on that date.

iii. 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.

iv. the Directors have prepared the annual financial statement on a 'going concern' basis.

v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and

vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## Corporate Governance Report

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.

## Particulars of Loans given, Investments made, Guarantees given and Securities provided

The Company has not given any loan or guarantee or provided any security in connection with any loan covered under the provisions of Section 186 of the Act.

During the year, as stated above, the Company invested a sum of Rs. 98.8 million in the equity shares of the Joint Venture Company. The Company liquidated some of its investments and also made some fresh investments. The details of the investments, including as of April 1, 2017, changes during the year and held as on March 31, 2018, are disclosed in the Note no.6(a) to the financial statement.

## Contracts and Arrangements with Related Parties

All contracts/ arrangements/ transactions entered into by the Company with related parties, during the financial year, were on an arm's length basis and were in the ordinary course of business. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties, which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Considering the provisions of Section 134 of the Act, as all transactions with related parties referred to sub-section (1) of Section 188 of the Act and exemption is available only from the procedural compliance for transactions, which are in ordinary course of business and based on arm's length prices, the disclosure in the prescribed Form AOC – 2, including part 2 thereof is attached as Annexure III to this Report.

## Corporate Social Responsibility (CSR)

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

## Risk Management

The Audit Committee has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, legal, information technology, Regulatory and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company manages monitors and reports on the major risks and uncertainties, those 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.

## Auditors and Auditors' Report

### Statutory Auditors

M/s. MGM and Company, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have confirmed (i) their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits prescribed under the Act, (ii) that they are not disqualified for re-appointment.

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

### Secretarial Auditor

The Board had appointed Mr. I. U. Thakur (PCS Registration No. 1402), Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the same is annexed herewith as Annexure V. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## Disclosures

### Meetings of the Board

Four meetings of the Board of Directors were held during the financial year. Detailed information is given in the Report on Corporate Governance, forming part of this Annual Report.

### Committees of the Board

### Audit Committee

The Audit Committee comprises Independent Directors namely Mr. S. A. Gundecha (Chairman), Mr. M. L. Rathi and Mr.Jitendra A. Pandit as other members. All the recommendations made by the Audit Committee were accepted by the Board.

The details of all committees and its terms of reference are set out in the 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.

### Vigil Mechanism/ Whistle Blower Policy

The Vigil Mechanism of the Company also incorporates a whistle blower policy, in terms 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.**

### Extract of the Annual Return

Extract of the Annual Return of the Company in Form MGT 9 is annexed herewith as Annexure VI to this Report.

### Particulars of Employees and related disclosures

Considering the provisions of Section 197(12) of the Act read with the relevant rules and having referred to provisions of the First Proviso to Section 136(1) of the Act, the Annual 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.

### 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 thereunder. 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.

### General

1. The Company held no deposits at the beginning of the year, nor accepted any deposits during the year under report.
2. All equity shares issued by the Company rank pari- passu in respect of right to receive dividend, voting rights or otherwise.
3. During the year under report, no shares were issued as sweat equity to any of the employees or others.
4. As the Company does not have any subsidiary, no remuneration was received by any Whole-time Director of the Company from a subsidiary.
5. 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.
6. There are no material changes or commitment, except for the capital goods being procured for the factory at Pithampur, affecting the financial position of the Company from March 31, 2018 till date of this Report.
7. There has been no instance of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government.


### Acknowledgement

The Board of Directors takes this opportunity to thank its Customers, Members, Suppliers, Bankers, Business Partners/ Associates and the Government Authorities for the support and co-operation received by the Company. The Board also acknowledges the understanding and support of all employees of the Company.


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

**Dinesh Munot**
**Chairman & Managing Director**
**(DIN: 00049801)**

**Pune**
**May 30, 2018**

# Annexure I to the Directors' Report 2017-18

**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

- Automatic power factor controller installed for entire factory to maintain power factor at unity.
- Factory shop floor's 250 W and 150 W overhead lamps replaced by 75W LED lamps, which provide better illumination and save energy.
- Waste-water treated and recycled for gardening.
- LPG consumption reduced from 22 tons to 13 tons by adding efficient furnaces.

### Wind Energy

Seven Windmills, of aggregate 6.7 MW capacities, generated 7.92 million units of electricity in F.Y. 2017-18, which was captively consumed in the Company's plant at Vadu Budruk. This covered 52.88 % of total power consumption of that plant for the year.

### Solar Energy

The Company's Solar Energy Plant generated 7.84 million units of electricity in F.Y. 2017-18. These units were sold to GUVNL (Gujarat Urja Vikas Nigam Limited), as per the PPA (Power Purchase Agreement) signed with Government of Gujarat.

During the F.Y. 2017-18, the Company successfully commissioned its Rooftop Solar Project at its Vadu Budruk plant in the month of March 2018. It already generated17,615 units of electricity in that month and captively consumed in the said plant. This project is expected to generate approximately 6 to 7 lakh units per annum.

## B. Technology Absorption, Research And Development

### 1. Efforts made towards Technology Absorption

a. Process/ equipment developments – New test-rigs for functional-test made operational.

b. Value engineering and value analysis (VEVA) – Double-barrel power steering gear productionised.

c. Up-gradation of existing products to the need of customers PAS for Tractors introduced.

d. Modernization and automation of the plant to produce and test the products to its accuracy.

e. Import substitutes – Developed 'Valve Block' and 'Radial Piston Pump' for customers.

f. Factory lay out changed for one piece flow by VSM study resulted in to less work in progress inventory, less trolleys and eliminated metal to metal contact on all stages.

g. New product development and R&D strengthened by implementing PLM and APQP approach.

h. Piston sub assembly automation line established for production.

i. State of art ball track imported grinding machines are installed which will enhance quality of the product.

j. Robotic washing machine which cleans the vane pump housing with 400 bar pressure gives assurance of the pump quality.

k. Gantry type piston OD and groove machine from Japan added and commissioned.

l. As a result the Company was awarded as 'Fastest transformation Company' by ACMA Act.

m. Solar roof top project completed and commissioned.

n. Continuous gas carburising furnace with a heat treatment capacity of 12 MT/ day commissioned, with this our Heat treatment has become self sufficient and world class.

o. Implemented Bar code system which ensures correct dispatches to customers.

### 2. Benefits derived as a result of the above efforts

a. Product quality and cost reduction.

b. Indigenization of various components.

c. Reduction in foreign exchange outgo.

d. Conveyorise movement of material from assembly, painting and to dispatch eliminates non value adding man power.

e. Improvements in Manufacturing methods and quality standards.

f. Aiming towards self sufficiency in engineering skills for manufacturing range of steering gears and connected products.

g. Development of cost effective, high performance engineering products.

### 3. Imported Technology in last three years – Nil

### 4. Expenditure on R & D

The Company has so far incurred Capital-expenditure of Rs. 45.25 million on R & D.

## C. Foreign Exchange Earnings and Outgo

| | | |
|---|---|---|
| a. | Earnings in Foreign Exchange | Rs. 85.67 million |
| b. | Expenditure in Foreign Exchange | Rs. 13.08 million |
| c. | Value of Imports calculated on CIF basis- | |
| | - Raw Material, Components etc. | Rs. 282.59 million |
| | - Capital Goods | Rs. 25.99 million |

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

**Pune**
**May 30, 2018**

**Dinesh Munot**
**Chairman & Managing Director**

# ANNEXURE II
# Corporate Governance Report

## 1. Company's Philosophy on Corporate Governance:

The Company is fully committed to attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its shareholders, employees, suppliers, customers and the government.

The Company believes that all its operations and actions must serve the underlying goals of achieving business excellence and increasing long term shareholder value.

### Ethics/ Governance Policies:

The Company employees and the Board adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. The Company has adopted various codes and policies to carry out the functions/ duties in an ethical manner. Some of these codes and policies are

- Code of Conduct
- Code of Conduct for Prohibition of Insider Trading
- 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

## 2. Board of Directors:

As on March 31, 2018, the Company's Board comprised 11 Directors (out of which more than half of the Directors are Independent Directors) with Mr. Dinesh Munot as the Chairman & Managing Director.

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

### Independent Directors

The Company has appointed Independent Directors who are renowned persons having expertise/ experience in their respective fields/ professions. None of the Independent Directors is Promoter or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent 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 Independent Director in more than three listed companies. All the Independent Directors hold office for five consecutive years from the date of their respective appointment. The Company has issued letter of appointment to all the Independent Directors, as provided in the Schedule IV to the Companies Act, 2013 **(the Act),** containing the terms and conditions of their appointment.

### Familiarization Programs

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.

With a view to familiarizing the independent directors with the Company's operations, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the Listing Regulations**), the Company has held various familiarization programs for the independent directors. The details of familiarization programs are placed on the Company's website **www.zfindia.com.**

### Board Meetings and Board-Committee Meetings

As on March 31, 2018, the Board has four 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 Meetings dates are normally pre-determined. During the year ended on March 31, 2018, the Board of Directors had 4 meetings. These were held on May 30, 2017, August 2, 2017, November 14, 2017 and February 13, 2018.

The information including as specified in 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 respective Chairman.

**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. 2017-18 | Last AGM Held on August 2, 2017 | Other Directorship # | Committee Membership | Committee Chairman-ship |
| 1 | Mr. Dinesh Munot (Chairman & Managing Director) | Executive (promoter) | 4 | Yes | 6 | 1 | - |
| 2 | Mr. Jinendra Munot (Jt. Managing Director) (Upto 31.03.2018) | Executive (promoter) | 4 | Yes | 5 | - | - |
| 3 | Mr.Utkarsh Munot (Whole-time Director) | Executive (promoter) | 4 | Yes | 5 | - | - |
| 4 | Mr. Manish Motwani | Non- Executive, Independent | 3 | Yes | 7 | - | - |
| 5 | Mr. M. L Rathi | Non- Executive, Independent | 4 | Yes | 9 | - | - |
| 6 | Mr. Shridhar S. Kalmadi | Non- Executive, Independent | 4 | Yes | 4 | - | - |
| 7 | Mr. Ajinkya Arun Firodia | Non- Executive, Independent | 1 | - | 7 | - | - |
| 8 | Mr. Jitendra A. Pandit | Non- Executive, Independent | 4 | Yes | - | - | - |
| 9 | Mr. S. A. Gundecha | Non- Executive, Independent | 4 | Yes | - | - | - |
| 10 | Mrs. Eitika Munot | Non- Executive, (promoter) | 4 | Yes | - | - | - |
| 11 | Mr. Soumitra Bhattacharya | Non- Executive, (Promoter) | 2 | Yes | 6 | 1 | - |

# Includes Directorship in Private Companies.

## Relationship between Directors Inter-se

1. Mr. Dinesh Munot and Mr.Jinendra Munot are brothers.
2. Mr. Dinesh Munot is father of Mr.Utkarsh Munot.
3. Mrs. Eitika Munot is wife of Mr.Utkarsh Munot

Meetings of Board Committees held during the year and Directors' attendance:

| Board Committees | Audit Committees | Nomination & Remuneration Committee | Stakeholders' Relationship Committee | Corporate Social Responsibility Committee (CSR) | Independent Directors Meeting held on March 27, 2018 |
|---|---|---|---|---|---|
| Meetings held | 4 | 2 | 2 | 1 | 1 |
| **Directors' Attendance** | | | | | |
| Mr. Dinesh Munot | N.A. | N.A. | N.A. | 1 | N.A. |
| Mr. Jinendra Munot (Upto 31.03.2018) | N.A. | N.A. | N.A. | - | N.A. |
| Mr. Utkarsh Munot | N.A. | N.A. | N.A. | 1 | N.A. |
| Mr. Manish Motwani | N.A. | 1 | N.A. | N.A. | 1 |
| Mr. M. L. Rathi | 4 | 2 | 2 | 1 | 1 |
| Mr. Ajinkya Arun Firodia | N.A. | N.A. | N.A. | N.A. | 1 |
| Mr. Shridhar S. Kalmadi | N.A. | N.A. | N.A. | N.A. | 1 |
| Mr. Jitendra A. Pandit | 4 | 2 | 2 | N.A. | 1 |
| Mr. S. A. Gundecha | 4 | N.A. | N.A. | N.A. | 1 |
| Mrs. Eitika Munot | N.A. | N.A. | 2 | 1 | N.A. |

N.A. – Not a member of the Committee

### 3. Audit Committee:

During the year under review, the following Directors were the members of the Audit Committee (**the Committee**). Members: Mr. S. A. Gundecha– Chairman, Mr. M. L. Rathi and Mr. Jitendra A. Pandit. All the members of the Committee are Non-Executive Independent Directors. The role, powers and functions of the Audit Committee meet with requirements of Section 177 of the Act as well as the Listing Regulations. The Audit Committee regularly reviews the risk management strategy of the Company to ensure the effectiveness of the risk management policies and procedures.

In addition to the members of the Committee, these meetings were attended by the Chairman & Managing Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Internal Auditor and the Statutory Auditors of the Company, as the permanent invitees. The Company Secretary acted as the Secretary to the Committee.

The Committee reviews the financial statements before they are placed before the Board.

During the period under review, the Committee met 4 times on May 29, 2017, August 1, 2017, November 13, 2017 and February 13, 2018. The attendance record of the members of the Committee is given above (under Point No. 2) in tabular form.

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

### 4. Nomination and Remuneration Committee:

During the year under review, following Directors were the members of the Nomination and Remuneration Committee (**the Committee**). Members: Mr. M. L. Rathi- Chairman, Mr. Manish Motwani and Mr.Jitendra A. Pandit. The Company Secretary acted as the Secretary to the Committee.

Terms of Reference of the Committee, inter alia, includes the following:

- 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.
- To carry out evaluation of every Director’s performance.
- 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.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.
- To recommend/ review remuneration of the Executive Directors based on their performance and defined assessment criteria.

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

During the financial year 2017-18 (**the year**), the Committee met on May 29, 2017 and November 13, 2017. The attendance record of the members of the Committee is given above (under Point No. 2) in tabular form.

The Chairman of the Nomination and Remuneration Committee was present at the 37th Annual General Meeting of the Company held on August 2, 2017.

### 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 criteria for the Directors was 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.

**Policy on Board Diversity:**

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

**Details of remuneration paid/ payable to the Whole-time Directors for the year ended March 31, 2018 are as under:**

**(Rs. in million)**

| | **Mr. Dinesh Munot** | **Mr. Jinendra Munot (Upto 31.03.2018)** | **Mr. Utkarsh Munot** |
|---|---|---|---|
| Salary | 28.43 | 13.69 | 13.27 |
| Perquisites | 1.68 | 2.35 | 1.29 |
| Gratuity | Nil | 15.82 | Nil |
| Leave Encashment | Nil | 1.21 | Nil |
| **Total** | **30.11** | **33.07** | **14.56** |
| Tenure | | | |
| From | 28.07.2016 | 01.04.2013 | 19.05.2016 |
| To | 27.07.2021 | 31.03.2018 | 18.05.2021 |

**Details of remuneration paid to Non-Executive Directors for the year ended March 31, 2018 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 Committee meeting attended.

**(Rs. in million)**

| Name | Sitting Fees | | Total Fees |
|---|---|---|---|
| | Board Meeting Fees | Committee Meeting Fees | |
| Mr. Manish Motwani | 0.15 | 0.06 | 0.21 |
| Mr. M. L. Rathi | 0.20 | 0.30 | 0.50 |
| Mr. Shridhar S Kalmadi | 0.20 | 0.03 | 0.23 |
| Mr. Ajinkya Arun Firodia | 0.05 | 0.03 | 0.08 |
| Mr. Jitendra A. Pandit | 0.20 | 0.27 | 0.47 |
| Mr. S. A. Gundecha | 0.20 | 0.15 | 0.35 |
| Mrs. Eitika Munot | 0.20 | 0.09 | 0.29 |
| Mr. Soumitra Bhattacharya* | Nil | Nil | Nil |

* Opted not to accept any sitting fees.

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.

None of the Non-Executive Directors, except Mr. S. A. Gundecha, who holds 1,250 shares of the Company, holds any share in the Share capital of the Company.

## 5. Stakeholders' Relationship Committee:

The Stakeholders' Relationship 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 the Listing Regulations and provisions of the Act.

During the year under review, following Directors were the members of the Committee. Members: Mr. Jitendra A. Pandit - Chairman, Mr. M. L. Rathi and Mrs. Eitika Munot. The Company Secretary acted as the Secretary to the Committee.

The Company has an efficient system of dealing with investors' grievances. The Chairman & Managing Director 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 and resolved to the satisfaction of shareholders, during the year under review, was twenty. All the complaints were redressed to the satisfaction of the shareholders.

## 6. Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility Committee (**the Committee**) is primarily responsible for formulating and recommending to the Board a Corporate Social Responsibility (CSR) policy and reviews/ monitors the Corporate Social Responsibility (CSR) projects and expenditure undertaken by the Company.

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 and Managing Director, Mr. Jinendra Munot- Jt. Managing Director, Mr. Utkarsh Munot- Chief Executive Officer, Mr. M. L. Rathi – Independent Director and Mrs. Eitika Munot- Non Executive Non Independent Director. The Company Secretary acted as the Secretary to the Committee.

During the financial year, the Committee met on March 27, 2018. The attendance record of the members of the Committee is given above (under Point No. 2) in tabular form.

## 7. Separate meeting of the Independent Directors:

The Independent Directors met on March 27, 2018, without the presence of 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, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

## 8. General Body Meetings:

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

| Year | AGMs | Location | Dates | Time | Special Resolutions Passed |
|---|---|---|---|---|---|
| 2014-15 | EGM | Registered. Office: Gat No. 1242/ 44, Village-Vadu-Budruk, Tal .Shirur, Dist- Pune-412216 | 27.03.2015 | 4 p.m. | No Special Resolution was passed. |
| 2014-15 | 35th AGM | | 23.09.2015 | 4 p.m. | No Special Resolution was passed. |
| 2015-16 | 36th AGM | | 28.09.2016 | 3 p.m. | Special Resolution passed for<br>1. Alteration of Articles of Association by inserting new Article117A.<br>2. Re-appointment of Mr. Dinesh Munot as the Chairman and Managing Director.<br>3. Consent to mortage and/ or create Charges on the movable/ immovable properties of the Company |
| 2016-17 | 37th AGM | | 02.08.2017 | 3 p.m. | No Special Resolution was passed |

### Postal Ballot:

During the year, no special resolution was passed through postal ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires passing of Special Resolution through postal ballot.

## 9. Disclosures:

a) Transactions with related parties, as per requirements of IND AS-24, are disclosed in the Notes annexed to Audited Financial Statements and in Form AOC-2 (as applicable) forming part of Director's Report.

b) The Company has not entered into any transaction of a material nature, with any of the Related Parties that may have a potential conflict with the interests of the Company at large. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The Policy is also available on the website of the Company (www.zfindia.com).

c) With regard to matters related to capital markets, the Company has complied with all requirements of the Listing Regulations as well as the other regulations and guidelines of SEBI.

During the year, Securities and Exchange Board of India (SEBI), vide its Adjudication Order of September 22, 2017, had levied an aggregate penalty of Rs. 9 lakh, for delay in disclosing to the BSE Limited,in the Financial year 2013-14, about an income-tax demand pertaining to Assessment Years 2006-07 to 2011-12. The said penalty has been paid.

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 2017-18 having potential conflict with the interest of the Company at large.

## 10. 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 management controls risk through means of a properly defined framework.

## 11. 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 www.zfindia.com.

Pursuant to the provisions under the Listing Regulations, a Confirmation from the Chairman & Managing Director regarding compliance with the Code by all the Directors and Senior Management forms part of this Report.

## 12. Code of Conduct for Prevention of Insider Trading:

In accordance with the revised regulations, the Company has, inter-alia, adopted a Code of Conduct for Prohibition of Insider Trading (**the Code**) duly approved by the Board of Directors of the Company with effect from May 15, 2015. Mr. Satish Mehta, Company Secretary, is the Compliance Officer for the purpose of this Code.

## 13. 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(s)/ employee(s).

The Company hereby affirms that no Director/ employee was 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-www.zfindia com.

## 14. Means of Communication:

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

News, Press Releases etc.: They are sent to BSE Limited as well as uploaded on the Company's website.

Presentations to Institutional Investors/ Analysts: During the 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 downloaded form), Quarterly Financial Results, Quarterly Shareholding Pattern, Quarterly Corporate Governance Report, Corporate Announcement etc. are available on the site.

## General Shareholder Information:

**38th Annual General Meeting:**

| **Day, date and time** | **Monday, August 27, 2018 at 3.00 p.m.** |
|---|---|
| **Venue** | Registered. Office:<br>Gat No. 1242/1244, Village – Vadu Budruk, Tal. Shirur, Pune- 412 216. |

## Financial Calendar (tentative):

The Company follows the period of April 1 to March 31, as the Financial Year. For the Financial Year 2018-19:

| **Adoption of Quarterly Results for** | |
|---|---|
| **Quarter ending** | **In the Month of** |
| June 30, 2018 | August 2018 |
| September 30, 2018 | October 2018 |
| December 31, 2018 | February 2019 |
| Annual Accounts | May 2019 |
| 39th Annual General Meeting | July/ August 2019 |

**Book Closure:** August 21, 2018 to August 27, 2018 (both days inclusive).

## Dividend and Dividend Payment Date:

The dividend of Rs.8/- per share for F.Y.2017-18, recommended by the Board of Directors, subject to approval by the shareholders at the ensuing Annual General Meeting will be paid on or after August 29, 2018 to those shareholders, whose names appear on the Company's Register of Members as on August 20, 2018.

## Unclaimed Dividend

Unclaimed dividend for the years prior to and including the F.Y. 2010-11 (Interim Dividend) has been transferred to the General Revenue Account/ the Investor Education and Protection Fund (IEPF), set up by the Central Government, as applicable. The shareholders who have not encashed their dividend drafts for the financial year 2010-11 (Final) and subsequent years are requested to claim the amount from the Company. As per the relevant provisions, any dividend remaining unclaimed for a period of seven years shall be transferred to IEPF.

## Unclaimed Equity Shares

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.**

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.

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

Please refer to Note no 14 under the Notice of Annual General Meeting for more details.

**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 2018-19.

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

**Custodial Fees to Depositories:**

Annual Custody/ Issuer fee, upto the year 2018-19 has been paid to NSDL and CDSL.

**Stock Market Data:**

| **Market Price of Company's Share at BSE** | | | **BSE SENSEX** | | **VOLUME** |
|---|---|---|---|---|---|
| **Month** | **High (Rs.)** | **Low (Rs.)** | **High (Rs.)** | **Low (Rs.)** | **Number of Shares** |
| Apr-17 | 1,454.00 | 1,302.00 | 30,184.22 | 29,241.48 | 134,408 |
| May-17 | 1,370.05 | 1,119.00 | 31,255.28 | 29,804.12 | 105,289 |
| Jun-17 | 1,343.00 | 1,150.10 | 31,522.87 | 30,680.66 | 82,464 |
| Jul-17 | 1,490.00 | 1,205.00 | 32,672.66 | 31,017.11 | 162,052 |
| Aug-17 | 1,330.05 | 1,128.00 | 32,686.48 | 31,128.02 | 83,971 |
| Sep-17 | 1,265.00 | 1,130.00 | 32,524.11 | 31,081.83 | 70,754 |
| Oct-17 | 1,263.00 | 1,163.00 | 33,340.17 | 31,440.48 | 71,959 |
| Nov-17 | 1,537.00 | 1,152.00 | 33,865.95 | 32,683.59 | 360,147 |
| Dec-17 | 1,519.00 | 1,320.10 | 34,137.97 | 32,565.16 | 175,166 |
| Jan-18 | 1,428.80 | 1,175.00 | 36,443.98 | 33,703.37 | 176,864 |
| Feb-18 | 1,201.00 | 1,044.90 | 36,256.83 | 33,482.81 | 120,962 |
| Mar-18 | 1,120.00 | 1,000.00 | 34,278.63 | 32,483.84 | 137,483 |

## Stock Performance:

**Share Price Performance in comparison to broad based indices- BSE Sensex as on March 31, 2018.**

| | ZF India | Sensex |
|---|---|---|
| F.Y. 2017-18 | -23.2 | 11.3 |
| 3 years | 0.67 | 17.92 |
| 5 years | 379.23 | 75.03 |

**Registrar and Transfer Agents**:

| **Link Intime India Pvt. Ltd**. (website : www.linkintime.com) (email : rnt.helpdesk@linkintime.co.in ) | |
|---|---|
| **Pune Office**<br>Block No. 202, Akshay Complex, Near Ganesh Temple, Pune- 411001<br>Phone : (020) 26161629 / 26160084<br>Fax No. (020) 2616 3503 | **Mumbai Office**<br>C 101, 247 Park, L.B.S. Marg, Vikhroli (W) Mumbai- 400083<br>Phone No. (022) 49186270<br>Fax No. (022) 49186060 |

## Share Transfer System:

Share-transfers are processed by Link Intime India Pvt. Ltd. and share certificates duly endorsed are delivered within a period of 15 days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc. of the shares to the Chairman & Managing Director and/ or Company Secretary. A summary of transfer/ transmissions so approved is placed at every Stakeholders' Relationship Committee. The Company obtains from a Company Secretary in Practice half yearly Certificate of Compliance with the Share- transfer formalities as required under the Listing Regulations and files a copy of the said Certificate with BSE Limited.

**Shareholding Pattern as on March 31, 2018:**

| Category | No. of Shares of Rs. 10 each | Percentage of shareholding |
|---|---|---|
| Indian Promoters (Munot Family) | 4,343,139 | 47.87 |
| Foreign Promoter (Robert Bosch Automotive Steering, GmbH) | 2,340,155 | 25.79 |
| Banks, Financial Institutions, Insurance Companies, Mutual Funds | 950 | 0.01 |
| IEPF | 39,815 | 0.44 |
| Private Corporate Bodies | 126,136 | 1.39 |
| Indian Public | 2,194,619 | 24.19 |
| NRIs/ OCBs | 28,486 | 0.31 |
| **Total** | 9,073,300 | 100 |
| | **2018** | **2017** |
| **No. of Shareholders as on March 31** | 12,024 | 10,591 |

**Distribution of Shareholding as on March 31, 2018**

| No. of Shares held (Face Value of Rs.(10 each) | No. of Share holders | % to total No. of share holders | No. of Shares held | % to total No. of Shares |
|---|---|---|---|---|
| 1- 500 | 11,207 | 93.21 | 976,488 | 10.76 |
| 501- 1000 | 453 | 3.77 | 340,663 | 3.75 |
| 1001-5000 | 306 | 2.54 | 590,121 | 6.50 |
| 5001-10000 | 24 | 0.20 | 152,243 | 1.69 |
| 10001 & above | 34 | 0.28 | 7,013,785 | 77.30 |
| **Total** | **12,024** | **100.00** | **9,073,300** | **100.00** |

**Dematerialization of Shares & Liquidity:**

The details of Equity shares dematerialized and those held in physical form as on March 31, 2018 are given hereunder:

| Particulars of Equity Shares | Equity shares of Rs. 10 each | | Shareholders | |
|---|---|---|---|---|
| | Number | % of total | Number | % of total |
| **Dematerialized form** | | | | |
| NSDL | 7,533,089 | 83.02 | 6,745 | 56.10 |
| CDSL | 1,232,503 | 13.58 | 4,259 | 35.42 |
| **Sub-total** | **8,765,592** | **96.61** | **11,004** | **91.52** |
| Physical Form | 307,708 | 3.39 | 1,020 | 8.48 |
| **Total** | **9,073,300** | **100.00** | **12,024** | **100.00** |

Considering the advantages of dealing in securities in electronic/ dematerialized form, shareholders still holding shares in physical form are requested to dematerialize 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 by all the investors only in dematerialized form. The Company's Shares are traded on BSE Limited.

**Dividend Declared for the last 10 Years**

| FinancialYear | Dividend Per Share* (Rupees) |
|---|---|
| 2007-08 | 8.00 |
| 2008-09 | 7.00 |
| 2009-10 Interim | 3.50 |
| 2010-11 Final | 5.00 |
| 2011- 12 Interim | 5.00 |
| 2011-12 Final | 5.00 |
| 2012-13 | 8.00 |
| 2013-14 | 7.00 |
| 2014-15 | 10.00 |
| 2015-16 Interim | 12.50 |
| 2016-17 | 8.00 |

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

## Outstanding Global Depository Receipt (GDR), American Depository Receipt (ADR) or Warrants:

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

**Disclosure with respect to Equity Shares lying in Suspense Account:**

| Particulars | Shareholders | Shares |
|---|---|---|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year. | 213 | 17,127 |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year. | 3 | 725 |
| Number of shareholders whose shares were transferred to Investor Education Protection Fund (IEPF) account during the year. | 135 | 9,892 |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year | 75 | 6,510 |

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

## 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:

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

**Plant Locations:**

| Segment | Address |
|---|---|
| Auto Components | Gat No. 1242/ 44, Village Vadu-Budruk, Tal. Shirur, Dist: Pune- 412 216. (Maharashtra) |
| Solar Power Project | Plot No. 45 & 46, Survey No. 152/1, Charanka, Santalpur, Patan (Gujarat) |
| Wind Power Projects | 1. Supa Site- At Post- Kavadya Dongar, Supa, Tal. Parner, Dist. Ahmednagar (Maharashtra)<br>2. Satara Site- At Post- Vankusavade, Tal. Patan, Dist. Satara (Maharashtra)<br>3. Sadawaghapur Site- At Post- Sadawaghapur, Tal. Sadawaghapur, Dist. Satara (Maharashtra) |

**Address for Investor Correspondence:**

- **For transfer/ dematerialization of shares**
  **Link Intime India Pvt.Ltd.**
  202 A-Wing, Second Floor, AkshayComplex, 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 6th Floor,
  Eden Hall, Model Colony, Pune- 411 016
  E- Mail: satish.mehta@zfindia.com
  Phone- (020) 25676754/ 55

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

**Pune**
**May 30, 2018**

**Dinesh Munot**
**Chairman and Managing Director**

## 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 2017-18.

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

**Pune** **Dinesh Munot**
**May 30, 2018** **Chairman and Managing Director**

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## CEO/ CFO Certification

The CEO and the CFO 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** | **Utkarsh Munot** | **Jinendra Jain** |
| **May 30, 2018** | **Chief Executive Officer** | **Chief Financial Officer** |

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To,**

**The Members,**

**ZF Steering Gear (India) Limited,**

We have examined the compliance of the conditions of Corporate Governance by ZF STEERING GEAR (INDIA) LIMITED ('**the Company**') for the year ended March 31, 2018, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") for the period April 1, 2017 to March 31, 2018.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations.

We further 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.

**For M/s. MGM & Co.**
**Chartered Accountants**
**Firm Registration No. 117963W**

**Mangesh Katariya**
**Pune** **Partner**
**May 30, 2018** **Membership No.104633**

# Annexure – III
# Form AOC-2

Disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 (the Act) including certain arm's length transaction under third proviso thereto:

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### 1. Details of contracts or arrangements or transactions not at Arm's length basis:

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name(s) of the related party & nature of relationship | Nil |
| b) | Nature of contracts/ arrangements/ transaction | Nil |
| c) | Duration of the Contracts/ arrangements/ transaction | Nil |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Nil |
| e) | Justification for entering into such contracts or arrangements or transactions | Not Applicable |
| f) | Date of approval by the Board | Not Applicable |
| g) | Amount paid as advances, if any | Nil |
| h) | Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188. | Not Applicable |

### 2. Details of material (*) contracts or arrangements or transactions at Arm's length basis

| Sr. No. | Particulars | Details | |
|---|---|---|---|
| a) | Name(s) of the related party | **Varsha Forgings Ltd.** | **Robert Bosch Automotive Steering GmbH** |
| b) | Nature of Relationship | One of the Directors is interested | Associate Company |
| c) | Nature of contracts/ arrangements/ transactions | Purchase of Components | |
| d) | Duration of the contracts/ arrangements/ transactions | 01.04.2017 to 31.03.2018 | |
| e) | Salient terms of the contracts or arrangements or transaction | 45 Days of credit | 60 Days of credit |
| f) | Date of approval by the Board, if any. | Not Applicable in view of the third proviso to sub-section (1) of Section 188 of theAct. | |
| g) | Value of the transactions (Rs. in million) | **186.85** | **222.08** |

- Note: There are no Material Contracts/ Arrangements/ Transactions as defined under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**Pune**
**May 30, 2018**

**Dinesh Munot**
**Chairman & Managing Director**

# ANNEXURE –IV

## Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2017-18

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 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.

   A detailed CSR Policy has been framed by the Company with approval of CSR Committee and the Board of Directors. The Policy, inter- alia covers the Philosophy, Scope, List of CSR activities, Modalities of execution of projects/ programs andMonitoring and Assessment thereof.

   The CSR Policy is placed on the Company's website **www.zfindia.com.**

2. **The Composition of the CSRCommittee**
   Mr. Dinesh Munot – Chairman
   Mr. M. L. Rathi – Member
   Mr. Jinendra Munot – Member (Upto 31.03.2018)
   Mr. Utkarsh Munot – Member
   Mrs. Eitika Munot – Member

3. **Average net profit of the Company for last three financial years** Rs. 548.70 million

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)** Rs. 10.97 million.

5. **Details of CSR spent during the financial year:**
   a. Total amount to be spent for the financial year - **Rs. 10.97 million**
   b. Amount unspent, if any – **Nil**
   c. Manner in which the amounts spent during the financial year is detailed below:

**Details of Amount Spent on CSR Activities during the financial year 2017-18.**

| Sr. No. | CSR Project / activity / beneficiary | Sector in which the projects is covered | Location of the project/ program | Amount outlay (Budget) project or program wise (Rs.in million) | Amount spent on the Projects or Programs | Cumulative Expenditure upto the reporting period i.e. F.Y. 2017-2018 (Rs. in million) | Amount spent Direct or through Implementing Agency |
|---|---|---|---|---|---|---|---|
| 1 | Support for Food | Promoting Healthcare | Pune | 0.36 | 0.36 | 0.36 | Through 'Mukul Madhav Foundation' |
| 2 | Care, treatment and rehabilitation of individuals suffering from Mental illness. | Promotion of Education | Pune | 1.00 | 1.00 | 1.00 | Through 'Manav Foundation' |
| 3 | Contribution to the Prime Minister's National Relief Fund | Relief Fund for National Calamity | Not Applicable | 5.10 | 5.10 | 5.10 | Direct |
| 4 | Eye Care Cataract | Promotion of Education | Pune | 0.05 | 0.05 | 0.05 | Through ' Rotary Club of Pune' |
| 5 | Civil work for Toilet | Promoting Healthcare | Pune | 0.50 | 0.50 | 0.50 | Through ' Rotary Club of Pune' |
| 6 | Upliftment of Poor Children | Promoting Healthcare/ Education | Pune | 0.10 | 0.10 | 0.10 | Through 'Primavera India' |
| 7 | Construction of building, education of the underprivileged gifted children. | Promoting Education | Pune | 1.29 | 1.29 | 1.29 | Through 'Kaveri Gifted Education Centre' |
| 8 | Civil work for Toilet | Promoting Sanitation | Pune | 1.18 | 1.18 | 1.18 | Through 'Mukul Madhav Foundation' |
| 9 | Health Care/ Yoga Promotion | Promoting Healthcare | Pune | 0.80 | 0.80 | 0.80 | Through 'Ayushree Ayurvedic Treatment Centre- Dr. Sudhindra Adiga' |
| 10 | Hospital Upliftment (Oxygen Gas Pipeline at Bedhead in Pune Municipal Hospital) | Promoting Healthcare | Pune | 0.62 | 0.62 | 0.62 | Through 'Mukul Madhav Foundation' |
| **Total** | | | | **11.00** | **11.00** | **11.00** | |

6. **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 the reasons for not spending the amount in its Board Report.**

   The Company has spent two per cent of the average net profit of the last three financial years; hence this clause is **Not Applicable.**

7. **Responsibility Statement**

   The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of the Company is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company.

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

**Pune**
**May 30, 2018**

**Dinesh Munot**
**Chairman & Managing Director**

# ANNEXURE –V
# Form No. MR-3-SECRETARIAL AUDIT REPORT
# FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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

I 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 me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the ZF STEERING GEAR (INDIA) LIMITED 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2018 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2018 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 there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – **Not applicable** to the Company during the Audit Period;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **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;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable** to the Company during the Audit Period;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable** to the Company during the Audit Period.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. On the basis of the information provided by the Company, following laws are also complied with:

### A) ENVIRONMENTAL LAWS:

1. The Air (Prevention and Control of Pollution) Act, 1981 & The Air (Prevention and Control of Pollution) Rules 1982
2. The Water (Prevention and Control of Pollution) Act, 1974 & The Water (Prevention and Control of Pollution) Rules 1975
3. The Hazardous Wastes (Management, Handling and Trans-boundary Movement) Rules, 2008

### B) LABOUR LAWS:

4. The Factories Act, 1948
5. The Employees' Compensation Act, 1923 (Earlier known as Workmen's Compensation Act, 1923)
6. The Minimum Wages Act, 1948

7. The Payment of Wages Act, 1936
8. The Employees Provident Fund and Miscellaneous Provisions Act, 1956 and the schemes made there under – Maintained electronically
9. The Payment of Bonus Act, 1965
10. The Payment of Gratuity Act, 1972

I 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 entered into by the Company with BSE Limited.

**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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate 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 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.

**I further report that** 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.

Further the following event has occurred during the period under review:

The Company further invested Rs. 9,88,00,000 (Rupees Nine Crore Eighty Eight Lakhs Only) by way of equity participation in its Joint-Venture Company – 'Robert Bosch Automotive Steering Private Limited'.

**Signature:**
**Name of Company Secretary in practice: I U Thakur**
**FCS: 2298 C.P. No.: 1402**

**Place: Pune**
**Date: 03/05/2018**

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**

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, I 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. My 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.

**Signature:**
**Name of Company Secretary in practice: I U Thakur**
**FCS: 2298 C.P. No.: 1402**

**Place: Pune**
**Date: 03/05/2018**

# ANNEXURE –VI

# Form No. MGT-9

**EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2018 of ZF STEERING GEAR (INDIA) LIMITED.**

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

## I. Registration and other details

| | |
|---|---|
| CIN | L29130PN1981PLC023734 |
| Registration Date | 21.01.1981 |
| Name of the Company | ZF Steering Gear (India) Limited |
| Category/ Sub-Category of the Company | Company having share capital |
| Address of the Registered Office and contact details | Regd. Office & Work: Gat No. 1242/44,<br>Village Vadu Budruk, Tal. Shirur, Dist. Pune -412 216.<br>Tel: 02137-305100 |
| Whether listed Company | Yes |
| Name, Address and Contact details of Registrar & Transfer Agents (RTA), if any. | Link Intime India Private Limited Block No. 202, A Wing, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune- 411001<br>Tel: 020 26161629 |

## II. Principal Business Activities of the Company

| Sr. No. | Name and Description of main products/ Service | NIC Code of the Product/ Service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Auto Component (Mfg. of Steering Gear ) | 29301 | 96.82% |
| 2 | Renewable Energy (Solar and Wind power) | 35106 | 3.18% |

## III. Particulars of Holding, Subsidiary and Associate Companies

| Sr. No. | Name and Address of the Company | CIN | Holding/ Subsidiary Associate | % of shares held | Applicable Section of Companies Act, 2013 |
|---|---|---|---|---|---|
| 1 | Robert Bosch Automotive Steering Private Limited.<br>Global Raisoni Industrial Park, Gate No. 184, Post -Phulgaon, Alandi-Markal Road Tal. Haveli, Pune – 412 216 | U29130PN2007PTC130749 | Associate | 26% | 2(6) |

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year 01.04.2017 | | | | No. of Shares held at the end of the year 31.03.2018 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total | Demat | Physical | Total | % of Total | |
| **A. Promoters** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual/ HUF | 4,343,139 | - | 4,343,139 | 47.87 | 4,343,139 | - | 4,343,139 | 47.87 | 0.00 |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt. (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks/ FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1)** | 4,343,139 | - | 4,343,139 | 47.87 | 4,343,139 | - | 4,343,139 | 47.87 | 0.00 |
| **2) Foreign** | - | - | - | - | - | - | - | - | - |
| a) NRIs- Individual | - | - | - | - | - | - | - | - | - |
| b) Other individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | 2,340,155 | - | 2,340,155 | 25.79 | 2,340,155 | - | 2,340,155 | 25.79 | 0.00 |
| d) Banks/ FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2)** | 2,340,155 | - | 2,340,155 | 25.79 | 2,340,155 | - | 2,340,155 | 25.79 | 0.00 |
| **Total Shareholding Promoters (A)=(A)(I)+(A)(2)** | **6,683,294** | **-** | **6,683,294** | **73.66** | **6,683,294** | **-** | **6,683,294** | **73.66** | **0.00** |
| B. Public Shareholding | - | - | - | - | - | - | - | - | - |
| 1) Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | 113,424 | - | 113,424 | 1.25 | 50 | - | 50 | 0 | -1.25 |
| b) Banks / FI | 400 | 1,250 | 1,650 | 0.02 | 400 | 500 | 900 | 0.01 | -0.01 |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt( s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | 16,644 | - | 16,644 | 0.18 | - | - | - | - | -0.18 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (1)** | **130,468** | **1,250** | **131,718** | **1.45** | **450** | **500** | **950** | **0.01** | **-1.44** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **2) Non-Institutional** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | 141,629 | 30,200 | 171,829 | 1.89 | 114,333 | 30,100 | 144,433 | 1.59 | -0.30 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individuals shareholders holding nominal share capital up to Rs. 1 lac. | 1,517,483 | 271,675 | 1,789,158 | 19.72 | 1,715,678 | 226,808 | 1,942,486 | 21.41 | 1.69 |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lac. | 209,085 | 50,100 | 259,185 | 2.86 | 183,596 | 50,100 | 233,696 | 2.58 | -0.28 |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Trusts | 140 | - | 140 | 0.00 | 140 | - | 140 | 0.00 | 0.00 |
| Custodians/ Clearing member | - | - | - | - | - | - | - | - | - |
| NRIs | 35,476 | 2,500 | 37,976 | 0.42 | 28,286 | 200 | 28,486 | 0.31 | -0.11 |
| IEPF | 0 | 0 | 0 | 0.00 | 39,815 | 0 | 39,815 | 0.44 | 0.44 |
| **Sub-total(b) (2)** | **1,903,813** | **354,475** | **2,258,288** | **24.89** | **2,081,848** | **307,208** | **2,389,056** | **26.33** | **1.44** |
| **Total Public Shareholding (B) =(B)(1)+(B)(2)** | **20,34,281** | **355,725** | **2,390,006** | **26.34** | **2,082,298** | **307,708** | **2,390,006** | **26.34** | **0.00** |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| **Grand Total (A)+(B)+(C)** | **8,717,575** | **355,725** | **9,073,300** | **100%** | **8,765,592** | **307,708** | **9,073,300** | **100%** | **0.00** |

### (ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year 01.04.2017 | | | Shareholding at the end of the year 31.03.2018 | | | %Change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of Total Shares of the Company | % of Shares pledged/ encum-bered to total shares | No. of Shares | % of Total Shares of the Company | % of Shares pledged/ encumbered to total shares | |
| 1 | Mr. Dinesh Munot | 949,290 | 10.46 | 0 | 949,290 | 10.46 | 0 | 0 |
| 2 | Mr. Utkarsh Munot | 1,191,494 | 13.13 | 7.16 | 1,191,494 | 13.13 | 11.57 | 0 |
| 3 | Mrs.Nandini D. Munot | 321,474 | 3.54 | 0 | 321,474 | 3.54 | 0 | 0 |
| 4 | Mrs.Pragati D. Bothra | 115,623 | 1.27 | 0 | 115,623 | 1.27 | 0 | 0 |
| 5 | Mrs. Trupti S. Gupta | 123,496 | 1.36 | 0 | 123,496 | 1.36 | 0 | 0 |
| 6 | Mr. Jinendra Munot | 259,659 | 2.87 | 0 | 259,659 | 2.87 | 0 | 0 |
| 7 | Mrs. Amita Munot | 152,457 | 1.68 | 0 | 152,457 | 1.68 | 0 | 0 |
| 8 | Mr. Piyush J. Munot | 122,804 | 1.35 | 0 | 122,804 | 1.35 | 0 | 0 |
| 9 | Mr. Yash J. Munot | 123,053 | 1.36 | 0 | 123,053 | 1.36 | 0 | 0 |
| 10 | Mr. Ramesh Munot | 172,239 | 1.90 | 0 | 172,239 | 1.90 | 0 | 0 |
| 11 | Mr. Manik Munot | 58,382 | 0.64 | 0 | 58,382 | 0.64 | 0 | 0 |
| 12 | Ashish Rameshchand Munot (HUF) | 130,250 | 1.44 | 0 | 130,250 | 1.44 | 0 | 0 |
| 13 | Mr. Manish Munot | 162,760 | 1.79 | 0 | 162,760 | 1.79 | 0 | 0 |
| 14 | Ms. Priti M. Munot | 410 | 0 | 0 | 410 | 0 | 0 | 0 |
| 15 | Mr. Harish Munot | 269,500 | 2.98 | 0 | 269,500 | 2.98 | 0 | 0 |
| 16 | Mr. Hitesh Munot | 43,495 | 0.48 | 0 | 43,495 | 0.48 | 0 | 0 |
| 17 | Mr. Amol Munot | 122,753 | 1.35 | 0 | 122,753 | 1.35 | 0 | 0 |
| 18 | Mrs. Pramila A. Munot | 24,000 | 0.26 | 0 | 24,000 | 0.26 | 0 | 0 |
| 19 | Robert Bosch Automotive Steering GmbH | 2,340,155 | 25.79 | 0 | 2,340,155 | 25.79 | 0 | 0 |
| | **Total** | **6,683,294** | **73.66** | **7.16** | **6,683,294** | **73.66** | **11.57** | **0** |

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

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | **At the beginning of the year** | 6,683,294 | 73.66 | 6,683,294 | 73.66 |
| | Data wise Increase/ Decrease in Promoters Share holding during the Year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat/ equity etc.) | -------- | -------- | -------- | -------- |
| | **At the end of year** | **6,683,294** | **73.66** | **6,683,294** | **73.66** |

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

| Sr. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Urmil Mahasukh Gopani | 1,35,802 | 1.50 | 1,34,596 | 1.49 |
| 2 | Sangeeta Nirmal Bang | 31,390 | 0.35 | 31.390 | 0.35 |
| 3 | Prasanna Holdings Pvt. Ltd. | 30,100 | 0.33 | 30,100 | 0.33 |
| 4 | Kishan Gopan Mohta | 26,000 | 0.29 | 26,000 | 0.29 |
| 5 | Vilaskumar Shankarlal Munot | 24,960 | 0.28 | 24,960 | 0.28 |
| 6 | Sharad Mohanlal Bhatevara* | 13,944 | 0.15 | 14,044 | 0.15 |
| 7 | Ayaz Motiwala* | 13,485 | 0.15 | 13,485 | 0.15 |
| 8 | Asha Shantikumar Firodia * | 10,400 | 0.11 | 10,400 | 0.11 |
| 9 | Mahasukh Hargovandas Gopani* | 4,200 | 0.05 | 10,211 | 0.11 |
| 10 | Arun Subrahmanyam* | - | - | 10,000 | 0.11 |

* Not in the list of Top 10 shareholders as on 01.04.2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2018.

**(v) Shareholding of Directors and Key Managerial Personnel**

| Sr. No. | For each of the Directors and KMP | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| **1** | **Shareholding of Directors:** | | | | |
| | Mr. Dinesh Munot | | | | |
| | At the beginning of the year | 949,290 | 10.46 | 949,290 | 10.46 |
| | At the end of the year | 949,290 | 10.46 | 949,290 | 10.46 |
| 2 | Mr. Utkarsh Munot | | | | |
| | At the beginning of the year | 1,191,494 | 13.13 | 1,191,494 | 13.13 |
| | At the end of the year | 1,191,494 | 13.13 | 1,191,494 | 13.13 |
| 3 | Mr. Jinendra Munot (Upto 31.03.2018) | | | | |
| | At the beginning of the year | 259,659 | 2.86 | 259,659 | 2.86 |
| | At the end of the year | 259,659 | 2.86 | 259,659 | 2.86 |
| 4 | Mr. S. A. Gundecha | 1,250 | 0.01 | 1,250 | 0.01 |
| | At the beginning of the year | | | | |
| | At the end of the year | 1,250 | 0.01 | 1,250 | 0.01 |
| **5** | **Shareholding of Key Managerial Personnel:** | | | | |
| | Mr. Jinendra Jain | | | | |
| | At the beginning of the year | 1 | 0 | 1 | 0 |
| | At the end of the year | 1 | 0 | 1 | 0 |
| 6 | Mr. Satish Mehta | | | | |
| | At the beginning of the year | 1 | 0 | 1 | 0 |
| | At the end of the year | 1 | 0 | 1 | 0 |

## V. Indebtedness

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

**(Rs. in million)**

| | Secured loans excluding deposits | Unsecured loans | Deposit | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 133.79 | 79.41 | - | 213.20 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | **133.79** | **79.41** | - | **213.20** |
| **Change in indebtedness during the financial year** | | | | |
| · Addition | 63.50 | - | - | 63.50 |
| · Reduction | 36.10 | 23.05 | - | 59.15 |
| **Net change** | **27.40** | **-23.05** | - | **4.35** |
| **Indebtedness at the end of the financial year** | | | | |
| iv) Principal Amount | 161.19 | 56.36 | - | 217.55 |
| v) Interest due but not paid | - | - | - | - |
| vi) Interest accrued but not due | 1.07 | - | - | 1.07 |
| **Total (iv+v+vi)** | **162.26** | **56.36** | - | **218.62** |

## VI. Remuneration of Directors and KEY Managerial Personnel

**A. Remuneration to Managing Director, whole-time Directors and/ or Manager** **(Rs. in million)**

| Sl No. | Particulars of Remuneration | Name of MD/ WTD/ Manager | | | Total Amount |
|---|---|---|---|---|---|
| | | Dinesh Munot (CMD) | Jinendra Munot (WTD) (Upto 31.03. 2018) | Utkarsh Munot (WTD/ CEO) | |
| 1 | Gross Salary | | | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961 | 28.43 | 13.69 | 13.27 | 55.39 |
| | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | | | |
| | c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | 1.68 | 2.35 | 1.29 | 5.32 |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | · As % of profit | | | | |
| | · Others, specify | | | | |
| 5 | Others, please specify | | | | |
| | Total (A) | 30.11 | 16.04 | 14.56 | 60.71 |
| | Ceiling as per the Act | | | | **62.02** |

**B. Remuneration to other directors** (Rs. in million)

| Sl No. | Particulars of Remuneration | Name of Directors | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|
| | | Manish Motwani | M. L. Rathi | Ajinkya Arun Firodiya | Jitendra A. Pandit | Shridhar S. Kalmadi | S. A. Gundecha | |
| 1 | **Independent Directors** | | | | | | | |
| | ·Fee for attending board/ committee meetings | 0.21 | 0.50 | 0.08 | 0.47 | 0.23 | 0.35 | 1.84 |
| | · Commission | | | | | | | |
| | · Others, please specify | | | | | | | |
| | **Total (1)** | **0.21** | **0.50** | **0.08** | **0.47** | **0.23** | **0.35** | **1.84** |
| | | **Mrs. Eitika Munot** | **Soumitra Bhattacharya** | | | | | |
| 2 | **Other Non- Executive Director** | | | | | | | |
| | • Fee for attending board/ committee meetings | 0.29 | - | - | - | - | - | 0.29 |
| | • Commission Others, please specify | | | | | | | |
| | **Total (2)** | **0.29** | **-** | **-** | | **-** | **-** | **0.29** |
| | **Total (B)=(1+2)** | | | | | | | **2.13** |
| | **Overall Ceiling as per the Act.** | | | | | | | **6.20** |

**C. Remuneration to key Managerial Personnel other than MD/ Manager/ WTD** (Rs. in million)

| Sl No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---|---|---|---|---|---|
| | | CEO | CFO (Jinendra Jain) | Company Secretary (Satish Mehta) | |
| 1 | Gross Salary | Not Applicable | | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961 | | 2.12 | 1.89 | 4.01 |
| | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | 0.04 | | 0.04 |
| | c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | | | | |
| 2 | Stock Option | | | | |
| 3 | Sweat Equity | | | | |
| 4 | Commission | | | | |
| | • As % of profit | | | | |
| | • Others, specify | | | | |
| 5 | Others, please specify | | | | |
| | **Total** | | **2.16** | **1.89** | **4.05** |
| | Ceiling as per the Act | | Not Applicable | | |

**VII. Penalties/ punishment/ compounding of offences**

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ punishment Compounding fees imposed | Authority [RD/ NCLT/ COURT] | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| **A. Company**<br>Penalty<br>Punishment<br>Compounding | | | | | |
| **B. Directors**<br>Penalty<br>Punishment<br>Compounding | | | NIL | | |
| **c. Other Officers in default**<br>Penalty<br>Punishment<br>Compounding | | | | | |

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

**Pune**
**May 30, 2018**

**Dinesh Munot**
**Chairman and Managing Director**

# INDEPENDENT AUDITORS' REPORT

## To,

## The Members of

## ZF STEERING GEAR (INDIA) LIMITED

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **ZF STEERING GEAR (INDIA) LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2018, Statement of Profit and Loss, including Other Comprehensive Income, Cash Flow Statement and the statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (**"the Act"**) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant Rules issued thereunder.

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 control , that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

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

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 B"; and

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

   I. The Company has disclosed the impact of pending litigations on its financial position in the aforesaid financial statements – Refer Note 33 to the financial statements;

   II. The company did not have any long term contract including derivative contracts for which there were any material foreseeable losses.

   III. There is no amount due to be transferred to Investor Education and Protection Fund by the company.

**For MGM and Company**
**Chartered Accountants**
**Firm Registration No. 117963W**

**Mangesh Katariya**
**Partner**
**Membership No. 104633**

**Place: Pune**
**Date : May 30, 2018**

## "ANNEXURE A" REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ZF STEERING GEAR (INDIA) LIMITED

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

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

   b) As explained to us, considering the nature of the Fixed Assets, the same have been 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. 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. The discrepancies noticed on verification between the physical stocks and book records were not material considering the operations of the Company and have been properly dealt with in the books of account.

3. During the year, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.

4. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

5. No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder have been accepted by the Company.

6. According to the information and explanations given to us, the Central Government under sub-section (1) of Section 148 of the Act has not prescribed maintenance of cost records in respect of the activities carried out by the company.

7. a) According to the information and explanations given to us and on the basis of our examination, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, GST, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March,2018 for a period of more than six months from the date they became payable.

b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute except the following:

| Name of the Statute | Nature of Dues | Forum where the dispute is pending | Financial Year | Amount (Rs.in Millions) |
|---|---|---|---|---|
| MVAT Act 2002 & CST Act. | Assessed VAT dues by AO | Dy. Commissioner of Sales Tax | FY 2010-11 | 3.19 |
| Income Tax Act, 1961 | Assessment dues | CIT (Appeal), Pune | FY 2012-13 | 4.45 |
| Income Tax Act, 1961 | Assessment dues | CIT (Appeal), Pune | FY 2013-14 | 4.61 |
| Income Tax Act, 1961 | Assessed TDS Dues by CPC | CIT (Appeal), Pune | FY 2009-10 | 0.3 |
| MVAT Act 2002 & CST Act. | Assessed VAT dues by AO | Dy. Commissioner of Sales Tax | FY 2012-13 | 0.75 |

8. According to the information and explanations given to us and on the basis of our examination, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

9. According to the information and explanations given to us and on the basis of our examination, the Company has not raised any money by way of initial public offer, further public offer and debt instruments. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

**For MGM and Company**
**Chartered Accountants**
**Firm Registration No. 117963W**

**Mangesh Katariya**
**Partner**
**Membership No. 104633**

**Place: Pune**
**Date: May 30, 2018**

## "ANNEXURE B" REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ZF STEERING GEAR (INDIA) LTD.

Report on the Internal Financial Controls 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) Ltd. ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, 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 31st March 2018, 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.

**For MGM and Company**
**Chartered Accountants**
**Firm Registration No. 117963W**

**Mangesh Katariya**
**Partner**
**Membership No. 104633**

**Place: Pune**
**Date: May 30, 2018**

# Balance Sheet

(Rs. in Million)

| | Notes | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 1,022.51 | 1,183.63 | 978.09 |
| Capital work in progress | 3 | 7.01 | 3.18 | 6.55 |
| Investment property | 4 | 10.01 | 10.52 | 11.06 |
| Intangible assets | 5 | 27.18 | 15.95 | 19.40 |
| Financial assets | | | | |
| (i) Investments | 6[a] | 2,306.95 | 1,896.86 | 1,759.94 |
| (ii) Loans | 6[b] | 6.05 | 7.66 | 4.48 |
| (iii) Other financial assets | 6[e] | 0.65 | 0.65 | 0.65 |
| Other non-current assets | 7 | 160.70 | 142.22 | 149.96 |
| Tax assets | 8 | 38.36 | 53.52 | 33.50 |
| **Total non-current assets** | | **3,579.42** | **3,314.19** | **2,963.63** |
| **Current assets** | | | | |
| Inventories | 9 | 397.00 | 391.18 | 326.95 |
| Financial assets | | | | |
| (i) Loans | 6[b] | 0.83 | 0.96 | 1.29 |
| (ii) Trade receivables | 6[c] | 922.70 | 762.21 | 459.19 |
| (iii) Cash and cash equivalents | 6[d] | 40.99 | 16.52 | 17.13 |
| (iv) Other financial assets | 6[e] | 38.10 | 10.02 | 10.20 |
| Other current assets | 7 | 120.81 | 152.76 | 93.51 |
| **Total current assets** | | **1,520.43** | **1,333.65** | **908.27** |
| **Total Assets** | | **5,099.85** | **4,647.84** | **3,871.90** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Equity share capital | 10 | 90.73 | 90.73 | 90.73 |
| Other equity | | | | |
| Reserves and surplus | 11 | 3,695.42 | 3,294.87 | 2,805.11 |
| **Total Equity** | | **3,786.15** | **3,385.60** | **2,895.84** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 12[a] | 146.34 | 157.65 | 79.41 |
| Provisions | 13 | 22.45 | 26.77 | 22.31 |
| Other non current liabilities | 15 | 1.01 | 1.47 | 2.14 |
| Deferred tax liabilities (Net) | 14 | 5.80 | 28.17 | 36.08 |
| **Total non-current liabilities** | | **175.60** | **214.06** | **139.94** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 12[b] | 420.03 | 409.67 | 246.13 |
| (ii) Trade payables | 12[c] | 509.92 | 445.50 | 436.20 |
| (iii) Other financial liabilities | 12[d] | 112.83 | 106.17 | 69.64 |
| Provisions | 13 | 15.21 | 55.92 | 45.59 |
| Other current liabilities | 15 | 80.11 | 30.92 | 38.56 |
| **Total current liabilities** | | **1,138.10** | **1,048.18** | **836.12** |
| **Total liabilities** | | **1,313.70** | **1,262.24** | **976.06** |
| **Total Equity And Liabilities** | | **5,099.85** | **4,647.84** | **3,871.90** |

Significant Accounting Policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **MGM and Company**
Firm Registration Number: 117963W
Chartered Accountants

**Mangesh Katariya**
Partner
Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** Chief Executive Officer
**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**
**May 30, 2018**

# Statement of Profit and Loss

(Rs. in Million)

| | Note | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 16 | 4,245.59 | 3,988.05 |
| Other income | 17 | 113.69 | 116.04 |
| **Total Income** | | **4,359.28** | **4,104.09** |
| **EXPENSES** | | | |
| Cost of raw material consumed | 18 | 2,523.35 | 2,428.54 |
| Change in Inventory of finished goods and work in progress | 19 | 15.78 | (39.30) |
| Employee benefits expense | 20 | 491.89 | 451.57 |
| Other expenses | 21 | 349.31 | 328.05 |
| **Total Expenses** | | **3,380.33** | **3,168.86** |
| **Profit before interest, tax, depreciation and amortisation expenses (EBITDA)** | | **978.95** | **935.23** |
| Finance costs | 22 | 32.18 | 24.86 |
| Depreciation and amortisation expense | 23 | 333.03 | 278.51 |
| **Profit before tax** | | **613.74** | **631.86** |
| **Tax Expense** | 24 | | |
| Current tax | | 174.56 | 138.69 |
| Deferred tax | | (31.49) | (3.99) |
| **Total tax expense** | | **143.07** | **134.70** |
| **Profit for the year** | | **470.67** | **497.16** |
| **Other comprehensive income** | | | |
| (i) Items that will not be reclassified to profit or loss | | | |
| - Remeasurements of defined benefit obligations | | 26.36 | (11.32) |
| - Income tax relating to the above items | 24 | (9.12) | 3.92 |
| **Other comprehensive income for the year, net of tax** | | **17.24** | **(7.40)** |
| **Total comprehensive income for the year** | | **487.91** | **489.76** |
| Earning per equity share of Rs 10 each | 25 | | |
| Basic and diluted earning per share | | **51.87** | **54.79** |

Significant Accounting Policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **MGM and Company**
Firm Registration Number: 117963W
Chartered Accountants

**Mangesh Katariya**
Partner
Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** — Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** — Chief Executive Officer
**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**
**May 30, 2018**

# Statement of Cash Flows

**(Rs. in Million)**

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **Cash Flow from Operating Activities:** | | |
| **Profit/ (Loss) before tax** | **613.74** | **631.86** |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | 333.03 | 278.51 |
| Finance cost | 32.18 | 24.86 |
| Fair value change in investment | (47.24) | (38.60) |
| (Profit)/ Loss on sale of fixed assets | 0.16 | 0.64 |
| (Profit)/ Loss on sale of investment | (8.87) | (40.83) |
| Interest Income | (6.26) | (4.04) |
| Dividend received | (21.42) | (8.61) |
| **Operating profit before working capital changes** | **895.32** | **843.79** |
| **Adjustments for changes in working capital:** | | |
| (Increase)/ Decrease in inventory | (5.82) | (64.23) |
| (Increase)/ Decrease in trade receivables and financial assets | (186.83) | 100.55 |
| (Increase)/ Decrease in other non-current and current assets | 36.07 | (99.91) |
| Increase/ (Decrease) in provisions and other liabilities | 30.06 | (4.84) |
| Increase/ (Decrease) in trade payables and financial liabilities | 64.42 | 9.30 |
| **Cash generated from operations** | **833.22** | **784.66** |
| Income tax paid | (157.83) | (158.70) |
| **Net cash from operating activities** | **675.39** | **625.96** |
| **Cash Flow from Investing Activities:-** | | |
| Purchase of property, plant and equipment | (218.26) | (424.76) |
| Interest received | 4.69 | 4.04 |
| Dividend received | 21.42 | 8.61 |
| Investment | (353.98) | (57.49) |
| **Net cash (used in) investing activities** | **(546.13)** | **(469.60)** |
| **Cash Flow from Financing Activities:-** | | |
| Proceeds from borrowings | 480.10 | 133.79 |
| Repayment of borrowings | (465.39) | (265.65) |
| Dividend paid (including dividend distribution tax) | (87.32) | (0.25) |
| Interest and other finance cost | (32.18) | (24.86) |
| **Net cash generated from/(used in) financing activities** | **(104.79)** | **(156.97)** |
| Net Increase/ (Decrease) in cash and cash equivalents | 24.47 | (0.61) |
| Cash and cash equivalents as at the beginning of the year | 16.52 | 17.13 |
| **Cash and cash equivalents as at the end of the year** | **40.99** | **16.52** |
| **Cash and cash equivalents comprise of the following:** | | |
| Cash on hand | 0.05 | 0.10 |
| Balances with banks - Current accounts | 40.94 | 16.42 |
| | 40.99 | 16.52 |

Significant Accounting Policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **MGM and Company**
Firm Registration Number: 117963W
Chartered Accountants

**Mangesh Katariya**
Partner
Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** Chief Executive Officer
**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**
**May 30, 2018**

# Statement of Changes in Equity

(Rs. in Million)

**A. Equity Share Capital**

| | Notes | Amount |
|---|---|---|
| **As at April 1, 2016** | | **90.73** |
| Changes in equity share capital during the year | 10 | - |
| **As at March 31, 2017** | | **90.73** |
| Changes in equity share capital during the year | 10 | - |
| **As at March 31, 2018** | | **90.73** |

**B. Other Equity**

| Particulars | Attributable to owners Reserves and Surplus | | | | Total |
|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium Reserve | General Reserve | Retained Earnings | |
| **Balance as at April 1, 2016** | **3.50** | **23.23** | **2,350.00** | **428.38** | **2,805.11** |
| Profit for the year | - | - | - | 497.16 | 497.16 |
| Other comprehensive income | - | - | - | (7.40) | (7.40) |
| **Total comprehensive income for the year** | - | - | - | **489.76** | **489.76** |
| **Balance at March 31, 2017** | **3.50** | **23.23** | **2,350.00** | **918.14** | **3,294.87** |
| Profit for the year | - | - | - | 470.67 | 470.67 |
| Other comprehensive income | - | - | - | 17.24 | 17.24 |
| **Total comprehensive income for the year** | - | - | - | **487.91** | **487.91** |
| Dividend Paid | - | - | - | (72.58) | (72.58) |
| Dividend distribution tax | - | - | - | (14.78) | (14.78) |
| **Balance at March 31, 2018** | **3.50** | **23.23** | **2,350.00** | **1,318.69** | **3,695.42** |

Significant Accounting Policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **MGM and Company**
Firm Registration Number: 117963W
Chartered Accountants

**Mangesh Katariya**
Partner
Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** Chief Executive Officer
**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**
**May 30, 2018**

# Notes to the Financial Statements for the year ended March 31, 2018

## 1 Company overview

ZF Steering Gear (India) Limited ("the Company") is a listed Company domiciled in India and was incorporated in1981 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 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') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the accounting standards as per the Companies (Accounting Standard) Rules, 2006 (as amended) (referred to as "Indian GAAP" or "Previous GAAP"), notified under Section 133 of the Act and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS, hence Ind AS 101 First time adoption of Indian Accounting Standards has been applied. Refer note 37 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

These financial statements were authorised for issue by the Company's Board of Directors on 30th May 2018.

#### (ii) Basis of measurement

The 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 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 and expenses. 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 31st March 2018 is included in the following notes:

Note 24 - Recognition of deferred tax assets: Availability of future taxable profit against which tax losses carried forward can be used;

Note 30 - 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 prospectively.

### 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.

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 29 for segment information presented.

### 2.4 Foreign currencies

#### (i) Functional and presentation currency

The financial statements are presented 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 financial statements of the Company are measured using that functional currency.

#### (ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Company's functional currency of the entity at the rates prevailing on the reporting date. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

### 2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of excise duty, sales returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

#### (a) Sale of goods

Revenue is recognised when significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

#### (b) Sale of solar power

Revenue from generation of electricity is recognised on an accrual basis on the basis of billings to the customer and includes unbilled revenues accrued up to the end of the accounting period.

### 2.6 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss in a proportion in which depreciation of related assets and presented within other income.

### 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 substantially 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.

Minimum Alternate Tax ('MAT') credit entitlement is generally recognised as a deferred tax asset if it is probable (more likely than not) that MAT credit can be used in future years to reduce the regular tax liability.

### 2.8 Leases

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

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

### 2.9 Impairment of non financial assets

Property, plant and equipments (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 Companys 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.

### 2.10 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 way 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.

**(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.

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 points 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 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 Investments in joint venture

Investments in joint venture is recognised at cost as per Ind AS 28 "Investments in Associates and Joint Ventures." Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

**Transition to Ind AS**

On transition to Ind AS, the Company has opted to consider previous GAAP carrying values of investment in joint venture as on the date of transition i.e. April 1, 2016 as deemed cost.

### 2.15 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 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.

**2.16 Property, plant and equipment (PPE)**

Property, plant and equipment 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 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.

**Transition to Ind AS**

On transition to Ind AS, the Company has opted to consider previous GAAP carrying value of property, plant and equipment as on the date of transition i.e. April 1, 2016 as deemed cost.

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

Depreciation is provided on a written down value method (WDV) method over the estimated useful lives as prescribed under 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.

**2.17 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.

**2.18 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 straight-line method over the following periods:

| Class of asset | Life of the asset |
|---|---|
| Computer software | 3 years |
| Patent | 15 years |

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

### 2.19 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.

### 2.20 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.

### 2.21 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 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.

### 2.22 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**

The liabilities for earned leave is expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

**(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.

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.

**2.23 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.

**2.24 Rounding off amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 3. Property, plant and equipment

| | Gross Block | | | | | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount as at 1 April 2016 (Deemed Cost) | Additions | Deletions/ Disposals | Transferred to PPE | Balance as at 31 March 2017 | Balance as at 1 April 2016 | Depreciation for the year | Accumulated depreciation on deletions/ disposals | Balance as at 31 March 2017 | as at 31 March 2017 |
| Property, plant and equipment | | | | | | | | | | |
| Land | 3.30 | - | - | - | **3.30** | - | - | - | **-** | **3.30** |
| Buildings | 70.28 | 27.55 | - | - | **97.83** | - | 7.28 | - | **7.28** | **90.55** |
| Plant & Equipment | 535.65 | 407.33 | (1.79) | - | **941.19** | - | 184.20 | - | **184.20** | **756.99** |
| Plant & Equipment ( R & D) | 11.82 | - | (0.02) | - | **11.80** | - | 3.39 | - | **3.39** | **8.41** |
| Furniture & Fixtures | 13.93 | 0.46 | (0.01) | - | **14.38** | - | 3.82 | - | **3.82** | **10.56** |
| Vehicles | 30.26 | 29.88 | (2.14) | - | **58.00** | - | 11.58 | - | **11.58** | **46.42** |
| Office Equipment | 7.28 | 6.33 | (0.01) | - | **13.60** | - | 5.05 | - | **5.05** | **8.55** |
| Electrical Installation | 10.71 | 5.73 | - | - | **16.44** | - | 3.04 | - | **3.04** | **13.40** |
| ETP/STP Plant | 1.86 | - | - | - | **1.86** | - | 0.63 | - | **0.63** | **1.23** |
| Wind Mills | 57.49 | - | - | - | **57.49** | - | 4.75 | - | **4.75** | **52.74** |
| Solar Power Plant | 235.51 | - | - | - | **235.51** | - | 44.03 | - | **44.03** | **191.48** |
| Total property, plant and equipment | 978.09 | 477.28 | (3.97) | - | **1,451.40** | - | 267.77 | - | **267.77** | **1,183.63** |
| Capital work in progress | 6.55 | 504.93 | - | (508.30) | **3.18** | - | - | - | **-** | **3.18** |

| | Gross Block | | | | | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount as at 1 April 2017 | Additions | Deletions / Disposals | Transferred to PPE | Balance as at 31 March 2018 | Balance as at 1 April 2017 | Depreciation for the year | Accumulated depreciation on deletions / disposals | Balance as at 31 March 2018 | as at 31 March 2018 |
| Property, plant and equipment | | | | | | | | | | |
| Land | 3.30 | - | - | - | **3.30** | - | - | - | **-** | **3.30** |
| Buildings | 97.83 | 11.37 | (0.28) | - | **108.92** | 7.28 | 8.40 | - | **15.68** | **93.24** |
| Plant & Equipment | 941.19 | 93.26 | (0.09) | - | **1,034.36** | 184.20 | 244.66 | (0.01) | **428.85** | **605.51** |
| Plant & Equipment ( R & D) | 11.80 | - | - | - | **11.80** | 3.39 | 2.22 | - | **5.61** | **6.19** |
| Furniture & Fixtures | 14.38 | 0.47 | - | - | **14.85** | 3.82 | 2.75 | - | **6.57** | **8.28** |
| Vehicles | 58.00 | 0.73 | (0.57) | - | **58.16** | 11.58 | 14.67 | (0.25) | **26.00** | **32.16** |
| Office Equipment | 13.60 | 4.29 | - | - | **17.89** | 5.05 | 4.67 | - | **9.72** | **8.17** |
| Electrical Installation | 16.44 | 20.39 | - | - | **36.83** | 3.04 | 6.65 | - | **9.69** | **27.14** |
| ETP/STP Plant | 1.86 | - | - | - | **1.86** | 0.63 | 0.42 | - | **1.05** | **0.81** |
| Wind Mills | 57.49 | - | - | - | **57.49** | 4.75 | 4.33 | - | **9.08** | **48.41** |
| Solar Power Plant | 235.51 | 33.71 | - | - | **269.22** | 44.03 | 35.89 | - | **79.92** | **189.30** |
| Total property, plant and equipment | 1,451.40 | 164.22 | (0.94) | - | **1,614.68** | 267.77 | 324.66 | (0.26) | **592.17** | **1,022.51** |
| Capital work in progress | 3.18 | 187.14 | - | (183.31) | **7.01** | - | | - | **-** | **7.01** |

### A. Security

As at 31-March-2018, properties worth Rs. 161.19 Million (31-March-2017 Rs.133.79 Million) are subject to first charge against borrowings and as at 31-March-2018 properties worth Rs. 478.60 Million (31-March-2017 Rs. 646.24 Million, 1-April-2016 Rs. 560.04 Million) are pledged as second charges against cash credit facilities. See note-12.

### B. Capital work in progress

Capital work in progress includes certain plant and machinery setup under construction.

### C. Transition to Ind AS

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, whereas the carrying value of property, plant and equipment has been carried forward at the amount as determined under the previous GAAP Considering the guidance note on Schedule III issued by the ICAI, regarding application of deemed cost, the Company has disclosed the cost as at 1 April 2016 net of accumulated depreciation. However, information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows:-

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

| | Land | Buildings | Plant & Equipment | Plant & Equipment ( R & D) | Furniture & Fixtures | Vehicles | Office Equipment | Electrical Installation | ETP/ STP Plant | Wind Mills | Solar Power Plant | Total property, plant and equipment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 01-April-2016** | | | | | | | | | | | | |
| Gross block, as per previous GAAP | 3.30 | 154.54 | 1640.48 | 45.66 | 39.19 | 90.57 | 30.61 | 25.55 | 5.40 | 321.76 | 491.98 | 2849.04 |
| Accumulated depreciation | 0.00 | 84.26 | 1110.28 | 33.84 | 25.26 | 60.31 | 23.33 | 14.84 | 3.54 | 264.27 | 256.47 | 1876.40 |
| **Net block, as per previous GAAP** | **3.30** | **70.28** | **530.20** | **11.82** | **13.93** | **30.26** | **7.28** | **10.71** | **1.86** | **57.49** | **235.51** | **972.64** |
| Reclassification on transition to Ind AS | 0.00 | 0.00 | 5.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.45 |
| **Ind AS carrying amount as at 1 April 2016 (Deemed Cost)** | **3.30** | **70.28** | **535.65** | **11.82** | **13.93** | **30.26** | **7.28** | **10.71** | **1.86** | **57.49** | **235.51** | **978.09** |

## 4 INVESTMENT PROPERTY

| | 31-Mar-2018 | 31-Mar-2017 |
|---|---|---|
| Gross carrying amount | | |
| Opening balance | 11.06 | 11.06 |
| Additions | - | - |
| Closing balance | 11.06 | 11.06 |
| Accumulated depreciation | | |
| Opening balance | 0.54 | - |
| depreciation charge | 0.51 | 0.54 |
| Closing balance | 1.05 | 0.54 |
| **Net carrying amount** | **10.01** | **10.52** |

### (i) Amount recognised in profit and loss for investment properties

| | 31-Mar-2018 | 31-Mar-2017 |
|---|---|---|
| Rental Income | | |
| Rental Income derived from Investment Property | - | 3.63 |
| Profit from investment properties before depreciation | **-** | **3.63** |
| Depreciation | 0.51 | 0.54 |
| Profit (loss) from investment properties | **0.51** | **0.54** |

The direct operating expenses are on the investment property are not separately identifiable and the same is not likely to be material.

### (ii) Fair value

| | 31-Mar-2018 | 31-Mar-2017 | 1-Apr-2016 |
|---|---|---|---|
| Investment properties | 85.34 | 80.51 | 75.95 |

**Estimation of Fair value**

The above fair valuation is based on the Annual Statement Rate (ASR), commonly known as Ready Reckoner, issued by the State Government of Maharashtra, and are not based on valuation by an independent valuer.

**Subsequent events**

Subsequent to 31-March-2018, management of the Company has determined its use of building currently recognised as investment property to be owner occupied. Accordingly this would result in reclassification of the asset under investment property to property, plant and equipment.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 5 INTANGIBLE ASSETS

| | Gross Carrying Amount | | | | Accumulated depreciation and impairment, if any | | | | Net Block at March 31, 2017 |
|---|---|---|---|---|---|---|---|---|---|
| | Deemed cost as at April 1, 2016 | Additions | Disposals/ adjustments | At March 31, 2017 | As at April 1, 2016 | Charge for the year | Disposals/ adjustments | At March 31, 2017 | |
| Computer software | 18.96 | 6.76 | - | **25.72** | - | 10.19 | - | **10.19** | **15.53** |
| Technical know how | 0.01 | - | - | **0.01** | - | - | - | **-** | **0.01** |
| Patent | 0.43 | - | - | **0.43** | - | 0.02 | - | **0.02** | **0.41** |
| Total | 19.40 | 6.76 | - | **26.16** | - | 10.21 | - | **10.21** | **15.95** |

| | Gross Carrying Amount | | | | Accumulated depreciation and impairment, if any | | | | Net Block at March 31, 2018 |
|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount as at April 1, 2017 | Additions | Disposals/ adjustments | At March 31, 2018 | As at April 1, 2017 | Charge for the year | Disposals/ adjustments | At March 31, 2018 | |
| Computer software | 25.72 | 19.09 | - | **44.81** | 10.19 | 7.84 | - | **18.03** | **26.78** |
| Technical know how | 0.01 | - | - | **0.01** | - | - | - | **-** | **0.01** |
| Patent | 0.43 | - | - | **0.43** | 0.02 | 0.02 | - | **0.04** | **0.39** |
| Total | 26.16 | 19.09 | - | **45.25** | 10.21 | 7.86 | - | **18.07** | **27.18** |

### A. Transition to Ind AS

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, whereas the carrying value of intangible asset has been carried forward at the amount as determined under the previous GAAP Considering the guidance note on Schedule III issued by the ICAI, regarding application of deemed cost, the Company has disclosed the cost as at 1 April 2016 net of accumulated depreciation. However, information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows.

| | Computer software | Technical know how | Patent | Total |
|---|---|---|---|---|
| **As at 01-April-2016** | | | | |
| Gross block, as per previous GAAP | 46.65 | 0.86 | 0.44 | 47.95 |
| Accumulated depreciation | 27.69 | 0.85 | 0.01 | 28.55 |
| **Net block, as per previous GAAP** | **18.96** | **0.01** | **0.43** | **19.40** |
| **Ind AS Carrying amount as at 1 April 2016 (Deemed Cost)** | **18.96** | **0.01** | **0.43** | **19.40** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 6 FINANCIAL ASSETS

### [a] INVESTMENTS

| | Notes | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|---|
| **Non-Current** | | | | |
| Investment in equity instruments (unquoted, fully paid-up ,at cost) | See note (i) | 1,293.50 | 1,194.70 | 1,051.70 |
| Investment in equity shares [quoted, fully paid-up, at Fair Value through Profit or Loss (FVTPL)] | See note (ii) | 125.27 | 102.20 | 67.50 |
| Investments in redeemable Non-Convertible Bonds (quoted, fully paid-up, at amortised cost) | See note (iii) | 43.97 | 43.97 | 43.97 |
| Investments in Mutual Funds (quoted, at FVTPL) | See note (iv) | 844.21 | 555.99 | 596.77 |
| | | **2,306.95** | **1,896.86** | **1,759.94** |

| | | | | |
|---|---|---|---|---|
| Carrying amount of investment, pledged as security with bank | | 323.62 | 304.12 | 357.34 |
| Aggregate amount of quoted investments and market value thereof | | 1,013.45 | 702.16 | 708.24 |
| Aggregate amount of unquoted investments | | 1,293.50 | 1,194.70 | 1,051.70 |
| Aggregate amount of impairment in the value of investments | | - | - | - |

**(i) Investment in equity share (Unquoted, Joint venture, at Cost)**

| | 31-Mar-2018 | | 31-Mar-2017 | | 01-Apr-2016 | |
|---|---|---|---|---|---|---|
| | Nos | Amount | Nos | Amount | Nos | Amount |
| Robert Bosch Automative Steering Private Limited<br>(26% holding, face value Rs. 10) (Refer note-35) | 129,350,000 | 1,293.50 | 119,470,000 | 1,194.70 | 105,170,000 | 1,051.70 |
| | | **1,293.50** | | **1,194.70** | | **1,051.70** |

**(ii) Investment in equity shares (Quoted, fully paid-up, at FVTPL)**

| | 31-Mar-2018 | | 31-Mar-2017 | | 01-Apr-2016 | |
|---|---|---|---|---|---|---|
| | Nos | Amount | Nos | Amount | Nos | Amount |
| ICICI Bank Limited (Face Value of Rs. 2 each) | 71,295 | 21.87 | 71,295 | 19.68 | 71,295 | 16.90 |
| Tata Consultancy Services Limited (Face Value of Rs. 1 each) | 12,216 | 34.80 | 12,216 | 29.60 | 12,216 | 30.79 |
| KPIT- Cummins India Limited (Face Value of Rs. 2 each) | 60,000 | 13.00 | 60,000 | 7.79 | 60,000 | 8.82 |
| Bharat Electronics Limited (Face Value of Rs. 10 each) | - | - | - | - | 6,000 | 7.34 |
| Infosys Limited (Face Value of Rs. 5 each) | 3,000 | 3.07 | 3,000 | 3.07 | 3,000 | 3.65 |
| GAIL (India) Limited (Face Value of Rs. 10 each) | 66,700 | 29.35 | 66,700 | 25.11 | - | - |
| Mahindra & Mahindra Limited (Face Value of Rs. 5 each) | 10,000 | 7.37 | - | - | - | - |
| Balmer Lawrie & Co. Limited (Face value of Rs. 10 each) | 52,458 | 11.36 | 52,458 | 12.33 | - | - |
| Oil & natural Gas Corporation Limited (Face Value of Rs.5 each) | 25,000 | 4.45 | 25,000 | 4.62 | - | - |
| | | **125.27** | | **102.20** | | **67.50** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(iii) Investments in redeemable Non-Convertible Bonds (Quoted, fully paid-up, at amortised cost)**

| | 31-Mar-2018 | | 31-Mar-2017 | | 01-Apr-2016 | |
|---|---|---|---|---|---|---|
| | Nos | Amount | Nos | Amount | Nos | Amount |
| National Highway Authority of India (NHAI) | 24,724 | 24.38 | 24,724 | 24.38 | 24,724 | 24.38 |
| Power Finance Corporation Limited (PFC) | 19,935 | 19.59 | 19,935 | 19.59 | 19,935 | 19.59 |
| | | **43.97** | | **43.97** | | **43.97** |

**(iv) Investments in Mutual Funds (Quoted, at FVTPL)**

| | 31-Mar-2018 | | 31-Mar-2017 | | 01-Apr-2016 | |
|---|---|---|---|---|---|---|
| | Nos | Amount | Nos | Amount | Nos | Amount |
| HDFC Corporate Debt Opportunities Fund - Growth | 4,963,912 | 74.13 | 4,963,912 | 69.12 | 4,963,912 | 61.99 |
| Reliance Dynamic Bond Fund | - | - | - | - | 3,459,403 | 70.93 |
| Axis Fixed Income Opportunities Fund - Growth | 5,000,000 | 71.18 | 5,000,000 | 65.96 | 5,000,000 | 59.73 |
| Reliance Income Fund - Growth Plan - Bonus | - | - | - | - | 4,113,515 | 56.96 |
| Sundaram SMILE Fund - Dividend | 1,000,000 | 22.46 | 1,000,000 | 23.15 | 1,000,000 | 18.02 |
| Sundaram Select Midcap Fund - Dividend | 1,191,838 | 45.30 | 1,191,838 | 46.15 | 1,191,838 | 35.77 |
| L & T Triple Ace Bond Fund | - | - | - | - | 1,339,104 | 19.51 |
| SBI Magnum Balanced Fund - Dividend | 792,290 | 31.84 | 792,290 | 30.87 | 792,290 | 28.99 |
| Reliance Medium Term Fund - Growth | 5,427,071 | 201.90 | 5,427,071 | 188.26 | 4,363,506 | 138.47 |
| Motilal Oswal Most Focused 25 Fund - Dividend | 1,602,800 | 26.71 | 1,602,800 | 26.52 | 1,602,800 | 21.16 |
| Motilal Oswal Most Focused Multicap 35 Fund - Dividend | 1,369,076 | 34.51 | 1,369,076 | 32.08 | 1,369,076 | 23.18 |
| BOI AXA Corporate Credit Spectrum Fund | 4,829,191 | 64.46 | 4,829,191 | 59.20 | 4,829,191 | 53.18 |
| Tata Balanced Funds - Dividend | - | - | 125,209 | 9.67 | 125,209 | 8.88 |
| IIFL Special opportunities fund | 1,006,571 | 10.02 | - | - | - | - |
| Kotak FMP series 220 growth | 5,000,000 | 50.00 | - | - | - | - |
| Edelweiss Alternative equity fund | 2,385,644 | 49.01 | - | - | - | - |
| Avendus Absolute Return Fund | 5,000,000 | 51.63 | - | - | - | - |
| IRB Invit fund | 100,000 | 8.20 | - | - | - | - |
| Reliance Liquid Fund - Treasury Plan - Growth | 36,641 | 102.86 | 1,262 | 5.01 | - | - |
| | | **844.21** | | **555.99** | | **596.77** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## [b] LOANS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non Current** | | | |
| Security Deposits | 4.81 | 6.80 | 3.26 |
| Loan to employees | 1.24 | 0.86 | 1.22 |
| | **6.05** | **7.66** | **4.48** |
| **Current** | | | |
| loan to employees | 0.83 | 0.96 | 1.29 |
| | **0.83** | **0.96** | **1.29** |

## [c] TRADE RECEIVABLES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Trade receivables | 922.70 | 762.21 | 459.19 |
| **Total receivables** | **922.70** | **762.21** | **459.19** |
| Current portion | 922.70 | 762.21 | 459.19 |
| 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-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Trade receivables** | | | |
| Unsecured, considered good | 922.70 | 762.21 | 459.19 |
| **Sub-total** | **922.70** | **762.21** | **459.19** |
| Less: Impairment allowance | - | - | - |
| **Total** | **922.70** | **762.21** | **459.19** |

(i) There is no trade receivables due from related parties at 31-March-2018, 31-March-2017 and 1-April-2016.
(ii) The Company's exposure to credit risk, currency risk related to trade receivables are discussed in Note 26.

**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 entirely 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-18 | 31-Mar-17 |
|---|---|---|
| Total transferred receivables | 367.83 | 406.24 |

## [d] CASH AND CASH EQUIVALENTS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Cash on hand | 0.05 | 0.10 | 0.10 |
| Balances with banks - Current accounts | 40.94 | 16.42 | 17.03 |
| | **40.99** | **16.52** | **17.13** |

Cash at banks earns interest at floating rates based on daily bank deposit rates. There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## [e] OTHER FINANCIAL ASSETS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non Current** | | | |
| Fixed deposits with banks (maturity > 12 months) | 0.65 | 0.65 | 0.65 |
| | **0.65** | **0.65** | **0.65** |
| **Current** | | | |
| Subsidy receivable | 1.76 | 1.76 | 1.76 |
| Interest on Fixed Deposit/others | 2.45 | 2.31 | 2.24 |
| Balances with banks in - on account of unpaid dividends | 5.99 | 5.95 | 6.20 |
| Others | 27.90 | - | - |
| | **38.10** | **10.02** | **10.20** |

## 7 OTHER ASSETS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non-current** | | | |
| Capital Advances | 58.05 | 35.45 | 83.85 |
| Prepaid rent of leasehold premises | 102.65 | 106.77 | 66.11 |
| | **160.70** | **142.22** | **149.96** |
| **Current** | | | |
| Balances with excise/GST authorities | 0.06 | 32.32 | 23.34 |
| Vat receivable | 93.54 | 98.54 | 53.97 |
| Prepaid expenses | 13.18 | 10.55 | 7.50 |
| Advances to suppliers | 14.03 | 11.35 | 8.70 |
| | **120.81** | **152.76** | **93.51** |

## 8 TAX ASSETS

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Non Current** | | |
| Opening balance | 53.52 | 33.50 |
| Add: Taxes paid during the year | 157.83 | 158.70 |
| Less: Tax expenses during the year | (172.99) | (138.68) |
| Less: Reversal of earlier years | - | - |
| **Closing balance** | **38.36** | **53.52** |

## 9 INVENTORIES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| (at lower of cost or net realisable value) | | | |
| Raw materials | 131.77 | 110.17 | 85.24 |
| Work - in - Progress | 224.76 | 184.75 | 145.75 |
| Finished Goods | 40.47 | 96.26 | 95.22 |
| Carbon credit & Renewable energy certificate | - | - | 0.74 |
| **Total** | **397.00** | **391.18** | **326.95** |
| **Included in inventories goods in transit/ at godown as follows:** | | | |
| Raw materials | 34.92 | 17.58 | 4.62 |
| Finished goods | 30.27 | 85.49 | 79.72 |
| **Total** | **65.19** | **103.07** | **84.34** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 10 SHARE CAPITAL

### [a] Authorised share capital

| | Equity shares of Rs. 10 each (P.Y. Rs. 10 each) | |
|---|---|---|
| | **No. of shares** | **Amount** |
| **As at 1-Apr-2016** | 10,000,000 | 100 |
| Increase during the year | - | - |
| **As at 31-Mar-2017** | 10,000,000 | 100 |
| Increase during the year | - | - |
| **As at 31-Mar-2018** | 10,000,000 | 100 |

### [b] Issued equity share capital, fully paid-up

| | Equity shares of Rs. 10 each (P.Y. Rs. 10 each) | |
|---|---|---|
| | **No. of shares** | **Amount** |
| **As at 1-Apr-2016** | 9,073,300 | 90.73 |
| Change during the year | - | - |
| **As at 31-Mar-2017** | 9,073,300 | 90.73 |
| Change during the year | - | - |
| **As at 31-Mar-2018** | **9,073,300** | **90.73** |

### (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. The dividend recommended by the Board of Directors is subject to approval of the members at the ensuing Annual General Meeting.

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.

### [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-18 | | 31-Mar-17 | | 1-Apr-16 | |
|---|---|---|---|---|---|---|
| | **No. of shares** | **% of total equity shares** | **No. of shares** | **% of total equity shares** | **No. of shares** | **% of total equity shares** |
| Robert Bosch Automotive Steering GmbH | 2,340,155 | 25.79 | 2,340,155 | 25.79 | 2,340,155 | 25.79 |
| Mr. Utkarsh Munot | 1,191,494 | 13.13 | 1,191,494 | 13.13 | 1,191,494 | 13.13 |
| Mr. Dinesh Munot | 949,290 | 10.46 | 949,290 | 10.46 | 949,290 | 10.46 |

## 11 RESERVES AND SURPLUS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| General Reserve | 2,350.00 | 2,350.00 | 2,350.00 |
| Securities Premium Reserve | 23.23 | 23.23 | 23.23 |
| Capital Reserve | 3.50 | 3.50 | 3.50 |
| Retained Earnings | 1,318.69 | 918.14 | 428.38 |
| | **3,695.42** | **3,294.87** | **2,805.11** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(i) General Reserve**

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Balance at the beginning of the year | 2,350.00 | 2,350.00 |
| Movement during the year | - | - |
| **Balance at the end of the year** | **2,350.00** | **2,350.00** |

**(ii) Securities Premium Reserve**

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Balance at the beginning of the year | 23.23 | 23.23 |
| Movement during the year | - | - |
| **Balance at the end of the year** | **23.23** | **23.23** |

Security premium reserve is used to record the premium on issue of share.

**(iii) Capital Reserve**

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Balance at the beginning of the year | 3.50 | 3.50 |
| Movement during the year | - | - |
| **Balance at the end of the year** | **3.50** | **3.50** |

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-18 | 31-Mar-17 |
|---|---|---|
| Balance at the beginning of the year | 918.14 | 428.38 |
| Net profit for the year | 470.67 | 497.16 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurements of post-employment benefit obligation, net of tax | 17.24 | (7.40) |
| Dividend paid | (72.58) | - |
| Dividend distribution tax | (14.78) | - |
| **Balance at the end of the year** | **1,318.69** | **918.14** |

(Rs. in Million)

## 12 FINANCIAL LIABILITIES

### 12[a] NON-CURRENT BORROWINGS

| | Maturity Date | Security and terms of repayment | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|---|---|
| **Secured** | | | | | |
| **(i) Rupee Term loans - From banks** | | | | | |
| HDFC Bank Ltd | FY 2021-22 | The loan is repayable in equal quarterly installment of Rs. 12.40 Million.This loan carries variable interest rate of 8.2% p.a.. Loan is secured by sole charge on the New Plant and machinery purchased (WDV as on 31 March 2018 - 161.19 Million and on 31 March 2017- 133.79 Million). | 111.59 | 101.29 | - |
| **Unsecured** | | | | | |
| Deferred payment liabilities | FY 2022-23 | See note (i) | 34.75 | 56.36 | 79.41 |
| | | | **146.34** | **157.65** | **79.41** |

**Note (i) - Sales tax deferral under package scheme on incentive**

| Year | Package Scheme of incentives 1993 (I) EC-3305 | Package Scheme of incentives 1993 (I) EC-4206 | "Additional Incentives under Package Scheme 1988/ EC-1499" | "Incentive under 1998 Power Generation Policy (0.70 MW)" | "Incentive under 1998 Power Generation Policy (1.00 MW)" | Total Amount (Rs.) |
|---|---|---|---|---|---|---|
| 2016-17 | 1.81 | 9.81 | - | 4.66 | 6.67 | 22.95 |
| 2017-18 | - | 8.90 | - | 5.82 | 8.33 | 23.05 |
| 2018-19 | - | 6.50 | 1.07 | 5.71 | 8.33 | 21.61 |
| 2019-20 | - | 2.62 | 1.07 | 4.54 | 6.67 | 14.90 |
| 2020-21 | - | - | 1.07 | 3.38 | 5.00 | 9.45 |
| 2021-22 | - | - | 1.07 | 2.21 | 3.33 | 6.61 |
| 2022-23 | - | - | 1.07 | 1.05 | 1.67 | 3.79 |
| | **1.81** | **27.83** | **5.35** | **27.37** | **40.00** | **102.36** |

**(a) Part I of 1988/ Package Scheme of Incentives and Part I of 1993/ Package Scheme of Incentives**

Sales Tax incentive scheme of Govt. of Maharashtra, by way of deferment of Sales Tax liability, for expansion carried out by the Company, being eligible unit under the scheme, implemented then through SICOM (The State Industrial and Investment Corporation Of Maharashtra Limited).

**(b) Additional Incentives under Package Scheme 1988**

Additional incentive scheme of Govt. of Maharashtra, by way of deferment of sales tax liability, as per Govt. Circular No.IDL1005/ (C.R.354)/ IND-8 Dated 06.11.2006.

**(c) 1998 Power Generation promotion policy**

Sales Tax incentive scheme of Govt. of Maharashtra, by way of deferment of Sales Tax liability, for achieving required Power Load Factor (PLF) for the Company's Wind Farm project, implemented through MEDA (Maharashtra Energy Development Agency).

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

### 12[b] CURRENT BORROWINGS

| | Security | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|---|
| **Secured** | | | | |
| **(I) From banks** | | | | |
| Cash Credit Facilities | These facilities from banks are Secured by hypothecation of Inventories and trade receivables and second charge on Plant and machinery at factory. | 22.16 | 2.97 | 9.67 |
| Overdraft Facilities | These facilities are secured against pledge of certain financial asset of the Company (refer note 6a). | 30.04 | 0.46 | 236.46 |
| Bill discounting with banks | Secured against transferred trade receivables. | 367.83 | 406.24 | - |
| | | **420.03** | **409.67** | **246.13** |

### 12[c] TRADE PAYABLES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Current** | | | |
| Dues to Micro and Small Enterprises (Refer note 32) | - | - | - |
| Dues to others | 509.92 | 445.50 | 436.20 |
| | **509.92** | **445.50** | **436.20** |

(i) Details of trade payables to related parties are disclosed as part of note 36 - Related party disclosures.

### 12[d] OTHER FINANCIAL LIABILITIES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Current** | | | |
| Payable for capital goods | 35.63 | 44.67 | 40.49 |
| Current maturities of long-term debt | 71.21 | 55.55 | 22.95 |
| Unpaid dividends | 5.99 | 5.95 | 6.20 |
| | **112.83** | **106.17** | **69.64** |

## 13 PROVISIONS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non-current** | | | |
| Provision for leave encashment | 22.45 | 26.77 | 22.31 |
| | **22.45** | **26.77** | **22.31** |
| **Current** | | | |
| Provision for gratuity (see note 30) | (0.62) | 37.59 | 30.39 |
| Provision for leave encashment | 8.13 | 10.56 | 8.63 |
| Warranty provision [See note (i) below] | 7.70 | 7.77 | 6.57 |
| | **15.21** | **55.92** | **45.59** |

**Note (i) - Warranty provision**

The Company generally offers a 2 years warranty 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. The assumptions made in current period are consistent with those in the prior year. As the time value of money is not considered to be material, warranty provisions are not discounted.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

(Rs. in Million)

**Movement in warranty provision**

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Carrying amount in the beginning of the year | 7.77 | 6.57 |
| Additional provision made | 5.70 | 6.72 |
| Amount used | (5.77) | (5.52) |
| unused amount reversed | - | - |
| **Carrying amount at the end of the year** | **7.70** | **7.77** |

## 14 DEFERRED TAX LIABILITY (Net)

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Deferred tax labilities/ (assets)** | | | |
| Property, plant and equipment | 15.93 | 45.29 | 63.62 |
| Provision for gratuity and leave encashment | (11.08) | (30.23) | (34.56) |
| Investments | (1.52) | 15.58 | 14.43 |
| Others | 2.47 | (2.47) | (7.41) |
| **Deferred tax labilities/ (assets) net** | **5.80** | **28.17** | **36.08** |

**(i) Movement in deferred tax liabilities/ (assets)**

| | 01-Apr-16 | Recognised in | | | 31-Mar-17 |
|---|---|---|---|---|---|
| | | Profit or loss | OCI | Equity | |
| Property, plant and equipment | 63.62 | (18.33) | - | - | 45.29 |
| Provision for gratuity and leave encashment | (34.56) | 8.25 | (3.92) | - | (30.23) |
| Investments | 14.43 | 1.15 | - | - | 15.58 |
| Others | (7.41) | 4.94 | - | - | (2.47) |
| | **36.08** | **(3.99)** | **(3.92)** | **-** | **28.17** |

| | 31-Mar-17 | Recognised in | | | 31-Mar-18 |
|---|---|---|---|---|---|
| | | Profit or loss | OCI | Equity | |
| Property, plant and equipment | 45.29 | (29.36) | - | - | 15.93 |
| Provision for gratuity and leave encashment | (30.23) | 10.03 | 9.12 | - | (11.08) |
| Investments | 15.58 | (17.10) | - | - | (1.52) |
| Others | (2.47) | 4.94 | - | - | 2.47 |
| | **28.17** | **(31.49)** | **9.12** | **-** | **5.80** |

## 15 OTHER LIABILITIES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non Current** | | | |
| Deferred Income | 1.01 | 1.47 | 2.14 |
| | **1.01** | **1.47** | **2.14** |
| **Current** | | | |
| Advance from customers | 19.01 | 15.42 | 15.04 |
| Deferred revenue | 11.46 | 12.10 | 17.67 |
| Statutory liabilities | 49.64 | 3.40 | 5.85 |
| | **80.11** | **30.92** | **38.56** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 16 REVENUE FROM OPERATIONS

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| **Revenue from sale of products (excluding excise duty, GST)** | | |
| - Sale of Products* | 4,142.41 | 3,878.30 |
| | **4,142.41** | **3,878.30** |
| **Revenue from rendering services** | | |
| - Domestic services | 0.07 | 0.58 |
| | **0.07** | **0.58** |
| **Other operating income** | | |
| - Solar power income | 87.83 | 93.89 |
| - Sale of scrap | 15.28 | 15.28 |
| | **103.11** | **109.17** |
| | **4,245.59** | **3,988.05** |

* Sales of products for the year ended March 31, 2018 is net of excise duty of Rs. 110.53 Million (P.Y. - Rs. 480.11 Million)

## 17 OTHER INCOME

| | For the year ended 31-Mar-18 | | For the year ended 31-Mar-17 | |
|---|---|---|---|---|
| Dividend income | | 21.42 | | 8.61 |
| Interest income | | 6.26 | | 4.04 |
| Net gains on Financial assets Investment measured at FVTPL | | | | |
| a) Realised Gain | 8.87 | | 40.83 | |
| b) Unrealised Gain | 47.24 | | 38.60 | |
| | | 56.11 | | 79.43 |
| Foreign exchange gain | | - | | 1.20 |
| Government grants | | 0.46 | | 0.67 |
| Other non operating income | | 29.44 | | 22.09 |
| | | **113.69** | | **116.04** |

## 18 COST OF RAW MATERIAL CONSUMED

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Raw material consumed | 2,464.04 | 2,353.13 |
| Packing material consumed | 17.18 | 18.33 |
| Fabrication and processing charges | 42.13 | 57.08 |
| | **2,523.35** | **2,428.54** |

## 19 CHANGE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Opening stock | | |
| Work in progress | 184.75 | 145.75 |
| Finish goods (Includes Goods in transit/ at godown) | 96.26 | 95.96 |
| | **281.01** | **241.71** |
| Less: Closing stock | | |
| Work in progress | 224.76 | 184.75 |
| Finish goods (Includes Goods in transit/ at godown) | 40.47 | 96.26 |
| | **265.23** | **281.01** |
| | **15.78** | **(39.30)** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 20 EMPLOYEE BENEFITS EXPENSE

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| Salaries, wages, bonus etc. | 426.11 | 395.97 |
| Contribution to provident and other funds | 14.78 | 16.84 |
| Staff welfare expenses | 51.00 | 38.76 |
| | **491.89** | **451.57** |

## 21 OTHER EXPENSES

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| Power and fuel (Net of credit of windmill income of Rs. 56.02 Million, P.Y. - Rs. 71.38 Million) | 107.06 | 78.98 |
| Repairs and maintenance | | |
| - Buildings | 9.77 | 8.35 |
| - Machinery | 39.20 | 47.48 |
| - Others | 5.64 | 9.22 |
| Rent | 0.52 | 0.42 |
| Insurance | 3.68 | 3.59 |
| Rates and taxes | 4.73 | 6.06 |
| Selling and distribution expenses | 62.93 | 67.77 |
| Solar energy generation expenses | 8.76 | 8.31 |
| Inventory solar wind mill w/off | - | 0.74 |
| Windmill energy generation expenses | 9.40 | 9.19 |
| Loss on sale/discard of assets | 0.16 | 0.64 |
| Foreign exchange Loss | 6.58 | - |
| Amortisation of prepaid lease | 4.12 | 3.82 |
| CSR expense | 11.00 | 10.00 |
| Payment to Auditors | 0.91 | 0.84 |
| Other miscellaneous expenses | 74.85 | 72.64 |
| | **349.31** | **328.05** |

### A. PAYMENT TO AUDITORS

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Audit fees | 0.60 | 0.50 |
| Limited review | 0.12 | 0.12 |
| Tax audit fees | 0.10 | 0.11 |
| VAT audit fees | 0.08 | 0.07 |
| For Certification and other related work | 0.01 | 0.04 |
| | **0.91** | **0.84** |

* The amounts presented are net of GST/ service tax/ other applicable taxes

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**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 Prime Minister's National Relief Fund and various NGO's (Non Government Organisation).

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Gross amount required to be spent by the company during the year | 11.00 | 10.00 |
| Amount spent during the year on : | | |
| Construction/ Acquisition of any asset | - | - |
| On purpose other than above | 11.00 | 10.00 |

## 22 FINANCE COSTS

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| Interest expenses | 12.30 | 7.91 |
| Other borrowing cost | 19.88 | 17.33 |
| Less: borrowing cost capitalised | - | (0.38) |
| | **32.18** | **24.86** |

## 23 DEPRECIATION AND AMORTIZATION EXPENSE

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| Depreciation on property, plant and equipment | 325.17 | 268.30 |
| Amortisation of intangible assets | 7.86 | 10.21 |
| | **333.03** | **278.51** |

## 24 INCOME TAX

**[a] Income tax expense is as follows:**

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| **Statement of profit and loss** | | |
| **Current tax:** | | |
| Current tax on profits for the year | 172.99 | 138.69 |
| Taxation of earlier years | 1.57 | - |
| **Total current tax expense** | **174.56** | **138.69** |
| **Deferred tax:** | | |
| Deferred tax expense/ (income) | (31.49) | (3.99) |
| **Total deferred tax expense/ (benefit)** | **(31.49)** | **(3.99)** |
| **Income tax expense** | **143.07** | **134.70** |
| **Other comprehensive income** | | |
| **Deferred tax related to OCI items:** | | |
| - On loss/ (gain) on remeasurements of defined benefit plans | (9.12) | 3.92 |
| | **(9.12)** | **3.92** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**[b] Reconciliation of tax expense and the accounting profit computed by applying the Income tax rate:**

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Profit/ (loss) before tax | 613.74 | 631.86 |
| Tax at the Indian tax rate of 34.608% (2016-17: 34.608%) | 212.40 | 218.68 |
| Effect of non deductible expenses | 30.21 | 28.05 |
| Effect of exempt /other income /deduction | (66.55) | (72.88) |
| Previously unrecognised tax losses now recouped to reduce tax expenses | (34.56) | (39.15) |
| Taxation of earlier years | 1.57 | - |
| Income tax expense | 143.07 | 134.70 |

## 25 EARNING PER SHARE

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| **Basic and diluted earning per share (face value of Rs. 10 each)** | | |
| - Profit attributable to the equity share holders of the Company | 470.67 | 497.16 |
| - Weighted average number of shares | 9,073,300 | 9,073,300 |
| **Basic and diluted earning per share in INR** | **51.87** | **54.79** |

## 26 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 V/s actuals | Availability of committed credit lines and borrowing facilities |
| Market risk - Foreign Currency | Foreign currency receivables and payables;<br>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. |

### [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.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

### 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-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Not past due | 877.06 | 726.08 | 421.65 |
| Past due but not impaired | | | |
| - Past due 0 to 180 days | 45.07 | 32.62 | 36.58 |
| - Past due more than 180 days | 0.57 | 3.51 | 0.96 |
| | 922.70 | 762.21 | 459.19 |

### [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-18** | | | | | |
| **Non-derivatives** | | | | | |
| Borrowings (Includes interest of Rs. 22.89 Million payable till maturity date ) | 637.58 | 502.79 | 157.68 | - | 660.47 |
| Trade payables | 509.92 | 509.92 | - | - | 509.92 |
| Capital creditors | 35.63 | 35.63 | - | - | 35.63 |
| Other financial liabilities | 5.99 | 5.99 | - | - | 5.99 |
| **Total** | **1,189.12** | **1,054.33** | **157.68** | **-** | **1,212.01** |
| **31-Mar-17** | | | | | |
| **Non-derivatives** | | | | | |
| Borrowings (Includes interest of Rs. 27.31 Million payable till maturity date) | 622.87 | 475.27 | 171.12 | 3.79 | 650.18 |
| Trade payables | 445.50 | 445.50 | - | - | 445.50 |
| Capital creditors | 44.67 | 44.67 | - | - | 44.67 |
| Other financial liabilities | 5.95 | 5.95 | - | - | 5.95 |
| **Total** | **1,118.99** | **971.39** | **171.12** | **3.79** | **1,146.30** |
| **1-Apr-16** | | | | | |
| **Non-derivatives** | | | | | |
| Borrowings (Interest included) | 348.49 | 269.08 | 69.01 | 10.40 | 348.49 |
| Trade payables | 436.20 | 436.20 | - | - | 436.20 |
| Capital creditors | 40.49 | 40.49 | - | - | 40.49 |
| Other financial liabilities | 6.20 | 6.20 | - | - | 6.20 |
| **Total** | **831.38** | **751.97** | **69.01** | **10.40** | **831.38** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(i) Financing arrangements:**

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

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Variable rate | | | |
| Cash credit and overdraft facilities | 298.90 | 336.17 | 93.87 |
| Term loan facility | 338.81 | 366.21 | - |
| | **637.71** | **702.38** | **93.87** |

**[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-18** | | | | |
| **Financial assets** | | | | |
| Trade receivables | 26.81 | - | - | 26.81 |
| **Net exposure to foreign currency risk (assets)** | **26.81** | **-** | **-** | **26.81** |
| **Financial liabilities** | | | | |
| Trade payables | 0.03 | 16.02 | - | 16.05 |
| **Net exposure to foreign currency risk (liabilities)** | **0.03** | **16.02** | **-** | **16.05** |
| **31-Mar-17** | | | | |
| **Financial assets** | | | | |
| Trade receivables | 17.85 | - | - | 17.85 |
| **Net exposure to foreign currency risk (assets)** | **17.85** | **-** | **-** | **17.85** |
| **Financial liabilities** | | | | |
| Trade payables | 0.42 | 35.05 | 5.85 | 41.32 |
| **Net exposure to foreign currency risk (liabilities)** | **0.42** | **35.05** | **5.85** | **41.32** |
| **1-Apr-16** | | | | |
| **Financial assets** | | | | |
| Trade receivables | 11.51 | | | 11.51 |
| **Net exposure to foreign currency risk (assets)** | **11.51** | **-** | **-** | **11.51** |
| **Financial liabilities** | | | | |
| Trade payables | 1.25 | 20.78 | | 22.03 |
| **Net exposure to foreign currency risk (liabilities)** | **1.25** | **20.78** | **-** | **22.03** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(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-18 | 31-Mar-17 |
| USD | | |
| - Increase by 10% | 1.75 | 1.14 |
| - Decrease by 10% | (1.75) | (1.14) |
| EUR | | |
| - Increase by 10% | (1.05) | (2.29) |
| - Decrease by 10% | 1.05 | 2.29 |
| YEN | | |
| - Increase by 10% | - | (0.38) |
| - Decrease by 10% | - | 0.38 |

**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-18 | | 31-Mar-17 | | 1-Apr-16 | |
|---|---|---|---|---|---|---|
| | Amount | % of total borrowings | Amount | % of total borrowings | Amount | % of total borrowings |
| Variable rate borrowings, average borrowing rate 8% | 581.22 | 91.16%* | 543.46 | 87.25%* | 246.13 | 70.63%* |

*Remaining 8.84% (FY2016-17 12.75% and FY2015-16 29.37%) of total borrowings of the Company represents interest free liabilities of sales tax deferral.

**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-18 | 31-Mar-17 |
| Interest rate increase by 100 basis points | (3.68) | (2.58) |
| Interest rate decrease by 100 basis points | 3.68 | 2.58 |

**(Rs. in Million)**

## 27 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-18 | | | | | | Mar-17 | | | | | | Apr-16 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount | | | Fair value | | | Carrying amount | | | Fair value | | | Carrying amount | | | Fair value | | |
| | FVTPL | Amortised Cost | FVT OCI | Level 1 | Level 2 | Level 3 | FVTPL | Amortised Cost | FVT OCI | Level 1 | Level 2 | Level 3 | FVTPL | Amortised Cost | FVT OCI | Level 1 | Level 2 | Level 3 |
| **[i] Financial assets** | | | | | | | | | | | | | | | | | | |
| **Non Current** | | | | | | | | | | | | | | | | | | |
| **Investment** | | | | | | | | | | | | | | | | | | |
| Investment in equity quoted | 125.27 | | | 125.27 | | | 102.20 | | | 102.20 | | | 67.50 | | | 67.50 | | |
| Investment in mutual fund | 844.21 | | | 844.21 | | | 555.99 | | | 555.99 | | | 596.77 | | | 596.77 | | |
| Investment in bond | | 43.97 | | | | | | 43.97 | | | | | | 43.97 | | | | |
| **Loans** | | | | | | | | | | | | | | | | | | |
| Security deposit | | 4.81 | | | | | | 6.80 | | | | | | 3.26 | | | | |
| Other financial assets | | 1.89 | | | | | | 1.51 | | | | | | 1.87 | | | | |
| **Current** | | | | | | | | | | | | | | | | | | |
| Trade receivables | | 922.70 | | | | | | 762.21 | | | | | | 459.19 | | | | |
| Cash and cash equivalents | | 40.99 | | | | | | 16.52 | | | | | | 17.13 | | | | |
| Other financial assets | | 38.93 | | | | | | 10.98 | | | | | | 11.49 | | | | |
| | **969.48** | **1,053.29** | **-** | **969.48** | **-** | **-** | **658.19** | **841.99** | **-** | **658.19** | **-** | **-** | **664.27** | **536.91** | **-** | **664.27** | **-** | **-** |
| **[ii] Financial liabilities** | | | | | | | | | | | | | | | | | | |
| Non Current | | | | | | | | | | | | | | | | | | |
| Borrowings | | 217.55 | | | | | | 213.20 | | | | | | 102.36 | | | | |
| **Current** | | | | | | | | | | | | | | | | | | |
| Short term borrowings | | 420.03 | | | | | | 409.67 | | | | | | 246.13 | | | | |
| Trade payables | | 509.92 | | | | | | 445.50 | | | | | | 436.20 | | | | |
| Capital creditor | | 35.63 | | | | | | 44.67 | | | | | | 40.49 | | | | |
| Other financial liabilities | | 5.99 | | | | | | 5.95 | | | | | | 6.20 | | | | |
| | **-** | **1,189.12** | **-** | **-** | **-** | **-** | **-** | **1,118.99** | **-** | **-** | **-** | **-** | **-** | **831.38** | **-** | **-** | **-** | **-** |

### (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.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

### (C) VALUATION TECHNIQUES

There are no items in the financial instruments, which required level 3 valuation.

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

## 28 CAPITAL MANAGEMENT

**A** 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 1 April 2016,31 March 17 and 31 March 2018 are as follows:

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Net Debt | 596.59 | 606.35 | 331.36 |
| Total Equity | 3,786.15 | 3,385.60 | 2,895.84 |
| **Net Debt to equity ratio** | **0.16** | **0.18** | **0.11** |

**B Event occurring after balance sheet date**

The Board of Directors has recommended Equity dividend of Rs. 8 Per Share (Previous year Rs. 8) for the financial year 2017-18.

## 29 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 CMD (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 :

i) Auto component :- This is related to auto component manufacturing.

ii) Renewable energy:-This is related to electricity generation through solar or 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 liabilities represent assets and liabilities in respective segments. Tax related assets/liabilities and other assets/liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**[B] Information about reportable segments**

| | 31-Mar-18 | | | | 31-Mar-17 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Auto component** | **Renewable energy** | **Unallocable** | **Total** | **Auto component** | **Renewable energy** | **Unallocable** | **Total** |
| **Segment revenue:** | | | | | | | | |
| External revenue | 4,271.57 | 143.85 | - | **4,415.42** | 4,010.21 | 165.26 | - | **4,175.47** |
| Less: inter segment revenue | - | (56.14) | - | **(56.14)** | - | (71.38) | - | **(71.38)** |
| **Total segment revenue** | **4,271.57** | **87.71** | **-** | **4,359.28** | **4,010.21** | **93.88** | **-** | **4,104.09** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **segment profit before tax** | **531.87** | **81.87** | **-** | **613.74** | **537.19** | **94.67** | **-** | **631.86** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Segment results** | **388.80** | **81.87** | **-** | **470.67** | **402.49** | **94.67** | **-** | **497.16** |
| Segment results includes : | | | | | | | | |
| Interest expenses | 32.18 | - | - | **32.18** | 24.86 | - | - | **24.86** |
| Interest income | 6.26 | - | - | **6.26** | 4.04 | - | - | **4.04** |
| Depreciation | 289.21 | 43.82 | - | **333.03** | 226.16 | 52.35 | - | **278.51** |
| Tax expenses | 143.07 | - | - | **143.07** | 134.70 | - | - | **134.70** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Segment assets** | **4,736.12** | **325.37** | **38.36** | **5,099.85** | **4,261.04** | **333.28** | **53.52** | **4,647.84** |
| Segment assets includes: | | | | | | | | |
| Capital expenditure incurred during the year | 149.60 | 33.71 | - | **183.31** | 528.52 | - | - | **528.52** |
| **Segment liabilities** | **1,312.72** | **0.98** | **-** | **1,313.70** | **1,259.07** | **3.17** | **-** | **1,262.24** |

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.

**[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-18** | **31-Mar-17** |
|---|---|---|
| India | 4,273.61 | 4,037.24 |
| Overseas | 85.67 | 66.85 |
| **Total** | **4,359.28** | **4,104.09** |

**Non-current assets other than financial instruments, deferred tax assets [D]Major customers**

| | **31-Mar-18** | **31-Mar-17** |
|---|---|---|
| India | 1,265.77 | 1,409.02 |
| **Total** | **1,265.77** | **1,409.02** |

**[D] Major customers**

Revenue of approximately Rs. 2522.47 Million (PY- Rs. 2390.99 Millions are derived from three major external customers of the company. These revenue is attributed to auto component manufacturing segment).

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 30 EMPLOYEE BENEFIT OBLIGATIONS

### 30(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. 13.52 Million (Previous year - Rs. 15.36 Million)

### 30(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.

**(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 |
|---|---|---|---|
| **1-Apr-16** | **109.19** | **78.80** | **30.39** |
| Current service cost | 6.46 | - | 6.46 |
| Interest (expenses) income | 7.98 | 6.16 | 1.82 |
| **Total amount recognised in profit and loss** | **14.44** | **6.16** | **8.28** |
| **Remeasurements** | | | |
| Gain/loss from change in demographic assumption | - | - | - |
| Gain/loss from change in financial assumption | 2.22 | (0.73) | 2.95 |
| Experience gain/ loss | 9.05 | 0.68 | 8.37 |
| **Total amount recognised in other comprehensive income** | **11.27** | **(0.05)** | **11.32** |
| Employer contributions | - | 4.41 | (4.41) |
| Benefit payments | (8.30) | - | (8.30) |
| Mortality charges and taxes | - | (0.31) | 0.31 |
| **31-Mar-17** | **126.60** | **89.01** | **37.59** |

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|---|---|---|
| **31-Mar-17** | **126.60** | **89.01** | **37.59** |
| Current service cost | 7.73 | - | 7.73 |
| Interest expenses/ income | 8.56 | 6.61 | 1.95 |
| **Total amount recognised in profit and loss** | **16.29** | **6.61** | **9.68** |
| **Remeasurements** | | | |
| Gain/ loss from change in demographic assumption | - | - | - |
| Gain/ loss from change in financial assumption | (26.92) | (0.27) | (26.65) |
| Experience gain/ loss | 0.70 | 0.41 | 0.29 |
| **Total amount recognised in other comprehensive income** | **(26.22)** | **0.14** | **(26.36)** |
| Employer contributions | - | 4.77 | (4.77) |
| Benefit payments | (18.84) | (1.80) | (17.04) |
| Mortality charges and taxes | - | (0.28) | 0.28 |
| **31-Mar-18** | **97.83** | **98.45** | **(0.62)** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

### (ii) Net assets / liabilities

An analysis of net (deficit)/ assets is provided below for the Company's principal defined benefit gratuity scheme.

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Present value of funded obligations | 97.83 | 126.60 | 109.19 |
| Fair value of plan assets | 98.45 | 89.01 | 78.80 |
| **Net deficit for funded schemes** | **0.62** | **(37.59)** | **(30.39)** |

### (iii) Analysis of plan assets is as follows:

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Insurer managed funds (%) | 100% | 100% | 100% |
| Others (%) | 0% | 0% | 0% |
| **Total** | **100%** | **100%** | **100%** |

### (iv) Actuarial assumptions and sensitivity analysis

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Mortality table | IALM(2006-08) ult | IALM(2006-08) ult | IALM(2006-08) ult |
| Discount rate | 7.50% | 7.30% | 7.60% |
| Rate of increase in compensation levels | 7.00% | 12.00% | 12.00% |
| Expected rate of return on plan assets | 7.30% | 7.60% | 8.50% |
| Expected average remaining working lives of employees (in years) | 9.87 | 10.26 | 10.44 |
| Withdrawal Rate | 6.00% | 6.00% | 6.00% |

**Notes:**

1. Discount rate: The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations.
2. Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
3. 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-18 | 31-Mar-17 |
| Discount rate - Increase by 1% | (4.22) | (7.04) |
| Discount rate - Decrease by 1% | 4.75 | 8.10 |
| Salary increment rate - Increase by 1% | 4.11 | 6.86 |
| Salary increment rate - Decrease by 1% | (3.73) | (6.14) |
| Withdrawal rate - Increase by 1% | 0.13 | (1.82) |
| Withdrawal rate - Decrease by 1% | (0.14) | 2.03 |

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.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(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 2019 are Rs. 4 Million. 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-2018** | | | | |
| Defined benefit obligation - Gratuity | 41.79 | 6.14 | 22.46 | 53.39 |
| **As at 31-Mar-2017** | | | | |
| Defined benefit obligation - Gratuity | 48.77 | 6.27 | 22.99 | 69.81 |

## 31 OPERATING LEASES

Company, as lessee, has entered into two non cancellable land lease agreements for a period of 30 years. Company has paid entire lease rentals in advance at the inception of lease. These advance rentals payments have been shown as prepaid lease rentals.

## 32 MICRO, SMALL AND MEDIUM ENTERPRISES

Under the Micro, Small and Medium Enterprises Development Act, 2006 certain disclosure are required to be made for enterprises which are covered under the Act. Since the company is in a process of compiling relevant information from its suppliers about their coverage under the said Act, no disclosures have been made. However, in view of the management ,the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

## 33 CONTINGENT LIABILITIES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Income Tax matters in dispute in respect of penalty matters pending before CIT (Appeal), Pune | 32.63 | 32.63 | 32.63 |
| Income Tax matters in dispute in respect of Assessment dues (A.Y.2013-14) before CIT (Appeal), Pune | 4.45 | 4.45 | 4.45 |
| Income Tax matters in dispute in respect of Assessment dues (A.Y.2014-15) before CIT (Appeal), Pune | 4.61 | 3.25 | - |
| Assistant commissioner of central excise differential central excise duty | 1.09 | 1.09 | - |
| Co-acceptance of Import bills by the bankers | 78.62 | 33.86 | 13.22 |
| Bill discounted with bank | - | - | 336.85 |
| Bank Guarantees issued by the Company | 26.95 | 24.17 | 19.23 |
| TDS Matter pertaining to A.Y. 2012-13 pending with CIT(A) Pune | 0.30 | - | - |
| Sales tax liability under dispute | 3.94 | 3.19 | 3.19 |

## 34 COMMITMENTS

a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 426.52 Million (31st March 2017 - Rs. 63.22 Million, 31st March 2016 - Rs. 68.58 Million).

b) The Company has deferred payment of certain Sales tax Liability under various Package Scheme of Incentives of Government of Maharashtra. The Company is required to comply with conditions of above package Schemes of Incentives, the various Eligibility Certificates granted under such Schemes, stipulations or undertaking as per the Agreements entered into in connection with the grant of incentive under the said Schemes or on the Eligibility Certificates.

**35** The Company has 26% joint venture interest in Robert Bosch Automotive Steering Private Limited, a company incorporated in India. As on March 31, 2018 the Company has further invested Rs. 98.80 Million (previous year Rs. 143.00 Million) in the share capital of this Joint Venture.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 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 | Robert Bosch Automotive Steering GmbH |
| 2 | Director interested entities | Varsha Forgings Ltd. |
| | | KCTR Varsha Automotive Pvt. Ltd. |
| 3 | Joint venture company | Robert Bosch Automotive Steering Private Limited (Company has 26% stake in the company) |
| 4 | Key managerial personnel | Mr. Dinesh Munot - Chairman & Managing Director |
| | | Mr. Jinendra Munot - Jt. Managing Director |
| | | Mr. Utkarsh Munot - Chief Executive officer |
| | | Mr. Jinendra Jain - Chief financial officer |
| | | Mr. Satish Mehta - Company Secretary |
| 5 | Non executive directors | Mr. Manish Motwani |
| | | Mr. M. L. Rathi |
| | | Mr. Shridhar S. Kalmadi |
| | | Mr. Ajinkya Arun Firodia |
| | | Mr. Jitendra A. Pandit |
| | | Mr. S. A. Gundecha |
| | | Mrs. Eitika Munot |
| | | Mr. Soumitra Bhattacharya |

**B Key managerial personnel compensation**

| | | 31-Mar-18 | 31-Mar-17 |
|---|---|---|---|
| a. | Short term employee benefits | 64.75 | 61.73 |
| b. | Post-employment benefits | 56.32 | 50.83 |
| c. | Long term employee benefits | 6.21 | 10.12 |
| | | **127.28** | **122.68** |

**C Transaction with related parties**

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| **Purchase of raw material & components** | | |
| Foreign collaborator | 222.08 | 212.02 |
| Director's interested entities | | |
| - Varsha Forgings Ltd. | 186.85 | 156.78 |
| **Sale of goods** | | |
| Director's interested entities | | |
| - Varsha Forgings Ltd. | - | 0.17 |
| **Sitting fees to Non Executive & Independent directors** | 2.13 | 2.09 |
| **Dividend paid during the year** | | |
| Foreign collaborator | 18.72 | - |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**D Outstanding balances**

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Trade payables** | | | |
| Foreign collaborator | 14.69 | 20.77 | 20.50 |
| Director's interested entities | | | |
| - Varsha Forgings Ltd. | 37.56 | 25.75 | 39.34 |
| Key managerial personnel | 2.08 | 2.00 | 7.40 |

## 37 FIRST-TIME ADOPTION OF IND AS

These are Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

**A. Exemptions and exceptions availed**

**A.1 Ind AS mandatory exceptions**

**A.1.1 Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Company had made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

1. Investment in equity instruments carried at FVTPL;
2. Investment in debt instruments carried at FVTPL;
3. Impairment of financial assets based on expected credit loss model; and
4. Provision for sales return

**A.1.2 De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**A.1.3 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**A.2 Ind AS optional exemptions**

**A.2.1 Deemed cost**

Property, Plant and Equipment:

The Company has elected to continue the carrying value measured as per previous GAAP as deemed cost for all property, plant and equipments.

Intangible assets and Investment property:

The Company has elected to continue with the carrying value measured as per the Previous GAAP and use that as its deemed cost for all its intangible assets and investment property at the date of transition to Ind ASs.

**A.2.2 Leases**

Ind AS 101 provides the option to determine whether an arrangement existing at date of transition is, or contains, a lease based on the facts and circumstances at that date and not at lease start date. Accordingly, the company has elected to determine arrangement existing at the date of transition and not at lease start date.

**B. Reconciliations between Previous GAAP and Ind AS**

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explaination of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. Further, the Company has also made other adjustments resulting from misapplication of previous GAAP, which as required by paragraph 26 of Ind AS 101 have been identified separately in the notes presented below:

**Reconciliation of total equity**

| | Footnote Ref. | As at 31-March-2017 | As at 1-April-2016 |
|---|---|---|---|
| **Total equity (Shareholder's fund) as per previous GAAP** | | **3,240.80** | **2,795.58** |
| **Ind AS Adjustments:** | | | |
| - Impact of Investment measuring investments (other than investment in joint venture) at FVTPL | 3 | 163.76 | 125.16 |
| - Impact of capitalisation of spares to fixed assets | 1 | 2.04 | 5.45 |
| - Others | 4,5 | (7.18) | (21.44) |
| - Impact of deferred tax on the above adjustments | 8 | (13.82) | (8.91) |
| **Total Adjustments** | | **144.80** | **100.26** |
| **Total equity as per Ind AS** | | **3,385.60** | **2,895.84** |

**Reconciliation of total comprehensive income for the year ended 31 March 2017**

| | Footnote Ref. | 31-March-2017 |
|---|---|---|
| **Profit after tax, as per previous GAAP** | | **445.22** |
| **Ind AS Adjustments:** | | |
| - Impact of Investment measuring investments (other than investment in joint venture) at FVTPL | 3 | 38.60 |
| - Impact of capitalisation of spares to fixed assets | 1 | (3.41) |
| - Others | 4,5 | 14.26 |
| - Impact of deferred tax on the above adjustments | 8 | (4.91) |
| **Total Adjustments** | | **44.54** |
| **Total comprehensive income as per Ind AS** | | **489.76** |

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**Reconciliation of Statement of Cash Flow for the year ended 31 March 2017**

| | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|
| **Cash and cash equivalents as at April 1 2016** | **17.78** | **(0.65)** | **17.13** |
| Net cash flow from operating activities | 703.51 | (77.55) | 625.96 |
| Net cash flow from investing activities | (509.09) | 39.49 | (469.60) |
| Net cash flow from financing activities | (190.03) | 33.06 | (156.97) |
| **Cash and cash equivalents as at March 2017** | **22.17** | **(5.65)** | **16.52** |

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**Notes to Reconciliation:**

**Ind AS adjustments**

1. **Capitalisation of spare parts**

   Under previous GAAP, spare parts were classified as inventory and charged to profit and loss account in the period in which they were issued for use. Under Ind AS, spare parts used over more than one period are classified as property, plant and equipment and depreciated from the date of purchase. The Company has done the adjustment on transition date retrospectively.

2. **Leases**

   Under previous GAAP leasehold land having lease period of 30 years was recognised as fixed assets. However under Ind AS this arrangement of lease does not meet the criteria of finance lease. Hence it has been reclassified as operating lease.

3. **Investments**

   Under previous GAAP, investments in quoted equity instruments and mutual funds were recorded at cost. Under Ind AS, investments are required to be valued at fair value. The Company has classified these instruments as fair value through profit and loss and adjusted the amounts as on transition date.

4. **Provisions for sales return**

   The Company has a practice of accepting sales returns from the customers for a period of six months. Accordingly under Ind AS, the Company has recorded a sales return based on analysis of historical data. The Company has accordingly adjusted revenue for the year ended 31 March 2017.

5. **Provisions for warranty**

   The Company has an obligation of providing warranty on sales of products for 24 months from the date of sale. Accordingly under Ind AS, the Company has recorded a provision for warranty based on analysis of historical data. The Company has accordingly adjusted warranty expenses and provision for warranty.

6. **Trade Receivables (subject to Bill Discounting)**

   Under previous GAAP, the Company has a practice of derecognizing trade receivables which are subject to bill discounting with banks. However, under Ind AS, if the trade receivables are discounted with recourse, the same are not de-recognised as these receivables do not meet the derecognition criteria as required by Ind AS 109.

**7. Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income (OCI) instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by Rs. 11.32 Million. There is no impact on the total equity as at 31 March 2016.

**8. Deferred tax**

Deferred tax have been recognised on various adjustments made on transition to Ind AS.

## 38 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 21 - The effect of changes in Foreign Exchange rates

**Ind AS 115 – Revenue from Contracts with Customers**

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

· Step 1: Identify the contract(s) with a customer

· Step 2: Identify the performance obligation in contract

· Step 3: Determine the transaction price

· Step 4: Allocate the transaction price to the performance obligations in the contract

· Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

# Notes to the Financial Statements for the year ended March 31, 2018 (Contd...)

**Ind AS 21 – The effect of changes in Foreign Exchange rates**

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

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As per our report of even date

For **MGM and Company**
Firm Registration Number: 117963W
Chartered Accountants

**Mangesh Katariya**
Partner
Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** — Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** — Chief Executive Officer
**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**
**May 30, 2018**

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Consolidated IND AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **ZF STEERING GEAR (INDIA) LIMITED ("the Holding Company"**) and its Joint Venture Company, which comprises the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, including the Statement of Other Comprehensive Income, Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("**the Act**") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its jointly controlled entity 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 Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 control , that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable pronouncements issued by The Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence by us and the audit evidence obtained by the other auditors referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

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 reports of the other auditors on separate financial statements and on the other financial information of its jointly controlled entity, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Jointly controlled entity as at March 31, 2018, their consolidated profits including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

## Other Matters

We did not audit the financial statements and other financial information of the jointly controlled entity; whose Ind AS financial statements include group's share of net loss of Rs. 38.37 Million for the year ended 31st March, 2018, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this Joint Venture Company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid Joint Venture Company , is based solely on the reports of the other auditor.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements and other information certified by the management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

    b) In our opinion, proper books of account as required by law relating to the preparation of the consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books .

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated Ind AS financial statements;

    d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

    e) On the basis of the written representations received from the directors of the holding company as on 31st March, 2018 taken on record by the Board of Directors of the holding company and the reports of the statutory auditor of its Joint Venture Company , none of the directors is disqualified as on 31st March, 2018 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 and the operating effectiveness of such controls of Holding Company and its Joint Venture Company refer to our separate report in “Annexure A”.

    g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the Joint Venture Company, as noted in the ‘Other matter’ paragraph:

        I. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, and its Joint Venture Company – Refer Note 33 to the Consolidated Ind AS financial statements;

        II. The Group and its Joint Venture Company did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018;

        III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its Joint Venture Company incorporated in India during the year ended March 31, 2018.

**For MGM and Company**
**Chartered Accountants**
**Firm Registration No. 117963W**

**Mangesh Katariya**
**Partner**
**Membership No. 104633**

**Place: Pune**
**Date : May 30, 2018**

### “ANNEXURE A” REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ZF STEERING GEAR (INDIA) LTD.

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

In conjunction with our audit of the consolidated IND AS financial statements of the Company for the year ended on 31st March, 2018, we have audited the internal financial controls over financial reporting of ZF Steering Gear (India) Ltd. (“the Holding Company”) and its Joint Venture Company, which are incorporated in India, as on that date.

### Management’s Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of its Jointly Controlled entity, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion to the best of our information and according to the explanation given to us, the Holding Company and its Joint Venture Company, 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 31st March 2018, based on the internal control over financial reporting criteria established by the Company and its Jointly Controlled entity 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.

### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to jointly controlled company, is based on the corresponding report of the auditor of the Jointly Controlled entity.

**For MGM and Company**
**Chartered Accountants**
**Firm Registration No. 117963W**

**Mangesh Katariya**
**Partner**
**Membership No. 104633**

**Place: Pune**
**Date : May 30, 2018**

# Consolidated Balance Sheet

(Rs. in Million)

| | Notes | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 1,022.51 | 1,183.63 | 978.09 |
| Capital work in progress | 3 | 7.01 | 3.18 | 6.55 |
| Investment property | 4 | 10.01 | 10.52 | 11.06 |
| Intangible assets | 5 | 27.18 | 15.95 | 19.40 |
| Financial assets | | | | |
| (i) Investments | 6[a] | 1,526.25 | 1,154.47 | 1,201.91 |
| (ii) Loans | 6[b] | 6.05 | 7.66 | 4.48 |
| (iii) Other financial assets | 6[e] | 0.65 | 0.65 | 0.65 |
| Other non-current assets | 7 | 160.70 | 142.22 | 149.96 |
| Tax assets | 8 | 38.36 | 53.52 | 33.50 |
| **Total non-current assets** | | **2,798.72** | **2,571.80** | **2,405.60** |
| **Current assets** | | | | |
| Inventories | 9 | 397.00 | 391.18 | 326.95 |
| Financial assets | | | | |
| (i) Loans | 6[b] | 0.83 | 0.96 | 1.29 |
| (ii) Trade Receivables | 6[c] | 922.70 | 762.21 | 459.19 |
| (iii) Cash and cash equivalents | 6[d] | 40.99 | 16.52 | 17.13 |
| (iv) Other financial assets | 6[e] | 38.10 | 10.02 | 10.20 |
| Other current assets | 7 | 120.81 | 152.76 | 93.51 |
| **Total current assets** | | **1,520.43** | **1,333.65** | **908.27** |
| **Total Assets** | | **4,319.15** | **3,905.45** | **3,313.87** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Equity share capital | 10 | 90.73 | 90.73 | 90.73 |
| Other equity | | | | |
| Reserves and surplus | 11 | 2,914.72 | 2,552.48 | 2,247.08 |
| **Total Equity** | | **3,005.45** | **2,643.21** | **2337.81** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 12[a] | 146.34 | 157.65 | 79.41 |
| Provisions | 13 | 22.45 | 26.77 | 22.31 |
| Other non current liabilities | 15 | 1.01 | 1.47 | 2.14 |
| Deferred tax liabilities (Net) | 14 | 5.80 | 28.17 | 36.08 |
| **Total non-current liabilities** | | **175.60** | **214.06** | **139.94** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 12[b] | 420.03 | 409.67 | 246.13 |
| (ii) Trade payables | 12[c] | 509.92 | 445.50 | 436.20 |
| (iii) Other financial liabilities | 12[d] | 112.83 | 106.17 | 69.64 |
| Provisions | 13 | 15.21 | 55.92 | 45.59 |
| Other current liabilities | 15 | 80.11 | 30.92 | 38.56 |
| **Total current liabilities** | | **1,138.10** | **1,048.18** | **836.12** |
| **Total liabilities** | | **1,313.70** | **1,262.24** | **976.06** |
| **Total Equity and Liabilities** | | **4,319.15** | **3,905.45** | **3,313.87** |

Significant Accounting Policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **MGM and Company**
Firm Registration Number: 117963W
Chartered Accountants

**Mangesh Katariya**
Partner
Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** Chief Executive Officer
**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**
**May 30, 2018**

## Consolidated Statement of Profit and Loss

(Rs. in Million)

| | Note | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 16 | 4,245.59 | 3,988.05 |
| Other income | 17 | 113.69 | 116.04 |
| **Total Income** | | **4,359.28** | **4,104.09** |
| **EXPENSES** | | | |
| Cost of raw material consumed | 18 | 2,523.35 | 2,428.54 |
| Change in Inventory of finished goods and work in progress | 19 | 15.78 | (39.30) |
| Employee benefits expense | 20 | 491.89 | 451.57 |
| Other expenses | 21 | 349.31 | 328.05 |
| **Total Expenses** | | **3,380.33** | **3,168.86** |
| **Profit before interest, tax, depreciation and amortisation expenses (EBITDA)** | | **978.95** | **935.23** |
| Finance costs | 22 | 32.18 | 24.86 |
| Depreciation and amortisation expense | 23 | 333.03 | 278.51 |
| **Profit before share of joint venture** | | **613.74** | **631.86** |
| Share of net profit of joint venture accounted using equity method | | (38.37) | (184.00) |
| **Profit before tax** | | **575.37** | **447.86** |
| **Tax Expense** | 24 | | |
| Current tax | | 174.56 | 138.69 |
| Deferred tax | | (31.49) | (3.99) |
| **Total tax expense** | | **143.07** | **134.70** |
| **Profit for the year** | | **432.30** | **313.16** |
| **Other comprehensive income** | | | |
| (i) Items that will not be reclassified to profit or loss | | | |
| - Remeasurements of defined benefit obligations | | 26.36 | (11.32) |
| - Income tax relating to the above items | 24 | (9.12) | 3.92 |
| - Share of other comprehensive income of joint venture | | 0.06 | (0.36) |
| **Other comprehensive income for the year, net of tax** | | **17.30** | **(7.76)** |
| **Total comprehensive income for the year** | | **449.60** | **305.40** |
| Earning per equity share of Rs 10 each | 25 | | |
| Basic and diluted earning per share | | **47.65** | **34.51** |

Significant Accounting Policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **MGM and Company**
Firm Registration Number: 117963W
Chartered Accountants

**Mangesh Katariya**
Partner
Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** Chief Executive Officer
**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**
**May 30, 2018**

# Consolidated Statement of Cash Flows

(Rs. in Million)

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **Cash Flow from Operating Activities:** | | |
| **Profit/ (Loss) before tax** | **575.37** | **447.86** |
| **Adjustments for:** | | |
| Share of (profit)/ loss in joint venture company | 38.37 | 184.00 |
| Depreciation and amortisation expense | 333.03 | 278.51 |
| Finance cost | 32.18 | 24.86 |
| Fair value change in investment | (47.24) | (38.60) |
| (Profit)/ Loss on sale of fixed assets | 0.16 | 0.64 |
| (Profit)/ Loss on sale of investment | (8.87) | (40.83) |
| Interest Income | (6.26) | (4.04) |
| Dividend received | (21.42) | (8.61) |
| **Operating profit before working capital changes** | **895.32** | **843.79** |
| **Adjustments for changes in working capital:** | | |
| (Increase)/ Decrease in inventory | (5.82) | (64.23) |
| (Increase)/ Decrease in trade receivables and financial assets | (186.83) | 100.55 |
| (Increase)/ Decrease in other non-current and current assets | 36.07 | (99.91) |
| Increase/ (Decrease) in provisions and other liabilities | 30.06 | (4.84) |
| Increase/ (Decrease) in trade payables and financial liabilities | 64.42 | 9.30 |
| **Cash generated from operations** | **833.22** | **784.66** |
| Income tax paid | (157.83) | (158.70) |
| **Net cash from operating activities** | **675.39** | **625.96** |
| **Cash Flow from Investing Activities:** | | |
| Purchase of property, plant and equipment | (218.26) | (424.76) |
| Interest received | 4.69 | 4.04 |
| Dividend received | 21.42 | 8.61 |
| Investment | (353.98) | (57.49) |
| **Net cash (used in) investing activities** | **(546.13)** | **(469.60)** |
| **Cash Flow from Financing Activities:** | | |
| Proceeds from borrowings | 480.10 | 133.79 |
| Repayment of borrowings | (465.39) | (265.65) |
| Dividend paid (including dividend distribution tax) | (87.32) | (0.25) |
| Interest and other finance cost | (32.18) | (24.86) |
| **Net cash generated from/(used in) financing activities** | **(104.79)** | **(156.97)** |
| Net Increase/ (Decrease) in cash and cash equivalents | 24.47 | (0.61) |
| Cash and cash equivalents as at the beginning of the year | 16.52 | 17.13 |
| **Cash and cash equivalents as at the end of the year** | **40.99** | **16.52** |
| **Cash and cash equivalents comprise of the following:** | | |
| Cash on hand | 0.05 | 0.10 |
| Balances with banks - Current accounts | 40.94 | 16.42 |
| | **40.99** | **16.52** |

Significant Accounting Policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **MGM and Company**
Chartered Accountants
Firm Registration Number: 117963W

**Mangesh Katariya**
Partner

Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** Chief Executive Officer
**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**
**May 30, 2018**

# Consolidated Statement of Changes in Equity

**(Rs. in Million)**

**A. Equity Share Capital**

| | Notes | Amount |
|---|---|---|
| **As at April 1, 2016** | | **90.73** |
| Changes in equity share capital during the year | 10 | - |
| **As at March 31, 2017** | | **90.73** |
| Changes in equity share capital during the year | 10 | - |
| **As at March 31, 2018** | | **90.73** |

**B. Other Equity**

| Particulars | Attributable to owners Reserves and Surplus | | | | Total |
|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium Reserve | General Reserve | Retained Earnings | |
| **Balance as at April 1, 2016** | **3.50** | **23.23** | **2,350.00** | **(129.65)** | **2,247.08** |
| Profit for the year | - | - | - | 313.16 | 313.16 |
| Other comprehensive income | - | - | - | (7.76) | (7.76) |
| **Total comprehensive income for the year** | - | - | - | 305.40 | 305.40 |
| **Balance at March 31, 2017** | **3.50** | **23.23** | **2,350.00** | **175.75** | **2,552.48** |
| Profit for the year | - | - | - | 432.30 | 432.30 |
| Other comprehensive income | - | - | - | 17.30 | 17.30 |
| **Total comprehensive income for the year** | - | - | - | **449.60** | **449.60** |
| Dividend Paid | - | - | - | (72.58) | (72.58) |
| Dividend distribution tax | - | - | - | (14.78) | (14.78) |
| **Balance at March 31, 2018** | **3.50** | **23.23** | **2,350.00** | **537.99** | **2,914.72** |

Significant Accounting Policies 2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **MGM and Company**
Chartered Accountants
Firm Registration Number: 117963W

**Mangesh Katariya**
Partner

Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** Chief Executive Officer
**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**
**May 30, 2018**

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018

## 1 Company overview

ZF Steering Gear (India) Limited ("the Company") is a listed Company domiciled in India and was incorporated in1981 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 for production and assembling of steering systems and accessories. These consolidated financial statements comprise the company and its interest in joint venture.

## 2 Significant accounting policies

### 2.1 Basis of preparation

#### (i) Statement of compliance

These consolidated 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') and other relevant provisions of the Act.

The consolidated financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the accounting standards as per Companies (Accounting Standard) Rules, 2006 (as amended) (referred to as "Indian GAAP" or "Previous GAAP"), notified under Section 133 of the Act and other relevant provisions of the Act.

These consolidated financial statements are the first consolidated financial statements of the Company under Ind AS, hence Ind AS 101 First time adoption of Indian Accounting Standards has been applied. Refer note 37 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 30th May 2018.

#### (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) 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 and expenses. 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 2018 is included in the following notes:

Note 24 - Recognition of deferred tax assets:

Availability of future taxable profit against which tax losses carried forward can be used;

Note 30 - 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 prospectively.

### 2.2 Principles of consolidation and equity accounting

**Joint venture**

Interest in joint venture is accounted for using equity method, after initially being recognised at cost in the consolidated financial statements.

**Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of post acquisition profit or loss of the investee's in profit and loss, the company's share in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognised as reduction in the carrying amount of the investment.

The carrying amount in equity accounted investment are tested for impairment.

**Transition to Ind AS**

On transition to Ind AS, the investment in joint ventures is measured as aggregate of carrying amount of assets and liability, that company had proportionately consolidated under previous GAAP and the same is considered as deemed cost as on the date of transition.

### 2.3 Other significant Accounting Policies

**These are set out under "significant Accounting Policies" as given in the Company's standalone financial Statements.**

### 2.4 Rounding off amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

### 3. Property, plant and equipment

| | Gross Block | | | | | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount as at 1 April 2016 (Deemed Cost) | Additions | Deletions/ Disposals | Transferred to PPE | Balance as at 31 March 2017 | Balance as at 1 April 2016 | Depreciation for the year | Accumulated depreciation on deletions/ disposals | Balance as at 31 March 2017 | as at 31 March 2017 |
| Property, plant and equipment | | | | | | | | | | |
| Land | 3.30 | - | - | - | **3.30** | - | - | - | **-** | **3.30** |
| Buildings | 70.28 | 27.55 | - | - | **97.83** | - | 7.28 | - | **7.28** | **90.55** |
| Plant & Equipment | 535.65 | 407.33 | (1.79) | - | **941.19** | - | 184.20 | - | **184.20** | **756.99** |
| Plant & Equipment ( R & D) | 11.82 | - | (0.02) | - | **11.80** | - | 3.39 | - | **3.39** | **8.41** |
| Furniture & Fixtures | 13.93 | 0.46 | (0.01) | - | **14.38** | - | 3.82 | - | **3.82** | **10.56** |
| Vehicles | 30.26 | 29.88 | (2.14) | - | **58.00** | - | 11.58 | - | **11.58** | **46.42** |
| Office Equipment | 7.28 | 6.33 | (0.01) | - | **13.60** | - | 5.05 | - | **5.05** | **8.55** |
| Electrical Installation | 10.71 | 5.73 | - | - | **16.44** | - | 3.04 | - | **3.04** | **13.40** |
| ETP/STP Plant | 1.86 | - | - | - | **1.86** | - | 0.63 | - | **0.63** | **1.23** |
| Wind Mills | 57.49 | - | - | - | **57.49** | - | 4.75 | - | **4.75** | **52.74** |
| Solar Power Plant | 235.51 | - | - | - | **235.51** | - | 44.03 | - | **44.03** | **191.48** |
| Total property, plant and equipment | 978.09 | 477.28 | (3.97) | - | **1,451.40** | - | 267.77 | - | **267.77** | **1,183.63** |
| Capital work in progress | 6.55 | 504.93 | - | (508.30) | **3.18** | - | - | - | **-** | **3.18** |

| | Gross Block | | | | | Accumulated Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount as at 1 April 2017 | Additions | Deletions / Disposals | Transferred to PPE | Balance as at 31 March 2018 | Balance as at 1 April 2017 | Depreciation for the year | Accumulated depreciation on deletions / disposals | Balance as at 31 March 2018 | as at 31 March 2018 |
| Property, plant and equipment | | | | | | | | | | |
| Land | 3.30 | - | - | - | **3.30** | - | - | - | **-** | **3.30** |
| Buildings | 97.83 | 11.37 | (0.28) | - | **108.92** | 7.28 | 8.40 | - | **15.68** | **93.24** |
| Plant & Equipment | 941.19 | 93.26 | (0.09) | - | **1,034.36** | 184.20 | 244.66 | (0.01) | **428.85** | **605.51** |
| Plant & Equipment ( R & D) | 11.80 | - | - | - | **11.80** | 3.39 | 2.22 | - | **5.61** | **6.19** |
| Furniture & Fixtures | 14.38 | 0.47 | - | - | **14.85** | 3.82 | 2.75 | - | **6.57** | **8.28** |
| Vehicles | 58.00 | 0.73 | (0.57) | - | **58.16** | 11.58 | 14.67 | (0.25) | **26.00** | **32.16** |
| Office Equipment | 13.60 | 4.29 | - | - | **17.89** | 5.05 | 4.67 | - | **9.72** | **8.17** |
| Electrical Installation | 16.44 | 20.39 | - | - | **36.83** | 3.04 | 6.65 | - | **9.69** | **27.14** |
| ETP/STP Plant | 1.86 | - | - | - | **1.86** | 0.63 | 0.42 | - | **1.05** | **0.81** |
| Wind Mills | 57.49 | - | - | - | **57.49** | 4.75 | 4.33 | - | **9.08** | **48.41** |
| Solar Power Plant | 235.51 | 33.71 | - | - | **269.22** | 44.03 | 35.89 | - | **79.92** | **189.30** |
| Total property, plant and equipment | 1,451.40 | 164.22 | (0.94) | - | **1,614.68** | 267.77 | 324.66 | (0.26) | **592.17** | **1,022.51** |
| Capital work in progress | 3.18 | 187.14 | - | (183.31) | **7.01** | - | | - | **-** | **7.01** |

#### A. Security

As at 31-March-2018, properties worth Rs. 161.19 Million (31-March-2017 Rs.133.79 Million) are subject to first against borrowings and as at 31-March-2018 properties worth Rs. 478.60 Million (31-March-2017 Rs. 646.24 Million, 1-April-2016 Rs. 560.04 Million) are pledged as second charges against cash credit facilities. See note-12.

#### B. Capital work in progress

Capital work in progress includes certain plant and machinery setup under construction.

#### C. Transition to Ind AS

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, whereas the carrying value of property, plant and equipment has been carried forward at the amount as determined under the previous GAAP Considering the guidance note on Schedule III issued by the ICAI, regarding application of deemed cost, the Company has disclosed the cost as at 1 April 2016 net of accumulated depreciation. However, information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows :-

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

| | Land | Buildings | Plant & Equipment | Plant & Equipment ( R & D) | Furniture & Fixtures | Vehicles | Office Equipment | Electrical Installation | ETP/ STP Plant | Wind Mills | Solar Power Plant | Total property, plant and equipment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 01-April-2016** | | | | | | | | | | | | |
| Gross block, as per previous GAAP | 3.30 | 154.54 | 1640.48 | 45.66 | 39.19 | 90.57 | 30.61 | 25.55 | 5.40 | 321.76 | 491.98 | 2849.04 |
| Accumulated depreciation | 0.00 | 84.26 | 1110.28 | 33.84 | 25.26 | 60.31 | 23.33 | 14.84 | 3.54 | 264.27 | 256.47 | 1876.40 |
| **Net block, as per previous GAAP** | **3.30** | **70.28** | **530.20** | **11.82** | **13.93** | **30.26** | **7.28** | **10.71** | **1.86** | **57.49** | **235.51** | **972.64** |
| Reclassification on transition to Ind AS | 0.00 | 0.00 | 5.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.45 |
| **Ind AS carrying amount as at 1 April 2016 (Deemed Cost)** | **3.30** | **70.28** | **535.65** | **11.82** | **13.93** | **30.26** | **7.28** | **10.71** | **1.86** | **57.49** | **235.51** | **978.09** |

## 4 INVESTMENT PROPERTY

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Gross carrying amount | | |
| Opening balance | 11.06 | 11.06 |
| Additions | - | - |
| Closing balance | 11.06 | 11.06 |
| Accumulated depreciation | | |
| Opening balance | 0.54 | - |
| depreciation charge | 0.51 | 0.54 |
| Closing balance | 1.05 | 0.54 |
| **Net carrying amount** | **10.01** | **10.52** |

### (i) Amount recognised in profit and loss for investment properties

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Rental Income | | |
| Rental Income derived from Investment Property | - | 3.63 |
| Profit from investment properties before depreciation | **-** | **3.63** |
| Depreciation | 0.51 | 0.54 |
| Profit (loss) from investment properties | **0.51** | **0.54** |

The direct operating expenses are on the investment property are not separately identifiable and the same is not likely to be material.

### (ii) Fair value

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Investment properties | 85.34 | 80.51 | 75.95 |

**Estimation of Fair value**

The above fair valuation is based on the Annual Statement Rate (ASR), commonly known as Ready Reckoner, issued by the State Government of Maharashtra, and are not based on valuation by an independent valuer.

**Subsequent events**

Subsequent to 31-March-2018, management of the Company has determined its use of building currently recognised as investment property to be owner occupied. Accordingly this would result in reclassification of the asset under investment property to property, plant and equipment.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

(Rs. in Million)

### 5 INTANGIBLE ASSETS

| | Gross Carrying Amount | | | | Accumulated depreciation and impairment, if any | | | | Net Block at March 31, 2017 |
|---|---|---|---|---|---|---|---|---|---|
| | Deemed cost as at April 1, 2016 | Additions | Disposals/ adjustments | At March 31, 2017 | As at April 1, 2016 | Charge for the year | Disposals/ adjustments | At March 31, 2017 | |
| Computer software | 18.96 | 6.76 | - | **25.72** | - | 10.19 | - | **10.19** | **15.53** |
| Technical know how | 0.01 | - | - | **0.01** | - | - | - | **-** | **0.01** |
| Patent | 0.43 | - | - | **0.43** | - | 0.02 | - | **0.02** | **0.41** |
| Total | 19.40 | 6.76 | - | **26.16** | - | 10.21 | - | **10.21** | **15.95** |

| | Gross Carrying Amount | | | | Accumulated depreciation and impairment, if any | | | | Net Block at March 31, 2018 |
|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount as at April 1, 2017 | Additions | Disposals/ adjustments | At March 31, 2018 | As at April 1, 2017 | Charge for the year | Disposals/ adjustments | At March 31, 2018 | |
| Computer software | 25.72 | 19.09 | - | **44.81** | 10.19 | 7.84 | - | **18.03** | **26.78** |
| Technical know how | 0.01 | - | - | **0.01** | - | - | - | **-** | **0.01** |
| Patent | 0.43 | - | - | **0.43** | 0.02 | 0.02 | - | **0.04** | **0.39** |
| Total | 26.16 | 19.09 | - | **45.25** | 10.21 | 7.86 | - | **18.07** | **27.18** |

**A. Transition to Ind AS**

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, whereas the carrying value of intangible asset has been carried forward at the amount as determined under the previous GAAP Considering the guidance note on Schedule III issued by the ICAI, regarding application of deemed cost, the Company has disclosed the cost as at 1 April 2016 net of accumulated depreciation. However, information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows.

| | Computer software | Technical know how | Patent | Total |
|---|---|---|---|---|
| **As at 01-April-2016** | | | | |
| Gross block, as per previous GAAP | 46.65 | 0.86 | 0.44 | 47.95 |
| Accumulated depreciation | 27.69 | 0.85 | 0.01 | 28.55 |
| **Net block, as per previous GAAP** | **18.96** | **0.01** | **0.43** | **19.40** |
| **Ind AS Carrying amount as at 1 April 2016 (Deemed Cost)** | **18.96** | **0.01** | **0.43** | **19.40** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

(Rs. in Million)

## 6 FINANCIAL ASSETS

### [a] INVESTMENTS

| | Notes | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|---|
| **Non-Current** | | | | |
| Investment in equity instruments (unquoted, fully paid-up, equity accounted investment) | See note (i) | 512.80 | 452.31 | 493.67 |
| Investment in equity shares [quoted, fully paid-up, at Fair Value through Profit or Loss (FVTPL)] | See note (ii) | 125.27 | 102.20 | 67.50 |
| Investments in redeemable Non-Convertible Bonds (quoted, fully paid-up, at amortised cost) | See note (iii) | 43.97 | 43.97 | 43.97 |
| Investments in Mutual Funds (quoted, at FVTPL) | See note (iv) | 844.21 | 555.99 | 596.77 |
| | | **1,526.25** | **1,154.47** | **1,201.91** |

| | | | | |
|---|---|---|---|---|
| Carrying amount of investment, pledged as security with bank | | 323.62 | 304.12 | 357.34 |
| Aggregate amount of quoted investments and market value thereof | | 1,013.45 | 702.16 | 708.24 |
| Aggregate amount of unquoted investments | | 512.80 | 452.31 | 493.67 |
| Aggregate amount of impairment in the value of investments | | - | - | - |

**(i) Investment in equity share (Unquoted, Joint venture, equity accounted investment)**

| | 31-Mar-18 | | 31-Mar-17 | | 1-Apr-16 | |
|---|---|---|---|---|---|---|
| | Nos | Amount | Nos | Amount | Nos | Amount |
| Robert Bosch Automative Steering Private Limited (26% holding, face value Rs. 10) (Refer note-35) | 129,350,000 | 512.80 | 119,470,000 | 452.31 | 105,170,000 | 493.67 |
| | | **512.80** | | **452.31** | | **493.67** |

**(ii) Investment in equity shares (Quoted, fully paid-up, at FVTPL)**

| | 31-Mar-18 | | 31-Mar-17 | | 1-Apr-16 | |
|---|---|---|---|---|---|---|
| | Nos | Amount | Nos | Amount | Nos | Amount |
| ICICI Bank Limited (Face Value of Rs. 2 each) | 71,295 | 21.87 | 71,295 | 19.68 | 71,295 | 16.90 |
| Tata Consultancy Services Limited (Face Value of Rs. 1 each) | 12,216 | 34.80 | 12,216 | 29.60 | 12,216 | 30.79 |
| KPIT- Cummins India Limited (Face Value of Rs. 2 each) | 60,000 | 13.00 | 60,000 | 7.79 | 60,000 | 8.82 |
| Bharat Electronics Limited (Face Value of Rs. 10 each) | - | - | - | - | 6,000 | 7.34 |
| Infosys Limited (Face Value of Rs. 5 each) | 3,000 | 3.07 | 3,000 | 3.07 | 3,000 | 3.65 |
| GAIL (India) Limited (Face Value of Rs. 10 each) | 66,700 | 29.35 | 66,700 | 25.11 | - | - |
| Mahindra & Mahindra Limited (Face Value of Rs. 5 each) | 10,000 | 7.37 | - | - | - | - |
| Balmer Lawrie & Co. Limited (Face value of Rs. 10 each) | 52,458 | 11.36 | 52,458 | 12.33 | - | - |
| Oil & natural Gas Corporation Limited (Face Value of Rs. 5 each) | 25,000 | 4.45 | 25,000 | 4.62 | - | - |
| | | **125.27** | | **102.20** | | **67.50** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(iii) Investments in redeemable Non-Convertible Bonds (Quoted, fully paid-up, at amortised cost)**

| | 31-Mar-18 | | 31-Mar-17 | | 1-Apr-16 | |
|---|---|---|---|---|---|---|
| | Nos | Amount | Nos | Amount | Nos | Amount |
| National Highway Authority of India (NHAI) | 24,724 | 24.38 | 24,724 | 24.38 | 24,724 | 24.38 |
| Power Finance Corporation Limited (PFC) | 19,935 | 19.59 | 19,935 | 19.59 | 19,935 | 19.59 |
| | | **43.97** | | **43.97** | | **43.97** |

**(iv) Investments in Mutual Funds (Quoted, at FVTPL)**

| | 31-Mar-18 | | 31-Mar-17 | | 1-Apr-16 | |
|---|---|---|---|---|---|---|
| | Nos | Amount | Nos | Amount | Nos | Amount |
| HDFC Corporate Debt Opportunities Fund - Growth | 4,963,912 | 74.13 | 4,963,912 | 69.12 | 4,963,912 | 61.99 |
| Reliance Dynamic Bond Fund | - | - | - | - | 3,459,403 | 70.93 |
| Axis Fixed Income Opportunities Fund - Growth | 5,000,000 | 71.18 | 5,000,000 | 65.96 | 5,000,000 | 59.73 |
| Reliance Income Fund - Growth Plan - Bonus | - | - | - | - | 4,113,515 | 56.96 |
| Sundaram SMILE Fund - Dividend | 1,000,000 | 22.46 | 1,000,000 | 23.15 | 1,000,000 | 18.02 |
| Sundaram Select Midcap Fund - Dividend | 1,191,838 | 45.30 | 1,191,838 | 46.15 | 1,191,838 | 35.77 |
| L & T Triple Ace Bond Fund | - | - | - | - | 1,339,104 | 19.51 |
| SBI Magnum Balanced Fund - Dividend | 792,290 | 31.84 | 792,290 | 30.87 | 792,290 | 28.99 |
| Reliance Medium Term Fund - Growth | 5,427,071 | 201.90 | 5,427,071 | 188.26 | 4,363,506 | 138.47 |
| Motilal Oswal Most Focused 25 Fund - Dividend | 1,602,800 | 26.71 | 1,602,800 | 26.52 | 1,602,800 | 21.16 |
| Motilal Oswal Most Focused Multicap 35 Fund - Dividend | 1,369,076 | 34.51 | 1,369,076 | 32.08 | 1,369,076 | 23.18 |
| BOI AXA Corporate Credit Spectrum Fund | 4,829,191 | 64.46 | 4,829,191 | 59.20 | 4,829,191 | 53.18 |
| Tata Balanced Funds - Dividend | - | - | 125,209 | 9.67 | 125,209 | 8.88 |
| IIFL Special opportunities fund | 1,006,571 | 10.02 | - | - | - | - |
| Kotak FMP series 220 growth | 5,000,000 | 50.00 | - | - | - | - |
| Edelweiss Alternative equity fund | 2,385,644 | 49.01 | - | - | - | - |
| Avendus Absolute Return Fund | 5,000,000 | 51.63 | - | - | - | - |
| IRB Invit fund | 100,000 | 8.20 | - | - | - | - |
| Reliance Liquid Fund - Treasury Plan - Growth | 36,641 | 102.86 | 1,262 | 5.01 | - | - |
| | | **844.21** | | **555.99** | | **596.77** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## [b] LOANS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non Current** | | | |
| Security Deposits | 4.81 | 6.80 | 3.26 |
| Loan to employees | 1.24 | 0.86 | 1.22 |
| | **6.05** | **7.66** | **4.48** |
| **Current** | | | |
| Loan to employees | 0.83 | 0.96 | 1.29 |
| | **0.83** | **0.96** | **1.29** |

## [c] TRADE RECEIVABLES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Trade receivables | 922.70 | 762.21 | 459.19 |
| **Total receivables** | **922.70** | **762.21** | **459.19** |
| Current portion | 922.70 | 762.21 | 459.19 |
| 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-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Trade receivables** | | | |
| Unsecured, considered good | 922.70 | 762.21 | 459.19 |
| **Sub-total** | **922.70** | **762.21** | **459.19** |
| Less: Impairment allowance | **-** | **-** | **-** |
| **Total** | **922.70** | **762.21** | **459.19** |

(i) There is no trade receivables due from related parties at 31-March-2018, 31-March-2017 and 1-April-2016.
(ii) The Company's exposure to credit risk, currency risk related to trade receivables are discussed in Note 26.

**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 entirely 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-18** | **31-Mar-17** |
|---|---|---|
| Total transferred receivables | 367.83 | 406.24 |

## [d] CASH AND CASH EQUIVALENTS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Cash on hand | 0.05 | 0.10 | 0.10 |
| Balances with banks - Current accounts | 40.94 | 16.42 | 17.03 |
| | **40.99** | **16.52** | **17.13** |

Cash at banks earns interest at floating rates based on daily bank deposit rates. There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**[e] OTHER FINANCIAL ASSETS**

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non Current** | | | |
| Fixed deposits with banks (maturity > 12 months) | 0.65 | 0.65 | 0.65 |
| | **0.65** | **0.65** | **0.65** |
| **Current** | | | |
| Subsidy receivable | 1.76 | 1.76 | 1.76 |
| Interest on Fixed Deposit/others | 2.45 | 2.31 | 2.24 |
| Balances with banks in - on account of unpaid dividends | 5.99 | 5.95 | 6.20 |
| Others | 27.90 | - | - |
| | **38.10** | **10.02** | **10.20** |

## 7 OTHER ASSETS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non-current** | | | |
| Capital Advances | 58.05 | 35.45 | 83.85 |
| Prepaid rent of leasehold premises | 102.65 | 106.77 | 66.11 |
| | **160.70** | **142.22** | **149.96** |
| **Current** | | | |
| Balances with excise/ GST authorities | 0.06 | 32.32 | 23.34 |
| Vat receivable | 93.54 | 98.54 | 53.97 |
| Prepaid expenses | 13.18 | 10.55 | 7.50 |
| Advances to suppliers | 14.03 | 11.35 | 8.70 |
| | **120.81** | **152.76** | **93.51** |

## 8 TAX ASSETS

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Non Current** | | |
| Opening balance | 53.52 | 33.50 |
| Add: Taxes paid during the year | 157.83 | 158.70 |
| Less: Tax expenses during the year | (172.99) | (138.68) |
| Less: Reversal of earlier years | - | - |
| **Closing balance** | **38.36** | **53.52** |

## 9 INVENTORIES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| (at lower of cost or net realisable value) | | | |
| Raw materials | 131.77 | 110.17 | 85.24 |
| Work - in - Progress | 224.76 | 184.75 | 145.75 |
| Finished Goods | 40.47 | 96.26 | 95.22 |
| Carbon credit & Renewable energy certificate | - | - | 0.74 |
| **Total** | **397.00** | **391.18** | **326.95** |
| **Included in inventories goods in transit/ at godown as follows:** | | | |
| Raw materials | 34.92 | 17.58 | 4.62 |
| Finished goods | 30.27 | 85.49 | 79.72 |
| **Total** | **65.19** | **103.07** | **84.34** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 10 SHARE CAPITAL

### [a] Authorised share capital

| | Equity shares of Rs. 10 each (PY Rs. 10 each) | |
|---|---|---|
| | No. of shares | Amount |
| **As at 1-Apr-2016** | 10,000,000 | 100.00 |
| Increase during the year | - | - |
| **As at 31-Mar-2017** | 10,000,000 | 100.00 |
| Increase during the year | - | - |
| **As at 31-Mar-2018** | 10,000,000 | 100.00 |

### [b] Issued equity share capital, fully paid-up

| | Equity shares of Rs. 10 each (PY Rs. 10 each) | |
|---|---|---|
| | No. of shares | Amount |
| **As at 1-Apr-2016** | 9,073,300 | 90.73 |
| Change during the year | - | - |
| **As at 31-Mar-2017** | 9,073,300 | 90.73 |
| Change during the year | - | - |
| **As at 31-Mar-2018** | 9,073,300 | 90.73 |

### (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. The dividend recommended by the Board of Directors is subject to approval of the members at the ensuing Annual General Meeting. 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.

### [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-18 | | 31-Mar-17 | | 1-Apr-16 | |
|---|---|---|---|---|---|---|
| | No. of shares | % of total equity shares | No. of shares | % of total equity shares | No. of shares | % of total equity shares |
| Robert Bosch Automotive Steering GmbH | 2,340,155 | 25.79 | 2,340,155 | 25.79 | 2,340,155 | 25.79 |
| Mr. Utkarsh Munot | 1,191,494 | 13.13 | 1,191,494 | 13.13 | 1,191,494 | 13.13 |
| Mr. Dinesh Munot | 949,290 | 10.46 | 949,290 | 10.46 | 949,290 | 10.46 |

## 11 RESERVES AND SURPLUS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| General Reserve | 2,350.00 | 2,350.00 | 2,350.00 |
| Securities Premium Reserve | 23.23 | 23.23 | 23.23 |
| Capital Reserve | 3.50 | 3.50 | 3.50 |
| Retained Earnings | 537.99 | 175.75 | (129.65) |
| | **2,914.72** | **2,552.48** | **2,247.08** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(i) General Reserve**

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Balance at the beginning of the year | 2,350.00 | 2,350.00 |
| Movement during the year | - | - |
| **Balance at the end of the year** | **2,350.00** | **2,350.00** |

**(ii) Securities Premium Reserve**

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Balance at the beginning of the year | 23.23 | 23.23 |
| Movement during the year | - | - |
| **Balance at the end of the year** | **23.23** | **23.23** |

Security premium reserve is used to record the premium on issue of share.

**(iii) Capital Reserve**

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Balance at the beginning of the year | 3.50 | 3.50 |
| Movement during the year | - | - |
| **Balance at the end of the year** | **3.50** | **3.50** |

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-18 | 31-Mar-17 |
|---|---|---|
| Balance at the beginning of the year | 175.75 | (129.65) |
| Net profit for the year | 432.30 | 313.16 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurements of post-employment benefit obligation, net of tax | 17.30 | (7.76) |
| Dividend paid | (72.58) | - |
| Dividend distribution tax | (14.78) | - |
| **Balance at the end of the year** | **537.99** | **175.75** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

(Rs. in Million)

## 12 FINANCIAL LIABILITIES

### 12[a] NON-CURRENT BORROWINGS

| | Maturity Date | Security and terms of repayment | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|---|---|
| **Secured** | | | | | |
| **(i) Rupee Term loans - From banks** | | | | | |
| HDFC Bank Ltd | FY 2021-22 | The loan is repayable in equal quarterly installment of Rs. 12.40 Million.This loan carries variable interest rate of 8.2% p.a.. Loan is secured by sole charge on the New Plant and machinery purchased (WDV as on 31 March 2018 - 161.19 Million and on 31 March 2017-133.79 Million). | 111.59 | 101.29 | - |
| **Unsecured** | | | | | |
| Deferred payment liabilities | FY 2022-23 | See note (i) | 34.75 | 56.36 | 79.41 |
| | | | **146.34** | **157.65** | **79.41** |

**Note (i) - Sales tax deferral under package scheme on incentive**

| Year | Package Scheme of incentives 1993 (I) EC-3305 | Package Scheme of incentives 1993 (I) EC-4206 | "Additional Incentives under Package Scheme 1988/ EC-1499" | "Incentive under 1998 Power Generation Policy (0.70 MW)" | Incentive under 1998 Power Generation Policy (1.00 MW) | Total Amount (Rs.) |
|---|---|---|---|---|---|---|
| 2016-17 | 1.81 | 9.81 | - | 4.66 | 6.67 | 22.95 |
| 2017-18 | - | 8.90 | - | 5.82 | 8.33 | 23.05 |
| 2018-19 | - | 6.50 | 1.07 | 5.71 | 8.33 | 21.61 |
| 2019-20 | - | 2.62 | 1.07 | 4.54 | 6.67 | 14.90 |
| 2020-21 | - | - | 1.07 | 3.38 | 5.00 | 9.45 |
| 2021-22 | - | - | 1.07 | 2.21 | 3.33 | 6.61 |
| 2022-23 | - | - | 1.07 | 1.05 | 1.67 | 3.79 |
| | **1.81** | **27.83** | **5.35** | **27.37** | **40.00** | **102.36** |

**(a) Part I of 1988/ Package Scheme of Incentives and Part I of 1993/ Package Scheme of Incentives**

Sales Tax incentive scheme of Govt. of Maharashtra, by way of deferment of Sales Tax liability, for expansion carried out by the Company, being eligible unit under the scheme, implemented then through SICOM (The State Industrial and Investment Corporation Of Maharashtra Limited).

**(b) Additional Incentives under Package Scheme 1988**

Additional incentive scheme of Govt. of Maharashtra, by way of deferment of sales tax liability, as per Govt. Circular No.IDL1005/ (C.R.354)/ IND-8 Dated 06.11.2006.

**(c) 1998 Power Generation promotion policy**

Sales Tax incentive scheme of Govt. of Maharashtra, by way of deferment of Sales Tax liability, for achieving required Power Load Factor (PLF) for the Company's Wind Farm project, implemented through MEDA (Maharashtra Energy Development Agency).

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

### 12[b] CURRENT BORROWINGS

| | Security | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|---|
| **Secured** | | | | |
| **(I) From banks** | | | | |
| Cash Credit Facilities | These facilities from banks are Secured by hypothecation of Inventories and trade receivables and Second Charge on Plant and Machinery at Factory. | 22.16 | 2.97 | 9.67 |
| Overdraft Facilities | These facilities are secured against pledge of certain financial asset of the Company (refer note 6a). | 30.04 | 0.46 | 236.46 |
| Bill discounting with banks | Secured against transferred trade receivables. | 367.83 | 406.24 | - |
| | | **420.03** | **409.67** | **246.13** |

### 12[c] TRADE PAYABLES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Current** | | | |
| Dues to Micro and Small Enterprises (Refer note 32) | - | - | - |
| Dues to others | 509.92 | 445.50 | 436.20 |
| | **509.92** | **445.50** | **436.20** |

(i) Details of trade payables to related parties are disclosed as part of note 36 - Related party disclosures.

### 12[d] OTHER FINANCIAL LIABILITIES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Current** | | | |
| Payable for capital goods | 35.63 | 44.67 | 40.49 |
| Current maturities of long-term debt | 71.21 | 55.55 | 22.95 |
| Unpaid dividends | 5.99 | 5.95 | 6.20 |
| | **112.83** | **106.17** | **69.64** |

## 13 PROVISIONS

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non-current** | | | |
| Provision for leave encashment | 22.45 | 26.77 | 22.31 |
| | **22.45** | **26.77** | **22.31** |
| **Current** | | | |
| Provision for gratuity (see note 30) | (0.62) | 37.59 | 30.39 |
| Provision for leave encashment | 8.13 | 10.56 | 8.63 |
| Warranty provision [See note (i) below] | 7.70 | 7.77 | 6.57 |
| | **15.21** | **55.92** | **45.59** |

**Note (i) - Warranty provision**

The Company generally offers a 2 years warranty 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. The assumptions made in current period are consistent with those in the prior year. As the time value of money is not considered to be material, warranty provisions are not discounted.

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**Movement in warranty provision**

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Carrying amount in the beginning of the year | 7.77 | 6.57 |
| Additional provision made | 5.70 | 6.72 |
| Amount used | (5.77) | (5.52) |
| unused amount reversed | - | - |
| **Carrying amount at the end of the year** | **7.70** | **7.77** |

## 14 DEFERRED TAX LIABILITY (Net)

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Deferred tax labilities / (assets)** | | | |
| Property, plant and equipment | 15.93 | 45.29 | 63.62 |
| Provision for gratuity and leave encashment | (11.08) | (30.23) | (34.56) |
| Investments | (1.52) | 15.58 | 14.43 |
| Others | 2.47 | (2.47) | (7.41) |
| **Deferred tax labilities / (assets) net** | **5.80** | **28.17** | **36.08** |

**(i) Movement in deferred tax liabilities / (assets)**

| | 01-Apr-16 | Recognised in | | | 31-Mar-17 |
|---|---|---|---|---|---|
| | | Profit or loss | OCI | Equity | |
| Property, plant and equipment | 63.62 | (18.33) | - | - | 45.29 |
| Provision for gratuity and leave encashment | (34.56) | 8.25 | (3.92) | - | (30.23) |
| Investments | 14.43 | 1.15 | - | - | 15.58 |
| Others | (7.41) | 4.94 | - | - | (2.47) |
| | **36.08** | **(3.99)** | **(3.92)** | **-** | **28.17** |

| | 31-Mar-17 | Recognised in | | | 31-Mar-18 |
|---|---|---|---|---|---|
| | | Profit or loss | OCI | Equity | |
| Property, plant and equipment | 45.29 | (29.36) | - | - | 15.93 |
| Provision for gratuity and leave encashment | (30.23) | 10.03 | 9.12 | - | (11.08) |
| Investments | 15.58 | (17.10) | - | - | (1.52) |
| Others | (2.47) | 4.94 | - | - | 2.47 |
| | **28.17** | **(31.49)** | **9.12** | **-** | **5.80** |

## 15 OTHER LIABILITIES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Non Current** | | | |
| Deferred Income | 1.01 | 1.47 | 2.14 |
| | **1.01** | **1.47** | **2.14** |
| **Current** | | | |
| Advance from customers | 19.01 | 15.42 | 15.04 |
| Deferred revenue | 11.46 | 12.10 | 17.67 |
| Statutory liabilities | 49.64 | 3.40 | 5.85 |
| | **80.11** | **30.92** | **38.56** |

**(Rs. in Million)**

### 16 REVENUE FROM OPERATIONS

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| **Revenue from sale of products (excluding excise duty, GST)** | | |
| - Sale of Products* | 4,142.41 | 3,878.30 |
| | **4,142.41** | **3,878.30** |
| **Revenue from rendering services** | | |
| - Domestic services | 0.07 | 0.58 |
| | **0.07** | **0.58** |
| **Other operating income** | | |
| - Solar power income | 87.83 | 93.89 |
| - Sale of scrap | 15.28 | 15.28 |
| | **103.11** | **109.17** |
| | **4,245.59** | **3,988.05** |

* Sales of products for the year ended March 31, 2018 is net of excise duty of Rs. 110.53 Million (P.Y. - Rs. 480.11 Million)

### 17 OTHER INCOME

| | For the year ended 31-Mar-18 | | For the year ended 31-Mar-17 | |
|---|---|---|---|---|
| Dividend income | | 21.42 | | 8.61 |
| Interest income | | 6.26 | | 4.04 |
| Net gains on Financial assets Investment measured at FVTPL | | | | |
| - Realised Gain | 8.87 | | 40.83 | |
| - Unrealised Gain | 47.24 | | 38.60 | |
| | | 56.11 | | 79.43 |
| Foreign exchange gain | | - | | 1.20 |
| Government grants | | 0.46 | | 0.67 |
| Other non operating income | | 29.44 | | 22.09 |
| | | **113.69** | | **116.04** |

### 18 COST OF RAW MATERIAL CONSUMED

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Raw material consumed | 2,464.04 | 2,353.13 |
| Packing material consumed | 17.18 | 18.33 |
| Fabrication and processing charges | 42.13 | 57.08 |
| | **2,523.35** | **2,428.54** |

### 19 CHANGE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Opening stock | | |
| Work in progress | 184.75 | 145.75 |
| Finish goods (Includes goods in transit/at godown) | 96.26 | 95.96 |
| | **281.01** | **241.71** |
| Less: Closing stock | | |
| Work in progress | 224.76 | 184.75 |
| Finish goods (Includes goods in transit/at godown) | 40.47 | 96.26 |
| | **265.23** | **281.01** |
| | **15.78** | **(39.30)** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 20 EMPLOYEE BENEFITS EXPENSE

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Salaries, wages, bonus etc. | 426.11 | 395.97 |
| Contribution to provident and other funds | 14.78 | 16.84 |
| Staff welfare expenses | 51.00 | 38.76 |
| | **491.89** | **451.57** |

## 21 OTHER EXPENSES

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Power and fuel (Net of credit of windmill income of Rs. 56.02 Million, P.Y. - Rs. 71.38 Million) | 107.06 | 78.98 |
| Repairs and maintenance | | |
| - Buildings | 9.77 | 8.35 |
| - Machinery | 39.20 | 47.48 |
| - Others | 5.64 | 9.22 |
| Rent | 0.52 | 0.42 |
| Insurance | 3.68 | 3.59 |
| Rates and taxes | 4.73 | 6.06 |
| Selling and distribution expenses | 62.93 | 67.77 |
| Solar energy generation expenses | 8.76 | 8.31 |
| Inventory solar wind mill w/off | - | 0.74 |
| Windmill energy generation expenses | 9.40 | 9.19 |
| Foreign exchange Loss | 6.58 | - |
| Loss on sale/discard of assets | 0.16 | 0.64 |
| Amortisation of prepaid lease | 4.12 | 3.82 |
| CSR expense | 11.00 | 10.00 |
| Payment to Auditors | 0.91 | 0.84 |
| Other miscellaneous expenses | 74.85 | 72.64 |
| | **349.31** | **328.05** |

## A PAYMENT TO AUDITORS

| | **31-Mar-18** | **31-Mar-17** |
|---|---|---|
| Audit fees | 0.60 | 0.50 |
| Limited review | 0.12 | 0.12 |
| Tax audit fees | 0.10 | 0.11 |
| VAT audit fees | 0.08 | 0.07 |
| For Certification and other related work | 0.01 | 0.04 |
| | **0.91** | **0.84** |

* The amounts presented are net of GST/ service tax/ other applicable taxes

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**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 Prime Minister's National Relief Fund and various NGO's (Non Government Organisation).

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Gross amount required to be spent by the company during the year | 11.00 | 10.00 |
| Amount spent during the year on : | | |
| Construction/Acquisition of any asset | - | - |
| On purpose other than above | 11.00 | 10.00 |

## 22 FINANCE COSTS

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| Interest expenses | 12.30 | 7.91 |
| Other borrowing cost | 19.88 | 17.33 |
| Less: borrowing cost capitalised | - | (0.38) |
| | **32.18** | **24.86** |

## 23 DEPRECIATION AND AMORTIZATION EXPENSE

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| Depreciation on property, plant and equipment | 325.17 | 268.30 |
| Amortisation of intangible assets | 7.86 | 10.21 |
| | **333.03** | **278.51** |

## 24 INCOME TAX

**[a] Income tax expense is as follows:**

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| **Statement of profit and loss** | | |
| **Current tax:** | | |
| Current tax on profits for the year | 172.99 | 138.69 |
| Taxation of earlier years | 1.57 | - |
| **Total current tax expense** | **174.56** | **138.69** |
| **Deferred tax:** | | |
| Deferred tax expense/ (income) | (31.49) | (3.99) |
| **Total deferred tax expense/ (benefit)** | **(31.49)** | **(3.99)** |
| **Income tax expense** | **143.07** | **134.70** |
| **Other comprehensive income** | | |
| **Deferred tax related to OCI items:** | | |
| - On loss/ (gain) on remeasurements of defined benefit plans | (9.12) | 3.92 |
| | **(9.12)** | **3.92** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**[b] Reconciliation of tax expense and the accounting profit computed by applying the Income tax rate:**

| | For the year ended | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Profit/(loss) before tax | **575.37** | **447.86** |
| Tax at the Indian tax rate of 34.608% (2016-17: 34.608%) | 199.12 | 155.01 |
| Effect of non deductible expenses | 30.21 | 28.05 |
| Effect of exempt /other income /deduction | (66.55) | (72.88) |
| Previously unrecognised tax losses now recouped to reduce tax expenses | (34.56) | (39.15) |
| Unreognised undistributed share of equity accounted investee | 13.28 | 63.68 |
| Taxation of earlier years | 1.57 | - |
| Income tax expense | 143.07 | 134.70 |

## 25 EARNING PER SHARE

| | **31-Mar-18** | **31-Mar-17** |
|---|---|---|
| **Basic and diluted earning per share (face value of Rs. 10 each)** | | |
| - Profit attributable to the equity share holders of the Company | 432.30 | 313.16 |
| - Weighted average number of shares | 9,073,300 | 9,073,300 |
| **Basic and diluted earning per share (In INR)** | **47.65** | **34.51** |

## 26 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 V/s 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 option from time to time. |

### [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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**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-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Not past due | 877.06 | 726.08 | 421.65 |
| Past due but not impaired | | | |
| - Past due 0 to 180 days | 45.07 | 32.62 | 36.58 |
| - Past due more than 180 days | 0.57 | 3.51 | 0.96 |
| | 922.70 | 762.21 | 459.19 |

**[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-18** | | | | | |
| **Non-derivatives** | | | | | |
| Borrowings (Includes interest of Rs. 22.89 Million payable till maturity date ) | 637.58 | 502.79 | 157.68 | - | **660.47** |
| Trade payables | 509.92 | 509.92 | - | - | **509.92** |
| Capital creditors | 35.63 | 35.63 | - | - | **35.63** |
| Other financial liabilities | 5.99 | 5.99 | - | - | **5.99** |
| **Total** | **1,189.12** | **1,054.33** | **157.68** | **-** | **1,212.01** |
| **31-Mar-17** | | | | | |
| **Non-derivatives** | | | | | |
| Borrowings (Includes interest of Rs. 27.31 Million payable till maturity date) | 622.87 | 475.27 | 171.12 | 3.79 | **650.18** |
| Trade payables | 445.50 | 445.50 | - | - | **445.50** |
| Capital creditors | 44.67 | 44.67 | - | - | **44.67** |
| Other financial liabilities | 5.95 | 5.95 | - | - | **5.95** |
| **Total** | **1,118.99** | **971.39** | **171.12** | **3.79** | **1,146.30** |
| **1-Apr-16** | | | | | |
| **Non-derivatives** | | | | | |
| Borrowings (Interest included) | 348.49 | 269.08 | 69.01 | 10.40 | **348.49** |
| Trade payables | 436.20 | 436.20 | - | - | **436.20** |
| Capital creditors | 40.49 | 40.49 | - | - | **40.49** |
| Other financial liabilities | 6.20 | 6.20 | - | - | **6.20** |
| **Total** | **831.38** | **751.97** | **69.01** | **10.40** | **831.38** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(i) Financing arrangements:**

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

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Variable rate | | | |
| Cash credit and overdraft facilities | 298.90 | 336.17 | 93.87 |
| Term loan facility | 338.81 | 366.21 | - |
| | **637.71** | **702.38** | **93.87** |

**[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-18** | | | | |
| **Financial assets** | | | | |
| Trade receivables | 26.81 | - | - | 26.81 |
| **Net exposure to foreign currency risk (assets)** | **26.81** | **-** | **-** | **26.81** |
| **Financial liabilities** | | | | |
| Trade payables | 0.03 | 16.02 | - | 16.05 |
| **Net exposure to foreign currency risk (liabilities)** | **0.03** | **16.02** | **-** | **16.05** |
| **31-Mar-17** | | | | |
| **Financial assets** | | | | |
| Trade receivables | 17.85 | - | - | 17.85 |
| **Net exposure to foreign currency risk (assets)** | **17.85** | **-** | **-** | **17.85** |
| **Financial liabilities** | | | | |
| Trade payables | 0.42 | 35.05 | 5.85 | 41.32 |
| **Net exposure to foreign currency risk (liabilities)** | **0.42** | **35.05** | **5.85** | **41.32** |
| **1-Apr-16** | | | | |
| **Financial assets** | | | | |
| Trade receivables | 11.51 | - | - | 11.51 |
| **Net exposure to foreign currency risk (assets)** | **11.51** | **-** | **-** | **11.51** |
| **Financial liabilities** | | | | |
| Trade payables | 1.25 | 20.78 | | 22.03 |
| **Net exposure to foreign currency risk (liabilities)** | **1.25** | **20.78** | **-** | **22.03** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(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-18** | **31-Mar-17** |
| USD | | |
| - Increase by 10% | 1.75 | 1.14 |
| - Decrease by 10% | (1.75) | (1.14) |
| EUR | | |
| - Increase by 10% | (1.05) | (2.29) |
| - Decrease by 10% | 1.05 | 2.29 |
| YEN | | |
| - Increase by 10% | - | (0.38) |
| - Decrease by 10% | - | 0.38 |

**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-18 | | 31-Mar-17 | | 1-Apr-16 | |
|---|---|---|---|---|---|---|
| | **Amount** | **% of total borrowings** | **Amount** | **% of total borrowings** | **Amount** | **% of total borrowings** |
| Variable rate borrowings, average borrowing rate 8% | 581.22 | 91.16%* | 543.46 | 87.25%* | 246.13 | 70.63%* |

*Remaining 8.84% (F.Y. 2016-17 12.75% and F.Y. 2015-16 29.37%) of total borrowings of the Company represents interest free liabilities of sales tax deferral.

**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-18** | **31-Mar-17** |
| Interest rate increase by 100 basis points | (3.68) | (2.58) |
| Interest rate decrease by 100 basis points | 3.68 | 2.58 |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 27 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-18 | | | | | | Mar-17 | | | | | | Apr-16 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount | | | Fair value | | | Carrying amount | | | Fair value | | | Carrying amount | | | Fair value | | |
| | FVTPL | Amortised Cost | FVT OCI | Level 1 | Level 2 | Level 3 | FVTPL | Amortised Cost | FVT OCI | Level 1 | Level 2 | Level 3 | FVTPL | Amortised Cost | FVT OCI | Level 1 | Level 2 | Level 3 |
| **[i] Financial assets** | | | | | | | | | | | | | | | | | | |
| **Non Current** | | | | | | | | | | | | | | | | | | |
| **Investment** | | | | | | | | | | | | | | | | | | |
| Investment in equity quoted | 125.27 | | | 125.27 | | | 102.20 | | | 102.20 | | | 67.50 | | | 67.50 | | |
| Investment in mutual fund | 844.21 | | | 844.21 | | | 555.99 | | | 555.99 | | | 596.77 | | | 596.77 | | |
| Investment in bond | | 43.97 | | | | | | 43.97 | | | | | | 43.97 | | | | |
| **Loans** | | | | | | | | | | | | | | | | | | |
| Security deposit | | 4.81 | | | | | | 6.80 | | | | | | 3.26 | | | | |
| Other financial assets | | 1.89 | | | | | | 1.51 | | | | | | 1.87 | | | | |
| **Current** | | | | | | | | | | | | | | | | | | |
| Trade receivables | | 922.70 | | | | | | 762.21 | | | | | | 459.19 | | | | |
| Cash and cash equivalents | | 40.99 | | | | | | 16.52 | | | | | | 17.13 | | | | |
| Other financial assets | | 38.93 | | | | | | 10.98 | | | | | | 11.49 | | | | |
| | **969.48** | **1,053.29** | **-** | **969.48** | **-** | **-** | **658.19** | **841.99** | **-** | **658.19** | **-** | **-** | **664.27** | **536.91** | **-** | **664.27** | **-** | **-** |
| **[ii] Financial liabilities** | | | | | | | | | | | | | | | | | | |
| Non Current | | | | | | | | | | | | | | | | | | |
| Borrowings | | 217.55 | | | | | | 213.20 | | | | | | 102.36 | | | | |
| **Current** | | | | | | | | | | | | | | | | | | |
| Short term borrowings | | 420.03 | | | | | | 409.67 | | | | | | 246.13 | | | | |
| Trade payables | | 509.92 | | | | | | 445.50 | | | | | | 436.20 | | | | |
| Capital creditor | | 35.63 | | | | | | 44.67 | | | | | | 40.49 | | | | |
| Other financial liabilities | | 5.99 | | | | | | 5.95 | | | | | | 6.20 | | | | |
| | **-** | **1,189.12** | **-** | **-** | **-** | **-** | **-** | **1,118.99** | **-** | **-** | **-** | **-** | **-** | **831.38** | **-** | **-** | **-** | **-** |

### (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 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.

(Rs. in Million)

**(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.

## 28 CAPITAL MANAGEMENT

**A** 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 1 April 2016,31 March 17 and 31 March 2018 are as follows:

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Net Debt | 596.59 | 606.35 | 331.36 |
| Total Equity | 3,005.45 | 2,643.21 | 2,337.81 |
| **Net Debt to equity ratio** | **0.20** | **0.23** | **0.14** |

**B Event occurring after balance sheet date**

The Board of Directors has recommended Equity dividend of Rs. 8 Per Share (Previous year Rs. 8) for the financial year 2017-18.

## 29 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 CMD (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 :

i) Auto component :- This is related to auto component manufacturing.

ii) Renewable energy:-This is related to electricity generation through solar or 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 liabilities represent assets and liabilities in respective segments. Tax related assets/liabilities and other assets/liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**[B] Information about reportable segments**

| | 31-Mar-18 | | | | 31-Mar-17 | | | |
|---|---|---|---|---|---|---|---|---|
| | Auto component | Renewable energy | Unallocable | Total | Auto component | Renewable energy | Unallocable | Total |
| **Segment revenue:** | | | | | | | | |
| External revenue | 4,271.57 | 143.85 | - | **4,415.42** | 4,010.21 | 165.26 | - | **4,175.47** |
| Less: inter segment revenue | - | (56.14) | - | **(56.14)** | - | (71.38) | - | **(71.38)** |
| **Total segment revenue** | **4,271.57** | **87.71** | **-** | **4,359.28** | **4,010.21** | **93.88** | **-** | **4,104.09** |
| **segment profit before tax** | **493.50** | **81.87** | **-** | **575.37** | **353.19** | **94.67** | **-** | **447.86** |
| **Segment results** | **350.43** | **81.87** | **-** | **432.30** | **218.49** | **94.67** | **-** | **313.16** |
| Segment results includes : | | | | | | | | |
| Interest expenses | 32.18 | - | - | **32.18** | 24.86 | - | - | **24.86** |
| Interest income | 6.26 | - | - | **6.26** | 4.04 | - | - | **4.04** |
| Depreciation | 289.21 | 43.82 | - | **333.03** | 226.16 | 52.35 | - | **278.51** |
| Tax expenses | 143.07 | - | - | **143.07** | 134.70 | - | - | **134.70** |
| Share of profit/(loss) of Joint venture using equity Method | (38.37) | - | - | **(38.37)** | (184.00) | - | - | **(184.00)** |
| **Segment assets** | **3,955.42** | **325.37** | **38.36** | **4,319.15** | **3,518.65** | **333.28** | **53.52** | **3,905.45** |
| Segment assets includes: | | | | | | | | |
| Investment in Joint venture accounted using equity method | 512.80 | - | - | **512.80** | 452.31 | - | - | **452.31** |
| Capital expenditure incurred during the year | 149.60 | 33.71 | - | **183.31** | 528.52 | - | - | **528.52** |
| **Segment liabilities** | **1,312.72** | **0.98** | **-** | **1,313.70** | **1,259.07** | **3.17** | **-** | **1,262.24** |

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.

**[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-18 | 31-Mar-17 |
|---|---|---|
| India | 4273.61 | 4037.24 |
| Overseas | 85.67 | 66.85 |
| **Total** | **4,359.28** | **4,104.09** |

**Non-current assets other than financial instruments, deferred tax assets**

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| India | 1,265.77 | 1,409.02 |
| **Total** | **1,265.77** | **1,409.02** |

**[D] Major customers**

Revenue of approximately Rs. 2522.47 Million (PY- Rs. 2390.99 Millions are derived from three major external customers of the company. These revenue is attributed to auto component manufacturing segment).

(Rs. in Million)

## 30 EMPLOYEE BENEFIT OBLIGATIONS

### 30(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. 13.52 Million (Previous year - Rs. 15.36 Million)

### 30(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.

**(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 |
|---|---|---|---|
| **1-Apr-16** | **109.19** | **78.80** | **30.39** |
| Current service cost | 6.46 | - | 6.46 |
| Interest (expenses) income | 7.98 | 6.16 | 1.82 |
| **Total amount recognised in profit and loss** | **14.44** | **6.16** | **8.28** |
| **Remeasurements** | | | |
| Gain/ loss from change in demographic assumption | - | - | - |
| Gain/ loss from change in financial assumption | 2.22 | (0.73) | 2.95 |
| Experience gain/ loss | 9.05 | 0.68 | 8.37 |
| **Total amount recognised in other comprehensive income** | **11.27** | **(0.05)** | **11.32** |
| Employer contributions | - | 4.41 | (4.41) |
| Benefit payments | (8.30) | - | (8.30) |
| Mortality charges and taxes | - | (0.31) | 0.31 |
| **31-Mar-17** | **126.60** | **89.01** | **37.59** |

| | Present value of obligation | Fair value of plan assets | Net Amount |
|---|---|---|---|
| **31-Mar-17** | **126.60** | **89.01** | **37.59** |
| Current service cost | 7.73 | - | 7.73 |
| Interest expenses/ income | 8.56 | 6.61 | 1.95 |
| **Total amount recognised in profit and loss** | **16.29** | **6.61** | **9.68** |
| **Remeasurements** | | | |
| Gain/ loss from change in demographic assumption | - | - | - |
| Gain/ loss from change in financial assumption | (26.92) | (0.27) | (26.65) |
| Experience gain/ loss | 0.70 | 0.41 | 0.29 |
| **Total amount recognised in other comprehensive income** | **(26.22)** | **0.14** | **(26.36)** |
| Employer contributions | - | 4.77 | (4.77) |
| Benefit payments | (18.84) | (1.80) | (17.04) |
| Mortality charges and taxes | - | (0.28) | 0.28 |
| **31-Mar-18** | **97.83** | **98.45** | **(0.62)** |

(Rs. in Million)

**(ii) Net assets / liabilities**

An analysis of net (deficit)/assets is provided below for the Company's principal defined benefit gratuity scheme.

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Present value of funded obligations | 97.83 | 126.60 | 109.19 |
| Fair value of plan assets | 98.45 | 89.01 | 78.80 |
| **Net deficit for funded schemes** | **0.62** | **(37.59)** | **(30.39)** |

**(iii) Analysis of plan assets is as follows:**

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Insurer managed funds (%) | 100% | 100% | 100% |
| Others (%) | 0% | 0% | 0% |
| **Total** | **100%** | **100%** | **100%** |

**(iv) Actuarial assumptions and sensitivity analysis**

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Mortality table | IALM(2006-08) ult | IALM(2006-08) ult | IALM(2006-08) ult |
| Discount rate | 7.50% | 7.30% | 7.60% |
| Rate of increase in compensation levels | 7.00% | 12.00% | 12.00% |
| Expected rate of return on plan assets | 7.30% | 7.60% | 8.50% |
| Expected average remaining working lives of employees (in years) | 9.87 | 10.26 | 10.44 |
| Withdrawal Rate | 6.00% | 6.00% | 6.00% |

**Notes:**

1. Discount rate: The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations.
2. Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
3. 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-18 | 31-Mar-17 |
| Discount rate - Increase by 1% | (4.22) | (7.04) |
| Discount rate - Decrease by 1% | 4.75 | 8.10 |
| Salary increment rate - Increase by 1% | 4.11 | 6.86 |
| Salary increment rate - Decrease by 1% | (3.73) | (6.14) |
| Withdrawal rate - Increase by 1% | 0.13 | (1.82) |
| Withdrawal rate - Decrease by 1% | (0.14) | 2.03 |

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.

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**(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 2019 are Rs. 4 Million. 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-2018** | | | | |
| Defined benefit obligation - Gratuity | 41.79 | 6.14 | 22.46 | 53.39 |
| **As at 31-Mar-2017** | | | | |
| Defined benefit obligation - Gratuity | 48.77 | 6.27 | 22.99 | 69.81 |

## 31 OPERATING LEASES

Company, as lessee, has entered into two non cancellable land lease agreements for a period of 30 years. Company has paid entire lease rentals in advance at the inception of lease. These advance rentals payments have been shown as prepaid lease rentals.

## 32 MICRO, SMALL AND MEDIUM ENTERPRISES

Under the Micro, Small and Medium Enterprises Development Act, 2006 certain disclosure are required to be made for enterprises which are covered under the Act. Since the Company is in a process of compiling relevant information from its suppliers about their coverage under the said Act, no disclosures have been made. However, in view of the management ,the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

## 33 CONTINGENT LIABILITIES

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| Income Tax matters in dispute in respect of penalty matters pending before CIT (Appeal), Pune | 32.63 | 32.63 | 32.63 |
| Income Tax matters in dispute in respect of Assessment dues (A.Y.2013-14) before CIT (Appeal), Pune | 4.45 | 4.45 | 4.45 |
| Income Tax matters in dispute in respect of Assessment dues (A.Y.2014-15) before CIT (Appeal), Pune | 4.61 | 3.25 | - |
| Assistant commissioner of central excise differential central excise duty | 1.09 | 1.09 | - |
| Co-acceptance of Import bills by the bankers | 78.62 | 33.86 | 13.22 |
| Bill discounted with bank | - | | 336.85 |
| Bank Guarantees issued by the Company | 26.95 | 24.17 | 19.23 |
| TDS Matter pertaining to A.Y. 2012-13 pending with CIT(A) Pune | 0.30 | - | - |
| Sales tax liability under dispute | 3.94 | 3.19 | 3.19 |

## 34 COMMITMENTS

a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 426.52 Million (31st March 2017 - Rs. 63.22 Million, 31st March 2016 - Rs. 68.58 Million).

b) The Company has deferred payment of certain Sales tax Liability under various Package Scheme of Incentives of Government of Maharashtra. The Company is required to comply with conditions of above package Schemes of Incentives, the various Eligibility Certificates granted under such Schemes, stipulations or undertaking as per the Agreements entered into in connection with the grant of incentive under the said Schemes or on the Eligibility Certificates.

## 35 INVESTMENT IN JOINT VENTURE

The Company has 26% joint venture interest in Robert Bosch Automotive Steering Private Limited, a Company incorporated in India. As on March 31, 2018 the Company has further invested Rs. 98.80 Million (previous year Rs. 143.00 Million) in the share capital of this Joint Venture.

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**Summarised financial information for Joint Venture**

| **Summarised balance sheet** | **31-Mar-18** | **31-Mar-17** | **1-Apr-16** |
|---|---|---|---|
| Current assets | | | |
| Cash and cash equivalents | 414.97 | 337.56 | 207.49 |
| Other assets | 1,554.89 | 880.36 | 897.68 |
| **Total current assets** | **1,969.86** | **1,217.92** | **1,105.17** |
| **Total non-current assets** | **741.75** | **1,291.08** | **1,471.56** |
| Current liabilities | | | |
| Financial liabilities (excluding trade payable) | 217.92 | 171.84 | 146.58 |
| Other liabilities | 502.91 | 584.16 | 520.44 |
| **Total current liabilities** | **720.83** | **756.00** | **667.02** |
| Non-current liabilities | | | |
| Provisions | 18.49 | 13.35 | 10.87 |
| **Total non-current liabilities** | **18.49** | **13.35** | **10.87** |
| **Net assets** | **1,972.29** | **1,739.65** | **1,898.84** |

**Summarised statement of profit and loss**

| | **For the year ended** | |
|---|---|---|
| | **31-Mar-18** | **31-Mar-17** |
| Revenue | 3,448.15 | 2,671.84 |
| Interest income | - | - |
| Depreciation and amortization | 332.46 | 215.60 |
| Interest expense | - | - |
| Income tax expense | - | - |
| **Profit/(Loss) for the year** | **(147.59)** | **(707.85)** |
| Other comprehensive income | 0.23 | (1.34) |
| **Total comprehensive income** | **(147.36)** | **(709.19)** |
| **Dividend received** | **-** | **-** |

**Reconciliation to carrying amounts**

| | **31-Mar-18** | **31-Mar-17** |
|---|---|---|
| Opening net assets | 1,739.65 | 1,898.84 |
| Profit / (Loss) for the year | (147.59) | (707.85) |
| Other comprehensive income | 0.23 | (1.34) |
| Additional capital investment by joint venturers | 380.00 | 550.00 |
| Dividend paid | - | - |
| **Closing net assets** | **1,972.29** | **1,739.65** |
| Company's share in % | 26 | 26 |
| Company's share in INR | 512.80 | 452.31 |
| **Carrying amount** | **512.80** | **452.31** |

The joint venture has estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 0.90 Million (March 31, 2017 Rs. 39.23 Million, April 1,2016 Rs. 123.27 Million).

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

## 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 | Robert Bosch Automotive Steering GmbH |
| 2 | Director interested entities | Varsha Forgings Ltd. |
| | | KCTR Varsha Automotive Pvt. Ltd. |
| 3 | Joint venture company | Robert Bosch Automotive Steering Private Limited (Company has 26% stake in the company) |
| 4 | Key managerial personnel | Mr. Dinesh Munot - Chairman & Managing Director |
| | | Mr. Jinendra Munot - Jt. Managing Director |
| | | Mr. Utkarsh Munot - Chief Executive officer |
| | | Mr. Jinendra Jain - Chief financial officer |
| | | Mr. Satish Mehta - Company Secretary |
| 5 | Non executive directors | Mr. Manish Motwani |
| | | Mr. M. L. Rathi |
| | | Mr. Shridhar S. Kalmadi |
| | | Mr. Ajinkya Arun Firodia |
| | | Mr. Jitendra A. Pandit |
| | | Mr. S. A. Gundecha |
| | | Mrs. Eitika Munot |
| | | Mr. Soumitra Bhattacharya |

### B Key managerial personnel compensation

| | | 31-Mar-18 | 31-Mar-17 |
|---|---|---|---|
| a. | Short term employee benefits | 64.75 | 61.73 |
| b. | Post-employment benefits | 56.32 | 50.83 |
| c. | Long term employee benefits | 6.21 | 10.12 |
| | | **127.28** | **122.68** |

### C Transaction with related parties

| | For the year ended | |
|---|---|---|
| | 31-Mar-18 | 31-Mar-17 |
| **Purchase of raw material & components** | | |
| Foreign collaborator | 222.08 | 212.02 |
| Director's interested entities | | |
| - Varsha Forgings Ltd. | 186.85 | 156.78 |
| **Sale of goods** | | |
| Director's interested entities | | |
| - Varsha Forgings Ltd. | - | 0.17 |
| **Sitting fees to Non Executive & Independent directors** | 2.13 | 2.09 |
| **Dividend paid during the year** | | |
| Foreign collaborator | 18.72 | - |

(Rs. in Million)

**D Outstanding balances**

| | 31-Mar-18 | 31-Mar-17 | 1-Apr-16 |
|---|---|---|---|
| **Trade payables** | | | |
| Foreign collaborator | 14.69 | 20.77 | 20.50 |
| Director's interested entities | | | |
| - Varsha Forgings Ltd. | 37.56 | 25.75 | 39.34 |
| Key managerial personnel | 2.08 | 2.00 | 7.40 |

## 37 FIRST-TIME ADOPTION OF IND AS

These are Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

### A. Exemptions and exceptions availed

### A.1 Ind AS mandatory exceptions

#### A.1.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Company had made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

1. Investment in equity instruments carried at FVTPL;
2. Investment in debt instruments carried at FVTPL;
3. Impairment of financial assets based on expected credit loss model;
4. Provision for sales return

#### A.1.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

#### A.1.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

### A.2 Ind AS optional exemptions

### A.2.1 Deemed cost

Property, Plant and Equipment:
The Company has elected to continue the carrying value measured as per previous GAAP as deemed cost for all property, plant and equipment.

Intangible assets and Investment property:
The Company has elected to continue with the carrying value measured as per the Previous GAAP and use that as its deemed cost for all its intangible assets and investment property at the date of transition to Ind ASs.

### A.2.2 Leases

Ind AS 101 provides the option to determine whether an arrangement existing at date of transition is, or contains, a lease based on the facts and circumstances at that date and not at lease start date. Accordingly, the Company has elected to determine arrangement existing at the date of transition and not at lease start date.

### B. Reconciliations between Previous GAAP and Ind AS

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explaination of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. Further, the Company has also made other adjustments resulting from misapplication of previous GAAP, which as required by paragraph 26 of Ind AS 101 have been identified separately in the notes presented below:

**Reconciliation of total equity**

| | Footnote Ref. | As at 31-March-2017 | As at 1-April-2016 |
|---|---|---|---|
| **Total equity (Shareholder's fund) as per previous GAAP** | | **2,498.41** | **2,237.55** |
| **Ind AS Adjustments:** | | | |
| - Impact of Investment measuring investments (other than investment in joint venture) at FVTPL | 3 | 163.76 | 125.16 |
| - Impact of capitalisation of spares to fixed assets | 1 | 2.04 | 5.45 |
| - Others | 4,5 | (7.18) | (21.44) |
| - Impact of deferred tax on the above adjustments | 8 | (13.82) | (8.91) |
| **Total Adjustments** | | **144.80** | **100.26** |
| **Total equity as per Ind AS** | | **2,643.21** | **2,337.81** |

**Reconciliation of total comprehensive income for the year ended 31 March 2017**

| | Footnote Ref. | 31-March-2017 |
|---|---|---|
| **Profit after tax, as per previous GAAP** | | 260.86 |
| **Ind AS Adjustments:** | | |
| - Impact of Investment measuring investments (other than investment in joint venture) at FVTPL | 3 | 38.60 |
| - Impact of capitalisation of spares to fixed assets | 1 | (3.41) |
| - Others | 4,5 | 14.26 |
| - Impact of deferred tax on the above adjustments | 8 | (4.91) |
| **Total Adjustments** | | **44.54** |
| **Total comprehensive income as per Ind AS** | | **305.40** |

# Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (Contd...)

**(Rs. in Million)**

**Reconciliation of Statement of Cash Flow for the year ended 31 March 2017**

| | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|
| **Cash and cash equivalents as at April 1 2016** | **71.73** | **(54.60)** | **17.13** |
| Net cash flow from operating activities | 592.82 | 33.14 | 625.96 |
| Net cash flow from investing activities | (364.59) | (105.01) | (469.60) |
| Net cash flow from financing activities | (190.03) | 33.06 | (156.97) |
| **Cash and cash equivalents as at March 2017** | **109.93** | **(93.41)** | **16.52** |

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**Notes to Reconciliation:**

**Ind AS adjustments**

**1. Capitalisation of spare parts**

Under previous GAAP, spare parts were classified as inventory and charged to profit and loss account in the period in which they were issued for use. Under Ind AS, spare parts used over more than one period are classified as property, plant and equipment and depreciated from the date of purchase. The Company has done the adjustment on transition date retrospectively.

**2. Leases**

Under previous GAAP leasehold land having lease period of 30 years was recognised as fixed assets. However under Ind AS this arrangement of lease does not meet the criteria of finance lease. Hence it has been reclassified as operating lease.

**3. Investments**

Under previous GAAP, investments in quoted equity instruments and mutual funds were recorded at cost. Under Ind AS, investments are required to be valued at fair value. The Company has classified these instruments as fair value through profit and loss and adjusted the amounts as on transition date.

**4. Investment in joint venture**

As per Ind AS 101, when changing from proportionate consolidation method to equity method, an entity may measure it's investment in joint venture as aggregate of carrying amount of assets and liability, that the entity had proportionately consolidated under previous GAAP.

The resultant amount is regarded as deemed cost of investment in joint venture at initial recognition. The Company has opted to avail this exemption.

**5. Provisions for sales return**

The Company has a practice of accepting sales returns from the customers for a period of six months. Accordingly under Ind AS, the Company has recorded a sales return based on analysis of historical data. The Company has accordingly adjusted revenue for the year ended 31 March 2017.

**6. Provisions for warranty**

The Company has an obligation of providing warranty on sales of products for 24 months from the date of sale. Accordingly under Ind AS, the Company has recorded a provision for warranty based on analysis of historical data. The Company has accordingly adjusted warranty expenses and provision for warranty.

7. **Trade Receivables (subject to Bill Discounting)**

   Under previous GAAP, the Company has a practice of derecognizing trade receivables which are subject to bill discounting with banks. However, under Ind AS, if the trade receivables are discounted with recourse, the same are not de-recognised as these receivables do not meet the derecognition criteria as required by Ind AS 109.

8. **Remeasurements of post-employment benefit obligations**

   Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income (OCI) instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by Rs. 11.32 Million. There is no impact on the total equity as at 31 March 2016.

9. **Deferred tax**

   Deferred tax have been recognised on various adjustments made on transition to Ind AS.

## 38 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 21 - The effect of changes in Foreign Exchange rates

**Ind AS 115 – Revenue from Contracts with Customers**

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

· Step 1: Identify the contract(s) with a customer

· Step 2: Identify the performance obligation in contract

· Step 3: Determine the transaction price

· Step 4: Allocate the transaction price to the performance obligations in the contract

· Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

**Ind AS 21 – The effect of changes in Foreign Exchange rates**

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

**(Rs. in Million)**

### Additional Information as required by Schedule III of the Act.

| Name of the entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated | Amount | As % of consolidated | Amount | As % of consolidated | Amount | As % of consolidated | Amount |
| ZF STEERING GEAR (INDIA) LIMITED | 126% | 3,786.15 | 109% | 470.67 | 99.65% | 17.24 | 109% | 487.91 |
| **Joint Venture** ROBERT BOSCH AUTOMOTIVE STEERING PVT LTD | -26% | (780.70) | -9% | (38.37) | 0.35% | 0.06 | -9% | (38.31) |

**AOC-1**

**Part "B": Associates and Joint Ventures**

| Sr. No. | Name of Associates/ Joint Venture | ROBERT BOSCH AUTOMOTIVE STEERING PVT LTD |
|---|---|---|
| 1 | Latest audited balance sheet date | March 31,2018 |
| 2 | **Share of Associates/ Joint ventures held by the company on the year end** | |
| a | No. | 129,350,000 |
| b | Amount of investment in Joint Venture | 1293.50 Million |
| c | Extend of holding | 26% |
| | | |
| 3 | Description of how there is significant influence | i) The Company's Holding of 26% of total share capital in the associate/ joint venture company is higher than specified under Section 2(6) of the Companies Act 2013, for the purpose of 'Significant influence'.<br>ii) The Company enjoys some 'special Rights' under The Articles of Association of the Associate/Joint venture company. |
| 4 | Reason why the Joint Venture is not consolidated | NA |
| 5 | Net worth attributable to shareholding as per latest Balance sheet | 1972.29 |
| 6 | **Profit/ Loss for the year** | |
| a | Considered in consolidation | (38.37) |
| b | Not considered in consolidation | (109.22) |

As per our report of even date

For **MGM and Company**
Firm Registration Number: 117963W
Chartered Accountants

**Mangesh Katariya**
Partner
Membership No. 104633

**Place: Pune**
**May 30, 2018**

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

**Dinesh Munot** Chairman & Managing Director
**DIN : 00049801**
**Utkarsh Munot** Chief Executive Officer
**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**
**May 30, 2018**

# ZF STEERING GEAR (INDIA) LIMITED

Registered Office: Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune 412216, CIN: L29130PN1981PLC023734
Email Id: satish.mehta@zfindia.com, Website: www.zfindia.com, Phone: 02137-305100, Fax: 02137-305302

## THIRTY-EIGHTH ANNUAL GENERAL MEETING ON AUGUST 27, 2018

## ATTENDANCE SLIP

| | |
|---|---|
| Registered Folio/ DP ID & Client ID | |
| Name and address of the shareholder(s) | |
| Joint Holder 1 | |
| Joint Holder 2 | |

I/ We hereby record my/ our presence at the Annual General Meeting of the Company to be held on **Monday, August 27, 2018 at 3.00 p.m.** at the Registered Office of the Company at- **Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune 412216.**

Member's Folio/ DP ID/Client ID ______ Members'/ Proxy's name in Block Letters ______ Members'/ Proxy's Signature ______

Note: Please complete the Folio / DPID - Client ID No. & name, sign this Attendance Slip and hand over this slip.

**ELECTRONIC VOTING PARTICULARS**

| EVSN (Electronic Voting Sequence Number) | *Sequence No./ PAN |
|---|---|
| 180713001 | |

** Only Members who have not updated their PAN with the Company / Depository Participant shall use Sequence No. in the PAN field.

Notes: 1. Please read the instructions relating to e-voting printed under the Notes to the Notice of the 38th Annual General Meeting to be held on Monday, August 27, 2018 at 3.00 p.m.

2. The remote e-Voting period starts from 9.00 a.m. on Friday, August 24, 2018 and ends on Sunday, August 26, 2018 at 5.00 p.m. The voting module shall be disabled by Central Depository Services (India) Limited (CDSL) for voting thereafter.

**PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.**

# ZF STEERING GEAR (INDIA) LIMITED

Registered Office: Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune 412216, CIN: L29130PN1981PLC023734
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## THIRTY-EIGHTH ANNUAL GENERAL MEETING ON AUGUST 27, 2018

## PROXY FORM

| | |
|---|---|
| Name of the Member(s) | |
| Registered Address | |
| Email ID | |
| Folio No./ Client ID | |
| DP ID | |

I/We, being the member(s) of ______ shares of the above named Company, hereby appoint

1. Name :
   Address :
   Email id : Signature: ______ or failing him/ her
2. Name :
   Address :
   Email id : Signature: ______ or failing him/ her
3. Name :
   Address :
   Email id : Signature: ______

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the **Thirty Eighth Annual General Meeting** of the Company, to be held on **Monday, August 27, 2018 at 3.00 p.m.** at Regd. Off. **Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune 412 216** and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt (a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon; and (b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018, together with the Report of the Auditors thereon.
2. To declare Dividend of Rs. 8 per share for the financial year 2017-18.
3. To appoint a Director in place of Mrs. Eitika Munot (DIN: 01396661), who retires by rotation and, being eligible, offers herself for re-appointment.
4. Appointment of M/s, MGM & Company, Chartered Accountants, as Statutory Auditors.

Signed this ______ day of ______ 2018

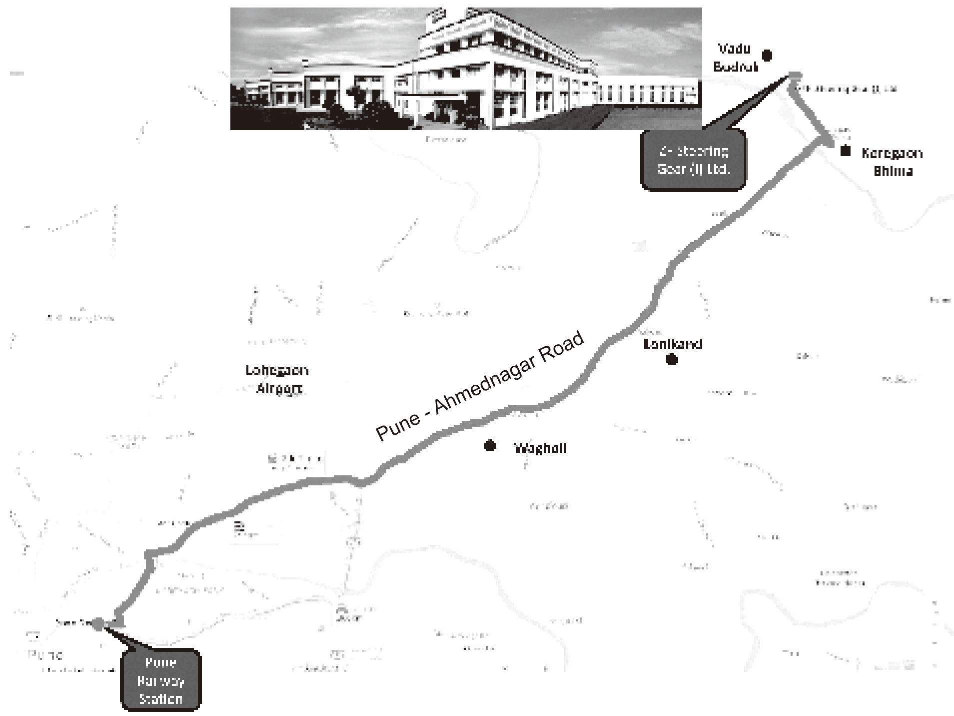
Signature of Member: ______ Signature of Proxy holder(s): ______

**Affix Revenue Stamp not less than Re. One**

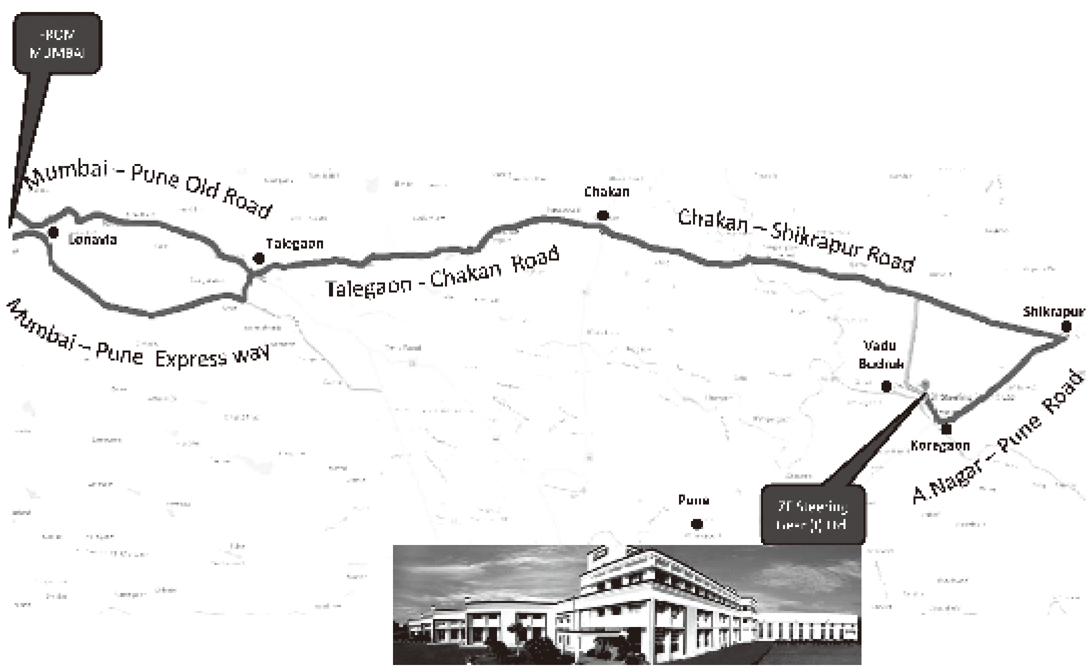
Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

## ROUTE MAP TO AGM VENUE

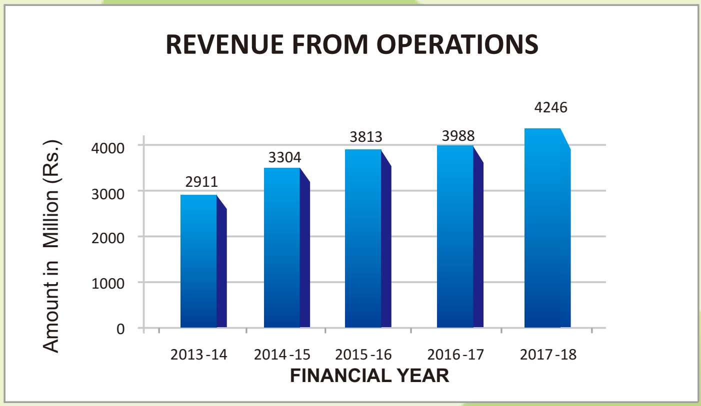
ROUTE MAP TO ZF STEERING GEAR (I) LTD. AGM VENUE - FROM PUNE STATION

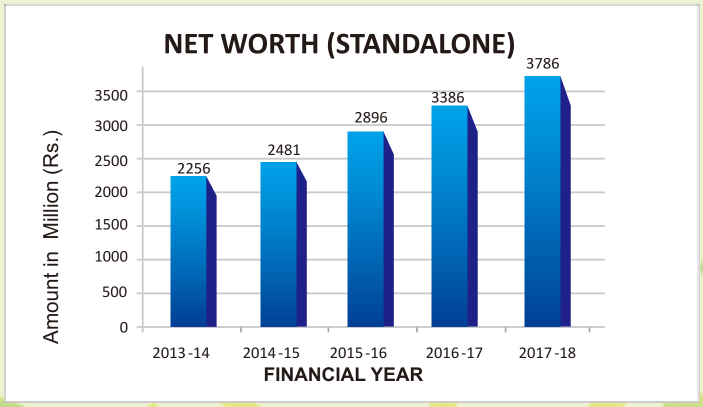


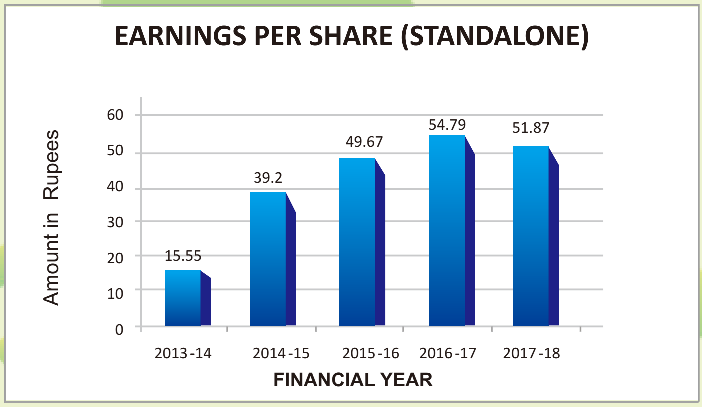

ROUTE MAP TO ZF STEERING GEAR (I) LTD. AGM VENUE - FROM MUMBAI



# 5 Years Highlights




Certificate

ISO 14001:2004

01 104 043211

ZF Steering Gear (India) Limited
1242/1244, Vadu Budruk,
Taluka Shirur, Pune - 412 216,
Maharashtra, India.

Design, Development and Production of Mechanical Steering Gear Systems and Power Steering Gear System.

TÜV Rheinland
Precisely Right.

Certificate

ISO / TS 16949:2009

TÜV Rheinland
Precisely Right.

# Mission

**W**e are firmly set on being market leaders in state-of-art technology for steering gear system.

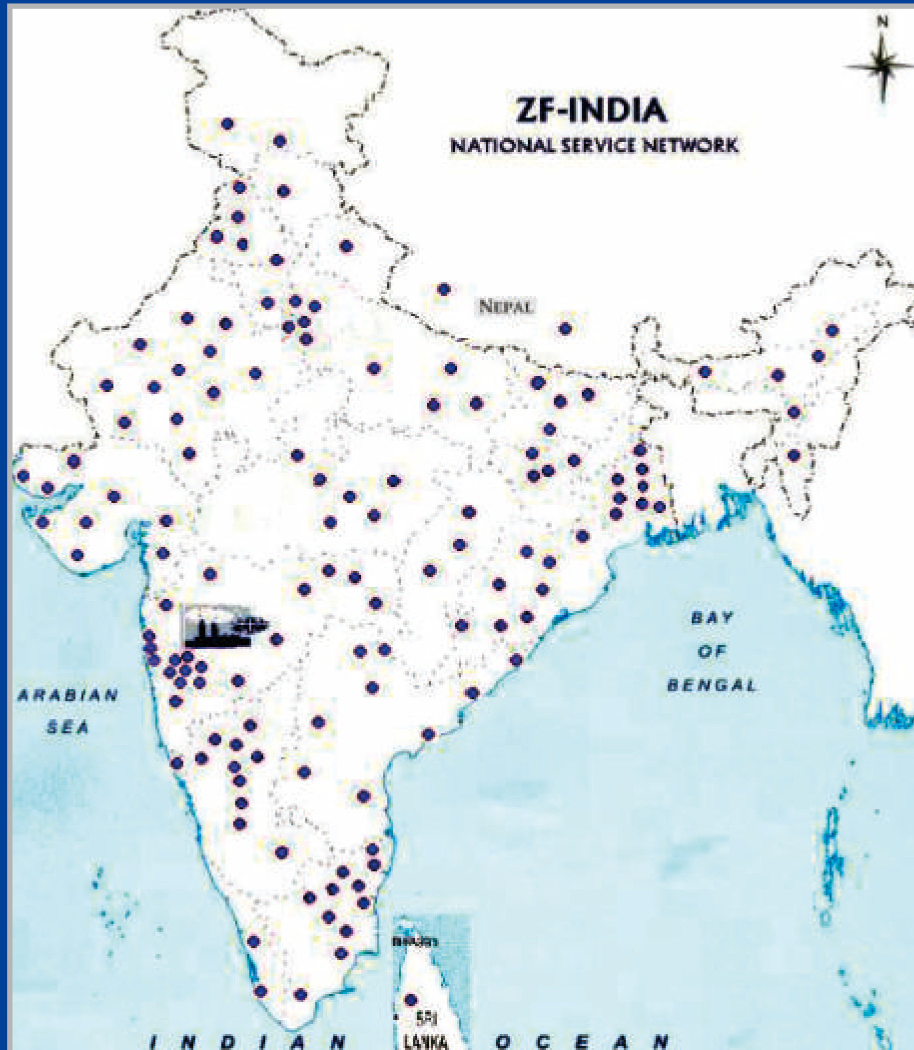
**W**e shall ensure that our products give the necessary comfort and safety in driving.

**W**e shall give top priority to ensure customer satisfaction through best quality products and services.

**W**e 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 & Managing Director

## NATIONAL SERVICE NETWORK




# ZF STEERING GEAR (INDIA) LIMITED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ZF INDIA
*Steering Success with Safety*