



# ZF STEERING GEAR (INDIA) LIMITED

[www.zfindia.com](http://www.zfindia.com)



**40<sup>th</sup> Annual Report  
2019-2020**



**Steering Towards Future**





## BOARD OF DIRECTORS

### Chairman

Mr. Dinesh Munot

### Managing Director

Mr. Utkarsh Munot

### Non-Executive Directors

Mr. Manish Motwani

Mr. Shridhar S. Kalmadi

Mr. Ajinkya Arun Firodia  
(Up to 31.03.2020)

Mr. Jitendra A Pandit  
(Up to 31.03.2020)

Mr. S. A. Gundecha

Mrs. Eitika Munot

Mr. Soumitra Bhattacharya  
(Up to 20.09.2019)

Mr. Sandeep Nelamangala  
(From 20.09.2019)

Mr. Adit Rathi  
(From 20.09.2019)

Mrs. Smita A. Lahoti  
(From 27.06.2020)

### CHIEF FINANCIAL OFFICER (CFO)

Mr. Jinendra Jain

### COMPANY SECRETARY

Mr. Satish Mehta

## BOARD COMMITTEES

### Audit Committee

Mr. S. A. Gundecha – Chairman

Mr. Jitendra A. Pandit  
(Up to 31.03.2020)

Mr. Manish Motwani

Mr. Utkarsh Munot  
(From 01.04.2020)

Mrs. Smita A. Lahoti  
(From 01.08.2020)

### Stakeholders' Relationship Committee

Mr. S. A. Gundecha – Chairman

Mr. Jitendra A. Pandit  
(Up to 31.03.2020)

Mrs. Eitika Munot

Mr. Shridhar S. Kalmadi  
(From 01.04.2020)

### Nomination and Remuneration Committee

Mr. S. A. Gundecha – Chairman

Mr. Jitendra A. Pandit  
(Up to 31.03.2020)

Mr. Manish Motwani

Mrs. Eitika Munot  
(From 01.04.2020)

### Corporate Social Responsibility Committee

Mr. Dinesh Munot – Chairman

Mr. Utkarsh Munot

Mrs. Eitika Munot

Mr. Shridhar S. Kalmadi

### REGISTERED OFFICE & WORKS

Gat Nos. 1242 / 1244,  
Village Vadu Budruk,  
Tal. Shirur, Dist. Pune – 412 216  
Maharashtra

**CIN: L29130PN1981PLC023734**

**Tel:** 02137-305100

**Fax:** 02137- 305302

**E-mail Id:** enquiry@zfindia.com

**Web:** www.zfindia.com

### BANKERS

HDFC BANK

Kotak Mahindra Bank

Yes Bank

Bank of Maharashtra

### REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.

Block No. 202, A Wing, 2nd Floor,  
Akshay Complex, Off. Dhole Patil Road,  
Pune – 411 001

Tel: 020-26160084,

Fax: 020- 26163503

E- mail: pune@linkintime.co.in

### AUDITORS

M/s. Joshi Apte & Co.  
Chartered Accountants

### INTERNAL AUDITORS

M/s. Udyen Jain & Associates  
Chartered Accountants

### SECRETARIAL AUDITOR

Mr. I.U. Thakur  
Company Secretary

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# NOTICE

## NOTICE

Notice is hereby given that the **Fortieth Annual General Meeting** of the Members of **ZF STEERING GEAR (INDIA) LIMITED** will be held, through Video-Conferencing, as scheduled below:-

Day : Saturday

Date : September 19, 2020

Time : 10.00 A.M.

to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company, for the Financial Year ended March 31, 2020, together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Utkarsh Munot (DIN 00049903), who retires by rotation and, being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. To appoint Mrs. Smita Amol Lahoti as an Independent Director, and in this regard, to consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** Mrs. Smita Amol Lahoti (DIN: 0008764528), who was appointed as an Additional Director (Category: Independent Director) on the Board of Directors of the Company, pursuant to Section 161 of the Companies Act, 2013 (**‘the Act’**) with effect from June 27, 2020, be and is hereby appointed as a Director of the Company.”

“**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Act, the Rules framed there under, read with Schedule IV to the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Smita Amol Lahoti (DIN: 0008764528) be and is hereby appointed as a Non-Executive Independent Director of the Company for a term of 5 (five) consecutive years, commencing from her date of appointment, i.e., June 27, 2020.”

By Order of the Board of Directors  
For **ZF Steering Gear (India) Ltd.**  
Satish Mehta  
Company Secretary  
ICSI Membership No. : F3219

**August 1, 2020**

Registered Office:

Gat No. 1242/44, Village Vadu Budruk,

Tal. Shirur, Dist. Pune - 412 216

CIN: L29130PN1981PLC023734

## NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (**MCA**) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (**collectively referred to as ‘MCA Circulars’**) permitted the holding of the Annual General Meeting (**AGM**) through video conferencing (**VC**) or other audio visual means (**OAVM**), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (**Act**), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**) and the MCACirculars, the AGM of the Company is being held through VC / OAVM.
2. Statement pursuant to Section 102 of the Act, setting out the material facts in respect of Special Business under Item No. 3 is annexed hereto.
3. As required under Regulation 36 of the Listing Regulations and Secretarial Standard 2 issued by the Institute of Company Secretaries of India, the relevant details of Directors seeking appointment/re-appointment at the AGM are given in the annexure to the AGM notice.
4. As this AGM is being held pursuant to the MCA Circulars through VC/ OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Institutional / Corporate Members (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authority letter etc., authorising its representative(s) to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting and e-voting at AGM. The said Resolution/Authority letter shall be sent to the Scrutiniser by email through its registered email address to iuthakur@gmail.com with a copy marked to www.evotingindia.com
6. In case of any queries regarding the Annual Report or any matter to be placed at the AGM, Members are requested to write to us at least ten (10) days before the AGM through email on enquiry@zfindia.com. The same will be replied by the Company suitably. Documents referred to in this Notice will be made available for inspection as per applicable statutory requirements.
7. Non-resident Indian Members are requested to inform immediately about the following to the Company or its Share Transfer Agent or the concerned Depository Participant, as the case may be:
  - a. The change in the residential status on return to India for permanent settlement.
  - b. The particulars of the NRE Account with a Bank in India, if not furnished earlier.

8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. 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 2011-12 (Interim and Final) have been transferred to the IEPF. Unclaimed dividend for FY. 2012-13 is due for transfer in September 2020. Members who have not yet encashed the dividend warrants for financial years 2012-13 and thereafter are requested to contact the Company at the earliest.
10. 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.
11. 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](http://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.
12. It is in the Member's 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.
13. Members are requested to write to the Company for claiming the dividend for the aforesaid years. The details of unclaimed dividends of the aforesaid years are available on the Ministry of Corporate Affairs website at [www.mca.gov.in](http://www.mca.gov.in) and on the website of the Company viz. [www.zfindia.com](http://www.zfindia.com)
14. Members holding shares in dematerialised form are requested to update/intimate all changes, if any pertaining to their bank details such as name of the bank and branch address, bank account number, MICR Code, IFSC Code, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, Permanent Account Number (PAN), nominations, power of attorney, change of address, change of name, email address, contact numbers, mobile number, etc., to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agents, Link Intime India Pvt. Ltd., Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune -41101.
15. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company's Registrar and Transfer Agents, M/S. Link Intime India Pvt. Ltd.
16. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e., Friday, September 11, 2020 only shall be entitled to avail the facility of remote e-voting as well as e-voting at the AGM. The remote e-voting period commences from Wednesday, September 16, 2020 (9.00 a.m. IST) and ends on Friday, September 18, 2020 (5.00 p.m. IST).
17. Mr. I. U. Thakur, Practicing Company Secretary, has been appointed as the Scrutiniser to scrutinise the e-voting during the AGM and remote e-voting process in a fair and transparent manner. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC/ OAVM but shall not be entitled to cast their votes again. The scrutiniser shall close the e-voting facility after expiry of 15 minutes from the conclusion of voting at the AGM. The scrutiniser shall first count the votes casted electronically at the meeting and there after unblock the votes cast through remote e-voting and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinisers' report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
18. The results declared along with the report of the Scrutiniser shall be placed on the website of the Company [www.zfindia.com](http://www.zfindia.com) and on the website of CDSL immediately after the declaration of results by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE where the shares of the Company are listed.
19. In compliance with the aforesaid MCA Circulars and the SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.zfindia.com](http://www.zfindia.com), websites of the Stock Exchanges i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).

20. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.zfindia.com](http://www.zfindia.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
21. To support the 'Green Initiative', members who have not registered/updated their email addresses and mobile number are requested to register/update the same with 'Link Intime India Pvt. Ltd.', if shares are held in physical mode or with their DPs, if the holding is in electronic mode. The registered e-mail address will be used for sending future communications.
22. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
23. Since the AGM will be held through CV/ OAVM, the Route Map is not annexed in this Notice.

#### **CDSL e-Voting System – For Remote e-voting and e-voting during AGM**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

#### **INSTRUCTIONS FOR REMOTE E-VOTING:**

- (i) The voting period begins on September 16, 2020 at 9.00 a.m. and ends on September 18, 2020 at 5.00 p.m. During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 11, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Members who have already voted through remote e-voting (prior to the meeting date) would not be entitled to vote at the meeting venue.
- (iii) The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (iv) Click on "Members" module.
- (v) Now enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/ EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/ EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <ZF Steering Gear (India) Ltd.> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) Members can also cast their votes using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

#### **PROCESS FOR THOSE MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical Members- please provide necessary details like Folio No., Name of Member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat Members -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.

#### **INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM:**

1. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned here below at point no.4. The facility of participation at the AGM through VC/OAVM will be made available to at least 200 members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
2. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
3. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
4. **Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under Members/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Member/members login where the EVSN of Company will be displayed.**
5. Members are encouraged to join the Meeting through Laptops / IPads for better experience.

6. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
8. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at enquiry@zfindia.com. The Members who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at enquiry@zfindia.com. These queries will be replied to by the company suitably by email.
9. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

#### **INSTRUCTIONS FOR E-VOTING DURING THE AGM:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those Members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
3. If any Votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility , then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.
4. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### (xx) Note for Non – Individual Members and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.
- Alternatively Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [enquiry@zfindia.com](mailto:enquiry@zfindia.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).**

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43

## Annexure to the Notice of the Annual General Meeting (AGM)

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

As required by Section 102 of the Companies Act, 2013, (hereinafter referred to as '**the Act**') the following Statement setting out the material facts relating to the Special Business, mentioned under Item No. 3 of the accompanying Notice is annexed herewith.

#### Item No. 3

Mrs. Smita Amol Lahoti (DIN 0008764528) (**Mrs. Lahoti**) was appointed as an Additional Director (Category: Non-Executive Independent Director), with effect from June 27, 2020. Based on the recommendations of the Nomination and Remuneration Committee of the Board and in compliance with the provisions of Sections 149, 150, 152, 178 of the Companies Act, 2013 (**'the Act'**), the Rules framed there under read with Schedule IV to the Act, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'Listing Regulations'**) and the Nomination and Remuneration Policy of the Company, the Board had appointed Mrs. Lahoti as a Non-Executive Independent Director of the Company, for a period of 5 (five) consecutive years commencing from her date of appointment, i.e. June 27, 2020 up to June 26, 2025, subject to approval of the Members of the Company. Pursuant to the provisions of Section 161 of the Act, Mrs. Lahoti holds office up to the date of AGM of the Company and is eligible to be appointed as director.

The Company has received a Notice in writing, under Section 160 of the Act, from a Member proposing the candidature of Mrs. Lahoti, as a Director of the Company.

The period of office of Mrs. Lahoti as the Independent Director of the Company shall not be liable to determination by retirement of directors by rotation at every Annual General Meeting.

Mrs. Lahoti is Chartered Accountant by profession and has around 21 years of experience in the areas of Statutory/ Tax Audit/ Company Law/ Corporate Affairs/ Internal Audit of various companies/ banks/ entities. She has also completed the IFRS Course conducted by ICAI. She is partner in M/s, Muttha and Lahoti, Chartered Accountants, Pune.

In terms of the provisions of the Act, Mrs. Lahoti has filed requisite consent/ disclosures before the Board. The Company

has also received an intimation from Mrs. Lahoti in Form DIR-8 to the effect that she is not disqualified and further confirmed that she is not debarred by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority to be appointed as a Director in any Company. As required under Regulation 25(8) of the Listing Regulations, Mrs. Lahoti has confirmed that she is not aware of any circumstance or situation which exist or may be reasonably anticipated that could impair or impact her ability to discharge her duties.

In the opinion of the Board, Mrs. Lahoti meets the criteria of independence as stipulated under Section 149(6) of the Act read with the Rules framed there under and Regulation 16 of the Listing Regulations and that she is independent of the management. Mrs. Lahoti is entitled to sitting fees for attending the meetings of the Board and its Committee(s).

In compliance with Section 150 of the Act and the Rules framed there under, Mrs. Lahoti has registered herself with the Indian Institute of Corporate Affairs (**IICA**) and her name is included in the data bank maintained by the IICA.

Necessary information(s) in compliance with Regulation 36(3) of the Listing Regulations and SS-2 issued by the ICSI, relating to Mrs. Lahoti has been provided separately in a table.

The necessary documents relating to her appointment shall be open for inspection by the Members at the Registered Office of the Company. Inspection by the Members can be done on any working day from 11:00 a.m. to 1:00 p.m.

Except Mrs. Lahoti and her relatives, no other Director or Key Managerial Personnel of the Company, or their relatives, is concerned or interested financially or otherwise, in the proposed Resolution at Item No. 3 as contained in the Notice.

Considering the knowledge, experience and expertise of Mrs. Lahoti, the Board is of opinion that the appointment of Mrs. Lahoti as an Independent Director of the Company shall be of immense benefit to the Company.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and the Listing Regulations, the appointment of Mrs. Lahoti as an Independent Director is now being proposed before the Members for their approval by way of an Ordinary Resolution.

The Board recommends Item No. 3 as an Ordinary Resolution for approval by the Members of the Company.

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

Particulars	Mr. Utkarsh Munot	Mrs. Smita A Lahoti
Particulars	Mr. Utkarsh Munot	Mrs. Smita A Lahoti
DIN	49903	8764528
Designation	Managing Director	Non-Executive Independent Director
Age	38 years	42 years
Date of Appointment	October 31, 2006	June 27, 2020
Qualifications	B.E. (Mech. & Mfg.) and Diploma in Business Admin. from North-eastern University, Boston, U.S.A.	M.Com., F.C.A., DISA(ICA) Completed the IFRS Course conducted by ICAI
Experience	Mr. Utkarsh Munot was working as 'Manager- Works' in the Company since May 14, 2004. He was appointed as 'Executive Director' of the Company from November 1, 2006. He took charge as Whole-time Director & Chief Executive Officer with effect from May 19, 2016. He was re-designated as Managing Director of the Company from August 1, 2019.	Mrs. Lahoti is a Chartered Accountant by profession and has an overall 21 years of experience in the areas of Statutory /Tax Audit / Internal Audit of various companies/ banks/ entities.
Expertise in specific functional Areas	Management & Strategy, Operations & Engineering, Business Development, New Projects, Sales & Marketing and such other areas.	Accounts/ IFRS/ Audit/ Taxation/ Company Law and others.
Directorships held in other Companies in India	Emtech Solutions Pvt.Ltd. Yelben Engineering Pvt. Ltd.	Nil
Membership of Committees (in the Company)	Audit Committee Corporate Social Responsibility (CSR) Committee	Audit Committee
Membership of Committees (Others)	Executive Committee Member of ACMA and Management Committee Member of Indira Institute of Management, Pune.	Nil
No. of Equity Shares held in the Company	11,91,494 equity shares of Rs. 10 each	Nil
Relationship between Directors/ Managers/ KMP inter-se	Mr. Dinesh Munot is father of Mr. Utkarsh Munot. Mr. Utkarsh Munot is husband of Mrs. Eitika Munot, Mr. Dinesh Munot is father-in- law of Mrs. Eitika Munot.	Nil
Number of Board Meetings attended during the financial year 2019-20	six out of six	Not Applicable as she has been appointed after the end of the financial year 2019-20,

By Order of the Board of Directors  
For **ZF Steering Gear (India) Ltd.**  
Satish Mehta  
Company Secretary  
ICSI Membership No. : F3219

**August 1, 2020**

Registered Office:

Gat No. 1242/44, Village Vadu Budruk,

Tal. Shirur, Dist. Pune - 412 216

CIN: L29130PN1981PLC023734



# DIRECTORS' REPORT

## Directors' Report

### To the Members,

The Directors have pleasure in presenting the 40th Annual Report and the Company's Audited Financial Statements for the Financial Year (FY) ended on March 31, 2020.

### Financial Results

The financial performance of the Company, for the FY ended on March 31, 2020, is summarised in the following table:

(Rs. in crore)

Particulars	FY 2019-2020	FY 2018-2019
Sales (net) and other Income	290.21	450.26
Profit/ (Loss) before Depreciation, Exceptional item and tax	(31.39)	84.15
Depreciation and amortization expenses	32.47	31.03
Exceptional Item	66.85	(66.85)
Profit/ (Loss) before Tax (PBT)	2.99	(13.73)
Tax Expense	3.27	(12.42)
Profit/ (Loss) for the year	(0.28)	(1.31)
Other Comprehensive Income/ (loss)	(0.88)	(0.35)
Total Comprehensive Income/ (loss) for the year	(1.16)	(1.66)
Balance of Profit Brought Forward from Previous year	121.47	131.88
Dividend including Tax thereon - (pertaining to previous year, paid during the year)	-	(8.75)
Transfer to General Reserve	Nil	Nil
Closing Balance as per the Profit and Loss Statement c/f	120.31	121.47
Earnings Per Share Basic & Diluted	(0.31)	(1.44)

### Dividend

In view of the adverse Financial Results, the Board of Directors (the Board) has not recommended any dividend, for the financial year ended on March 31, 2020.

### Covid-19 Pandemic

Due to outbreak of Covid-19 globally and in India, towards the end of March 2020, Government Authorities issued various directives including lockdown. Pursuant to the Lockdown

announced by the Central Government, factories and offices of the Company were closed from March 23, 2020 till May 10, 2020. The said closure of locations of the Company adversely affected operations of the Company, albeit work from home continued, wherever possible, in areas excluding production.

Although there is uncertainty, the Company's management has made initial assessment of likely adverse impact on business and financial risks on account of Covid-19; and that the management does not see any medium to long term risks in the Company's ability to continue as a going concern and/ or meeting its liabilities.

### Subsidiaries, Associates and Joint Ventures

As reported earlier, the Company did not have any subsidiary or joint-venture/ associate as of March 31, 2020, and therefore, there are no Consolidated Financial Statements of the Company, as of March 31, 2020, is required to be prepared.

### Management Discussion and Analysis

#### Indian Economy

As per the World Bank's Global Economic Prospects Report of June 2020, Indian economy is estimated to have slowed down to 4.2% in FY 2019-2020. For FY 2020-21, the Finance Ministry-Government of India, in a report released on July 6, 2020, said that India's gross domestic product is expected to contract by 4.5%, as predicted by the International Monetary Fund (IMF). The Ministry cited unprecedented Covid-19 induced supply-demand shocks for the downward revision of the economic growth.

A number of firms including Goldman Sachs and Nomura had earlier projected contraction of as much as 5% for India in FY 2020-21.

### Industry Structure and Developments

#### Number of Vehicles Sold

The fiscal year 2019-2020 was among the most challenging year for the automotive industry. Within the automobile industry, the commercial vehicle industry was hit the hardest as sales plunged by approximate 29% with freight capacity increasing, due to the new axle norms and limited support from freight demand. Fleet-operators stayed away from buying new trucks due to economic slowdown. In the month of March, Commercial Vehicles (CV) industry faced its biggest challenge in form of the COVID-19 outbreak.

The overall Commercial Vehicles segment registered a negative growth of 29.7 per cent in April- March 2020 as compared to the same period previous year. Medium & Heavy Commercial Vehicles (M&HCVs) declined by 43.3 per cent and Light Commercial Vehicles de-grew by 20.7 per cent in April-March 2020 over the same period previous year.

(Source: Society of Indian Automobile Manufacturers - SIAM)

The Tractor Industry in India also suffered in FY 2019-2020 due to economic slowdown, unusual monsoons last year and the recent Covid19 outbreak. The Industry registered a year-on-year de-growth of 10.1%. (Source: Autopanditz)

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

### Auto Components

(Numbers)

Type	F.Y. 2019-2020	F.Y. 2018-2019	Growth
Power Steering	166,178	259,127	-35.9 %
Mechanical Steering	84,381	116,830	-27.8 %

As the entire automobile industry went through the pain in FY 2019-2020, Sales of your Company were down by 35 %, in value terms, when compared with FY 2018-19.

### Renewable Energy-

#### Solar Energy

Your Company's 5 MW Solar Power Project at Gujarat Solar Park, Charnka Village, District Patan (Kutch), Gujarat, generated 0.80 crore Units of Electricity with sales-revenue of Rs. 8.91 crore in the FY 2019-2020. The entire electricity is purchased by Gujarat Urja Vikas Nigam Limited (GUVNL), a Government of Gujarat Company, in terms of the multi-year Power Purchase Agreement.

The Company's rooftop solar project, situate at its Vadu Budruk plant, generated around 0.09 crore units of electricity in FY 2019-2020, which was captively consumed in the said plant.

#### Wind Energy

Eight Wind Turbine Machines, owned and operated by the Company, located in districts of Satara, Ahmednagar & Aurangabad, having aggregate capacity of 8.8 MW, generated a total of 1.02 crore units in the FY 2019-2020. Out of this, 0.32 crore units were used as captive consumption, which accounted for approximately 39 % of the energy-consumption of the Company's factory at Village Vadu Budruk, and remaining 0.70 crore units were sold to Maharashtra Electricity Board.

#### Finance cost

Some part of the Finance cost, allocable to the Pithampur project, was capitalised. Finance cost charged to Statement of Profit & Loss, was Rs. 1.09 crore for FY 2019-2020 against Rs. 1.94 crore in FY 2018-19.

### Other Income

During the year under review, very few investments were liquidated and therefore (net) gains realised was Rs. 1.18 crore compared to Rs. 8.54 crore in previous year. This resulted in contraction of Other Income from Rs. 10.92 crore to Rs. 3.64 crore in FY 2019-2020.

### Borrowings

During the FY 2019-2020, the Company prepaid the Term Loans, and hence, Borrowings was down from Rs. 32.44 crore to Rs. 1.98 crore at end of the FY 2019-2020.

### Financial Investments

Financial Investments of the Company saw decline from Rs. 151.73 crore as of March 31, 2019 to Rs, 106.97 crore as of March 31, 2020, primarily due to sale of shares of the Joint-Venture Company. The amount of Rs. 106.97 crore reflects the market value of financial investments held as at end of FY 2019-2020.

### Credit Rating

In June 2019, ICRA - the Credit Rating Agency, had reaffirmed, the A+ and A1+ Credit Rating for long and short term borrowings of the Company, after removing 'rating-watch with developing implication'. In October 2019, ICRA, while retaining the above Credit Ratings, for the Company, revised the Outlook on the long-term rating from 'Stable' to 'Negative'.

### Profitability

As the Revenue from Operations contracted by as much as 35.5%, owing to the industry-trend explained in earlier paragraphs, Profit before Tax was Rs. 2.99 crore for FY 2019-2020, against Rs. 53.12 crore (before Exceptional Item) for FY 2018-19.

This was despite exercising tight cost-control and adoption of austerity measures by the Management, such as Material Cost, which was brought down from 62.6% of Sales to 61.1% of Sales in FY 2019-2020. Employees' costs too, were controlled from Rs. 51.5 crore to Rs. 44.2 crore in FY 2019-2020.

The Loss of Rs. 66.85 crore, arising from termination of Joint-Venture, did not have impact on the Results of FY 2019-2020, as the Provision of the same amount created in FY 2018-19, was reversed in FY 2019-2020,

The overall result, after considering the above, was Loss (after Tax) for FY 2019-2020 of Rs. 0.28 crore against Loss of Rs. 1.31 crore (after Tax) for FY 2018-19 as per the Financial Statements. Earnings Per Share (EPS) works out to negative (-) Rs. 0.31 for FY 2019-2020, compared to negative (-) Rs. 1.44 for FY 2018-19.

## Key Financial Ratios

In accordance with the relevant provisions of the Listing Regulations, the key financial ratios are as under:

	FY 2019-20	FY 2018-19
Debtors Turnover Ratio (in days)	62.5	64.2
Inventory Turnover Ratio (in days)	48.5	53.4
Interest Coverage Ratio	3.7	-
Current Ratio	1.5	1.4
Debt Equity Ratio	-	0.1
Operating Profit Margin	1%	-3%
Net Profit Margin	-0.1%	-0.3%
Return on Net Worth	-0.1%	-0.4%

## Segment wise Profitability

Profit (after-tax), for the Auto-components segment, is Rs. 1.47 crore vis-a-vis profit of Rs. 5.94 crore for the Renewable Energy segment. Other (Un-allocable) segment reported loss of Rs. 7.69 crore.

## Outlook, Opportunities and Threat

Due to the ongoing corona-virus pandemic-related lockdowns and the BS-IV to BS-VI transition, the industry witnessed one of its sharpest decline in domestic sales in first quarter of the current financial year.

Industry body SIAM predicts a massive financial loss to the industry due to shutdown of OEM plants across India. The industry, which was already reeling under severe de-growth has experienced the pressure of disrupted supply chain, which was followed by a majority of the auto companies announcing a shutdown of their manufacturing units from the last week of March 2020, due to concerns over ensuring workplace safety & health of their employees.

Rating agency ICRA continues to maintain a Negative outlook for the commercial vehicle (CV) segment over the near-term, given the slowing economic growth, current over-capacity in the CV ecosystem and tight financing environment, with challenges further aggravated by the rapid spread of novel corona virus in many parts of India. The demand headwinds are expected to continue over the near-term given the weakening financial profile of fleet operators and significant price hikes because of transition to BS VI emission norms. Despite recovery expectations during the latter half, the Truck segment is expected to contract further during FY 2021.

Auto industry body SIAM has been urging the government to reduce the GST rate on vehicles from 28 to 18 per cent, and to introduce an incentive based scrappage policy.

Although demand for Tractors has improved recently, with pick-up in rural economy, Tractor industry is not expected to show growth year-on-year for fiscal 2021.

## Expansion and Capital Expenditure

### Auto Components

The Company's newly set-up manufacturing facility situate at Plot no.3, Industrial Area, Sector No.5, Growth Centre, Pithampur, Dist. Dhar, Madhya Pradesh- 454775 started commercial production with effect from January 21, 2020.

### Internal Control System and its Adequacy

The Company has an effective Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. 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 Chartered Accountant firm, which reports to the Audit Committee of the Board, in the capacity of the Internal Auditors.

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. The Audit Committee, Statutory Auditors and the process owners are periodically apprised of the internal audit findings. Important internal audit observations are also placed before the Board at its Meetings. Based on the report of Internal Auditor, process owners undertake corrective action, wherever required, in their respective areas and thereby strengthen the controls further. Audit observations and actions taken thereof are presented to the Audit Committee.

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

### 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 Exchange Earnings and Outgo:

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

### Search carried out by Income Tax Department

The Income Tax Department had conducted search and seizure operations, as per the provisions of Section 132 of the Income-tax Act, 1961, from January 2, 2020 to January 7, 2020, at the premises of the Company. The Company had extended complete cooperation to the Income Tax Authorities in respect of said actions. Till date, the Company has not received any notice or tax demand or any further communication from the Income Tax Authorities, in respect of the said actions.

### Board of Directors and Key Managerial Personnel

At the year ended on March 31, 2020, the Board of Directors comprised of Four Non-Independent Directors (including two Executive Directors) and Six Independent Directors. Pursuant to the requirements under the Act and the Articles of Association of the Company, Mr. Utkarsh Munot (DIN: 00049903) retires by rotation and being eligible, offers himself for re-appointment at the ensuing 40th Annual General Meeting (**AGM**) of the Company.

During the current financial year, the Board, on recommendation of the Nomination and Remuneration Committee, has appointed Mrs. Smita Lahoti (DIN: 08764528), with effect from June 27, 2020, as an Additional Director in the capacity of an Independent Director of the Company, for a term of five years. As per the provisions of Section 161 of the Act and the Articles of Association of the Company, Mrs. Smita Lahoti shall hold office as Additional Director up to the date of the ensuing 40th AGM and is eligible for appointment as Independent Director. Notice under Section 160 of the Act has been received from a Member proposing her candidature for the office of Independent Director of the Company.

The resolutions for aforesaid appointment/ re-appointment along with brief-profiles of both the Directors, form part of the Notice of 40th Annual General Meeting.

The Board recommends to the Members to consider and approve these resolutions.

Mr. Ajinkya Firodia (DIN: 00332204), after completing his term of five years, as an Independent Director, ceased to be Director of the Board, effective from April 1, 2020. Mr. Jitendra Pandit (DIN: 05359478), who was re-appointed as an Independent Director, by the Members of the Company, for a second term of five years, effective April 1, 2020, resigned due to personal reasons, on completion of his first term on March 31, 2020. Corporate Governance Report annexed to this Report contains more details on these two cessations. The Board places on record its deep appreciation for the services rendered by Mr. Ajinkya Firodia and Mr. Jitendra Pandit during their tenure of over ten years as Independent Directors of the Company.

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 as per the Regulation 16(b) of the Listing Regulations.

During the period, there was no change in the Key Managerial Personnel of the Company.

### Performance Evaluation

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.

The Board of Directors expressed satisfaction with the evaluation process.

### Directors' Responsibility Statement

#### Your Directors state that:

- i. in the preparation of the annual financial statement for the financial year ended on March 31, 2020, 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, 2020 and of the loss of the Company for the financial 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, in their opinion, are adequate and are operating effectively and
- vi. the Directors have organised/ devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### 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.

## Business Responsibility Report

The Business Responsibility Report, for the year ended on March 31, 2020, as stipulated under Regulation 34 of the Listing Regulations, forms part of this Annual Report. The Business Responsibility Report is also available on the Company's website at [www.zfindia.com](http://www.zfindia.com).

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

The Company has not given any guarantee in connection with any loan covered by the provisions of Section 186 of the Act.

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

## Contracts and Arrangements with Related Parties

The Audit Committee accords omnibus approval to Related Party Transactions which are in ordinary course of business, foreseen, repetitive in nature and satisfy the arm's length principles. The Audit Committee reviews, on a quarterly basis, the details of the Related Party Transactions entered pursuant to the aforementioned omnibus approval.

As reported in the previous year's Directors' Report, the Company had entered into an Agreement consequent/ due to termination of the joint-venture with Robert Bosch Automotive Steering, GmbH – a Related Party, for sale and transfer of 12,93,50,000 equity shares of Rs. 10 each, of Robert Bosch Automotive Steering Private Limited – the Joint Venture Company, for a consideration of Rs.62.50 crore. This Agreement was entered into in May 2019 and the said transaction was completed in July 2019, after obtaining approval of the Board of Directors and the Members of the Company. This comes under the criteria of Material Transaction with the Related Party during the FY 2019-2020,

The details of Related Party Transactions under Section 188(1) of the Act required to be disclosed under Form AOC - 2 pursuant to Section 134(3) of the Act 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](http://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

The Company in its 39th Annual General Meeting held on September 20, 2019 had appointed M/s Joshi Apte & Company, Chartered Accountants (Firm Registration No. 104370W), as Statutory Auditors of the Company, for a period of five consecutive years from the conclusion of 39th Annual General Meeting until the conclusion of 44th Annual General Meeting. The requirement for the annual ratification of auditor's appointment at the Annual General Meeting has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018. The Statutory Auditors have confirmed that they satisfy the independence criteria as required under the Act.

There are no qualifications, reservations or adverse remarks in the Statutory Auditor's Report for the Financial Year 2019-2020. The Statutory Auditor's Report is enclosed with the financial statements in the Annual Report.

### 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 2019-2020. 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

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

Report. All the recommendations made by the Audit Committee were accepted by the Board.

The 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](http://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](http://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 and is also available on the Company's website ie. [www.zfindia.com](http://www.zfindia.com).

### Industrial Relations

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

### Particulars of Employees and related disclosures

Considering the provisions of Section 197 of the Act, read with the relevant rules and having referred to provisions of Section 136(1) of the Act, the Directors' 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 there under. An Internal Complaints Committee (ICC) has been set up

to redress complaints received regarding sexual harassment. All employees (permanent, temporary, trainee etc.) are covered under this Policy. During the year, no complaint with allegation of sexual harassment was received by the Company.

### 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. The Company does not have any subsidiary, and 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 has been no instance of fraud reported by the Auditors under Section 143(12) of the Act and Rules framed there under either to the Company or to the Central Government.
7. The Central Government, under Section 148(1) of the Act, has not prescribed maintenance of cost records in respect of the activities carried out by the Company.
8. During FY 2019-2020, the Company has complied with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### Acknowledgement

The Board of Directors takes this opportunity to thank its Customers, Dealers, 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**

**Pune  
August 1, 2020**

**Dinesh Munot  
Chairman  
(DIN: 00049801)**

## Annexure - I to the Directors' Report

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo (pursuant to Rule 8(3) of The Companies (Accounts) Rules, 2014)

#### A. Conservation of Energy

- 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 is treated and recycled for gardening of factory.
- Energy Conservation (EC) initiatives Implemented in Pithampur plant:-
  - o APFC -Automatic Power factor controller is added with low capacity capacitor to improve the power factor
  - o Maximum Demand (MD) controller is implemented
  - o Compressor is set to Dynamic mode to earn power savings during low production hours.

#### Wind Energy

Eight Windmills, of aggregate 8.8 MW capacities, generated 1.02 crore units of electricity in F.Y. 2019-20. Out of this 0.32 crore units were captively consumed in the Company's plant at Vadu Budruk. This covered 39 % of total power consumption of that plant for the year. Balance units were sold to Maharashtra Electricity Board.

#### Solar Energy

The Company's 5 MW Solar Energy Plant generated 0.80 crore units of electricity in F.Y. 2019-2020. These units were sold to GUVNL (Gujarat UrjaVikas Nigam Limited), as per the PPA (Power Purchase Agreement) signed with Government of Gujarat. During the F.Y. 2019-20, its Rooftop Solar Project at its Vadu Budruk plant has generated 0.09 crore units of electricity in current year and captively consumed in the said plant.

#### 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. Continuous gas carburising furnace with a heat treatment capacity of 12 MT /day
- m. Indigenized Technology initiatives Implemented in Pithampur plant:-
  - o Pithampur plant has installed the world's First Low back CED plant and productionized. In whole world ZF India has implemented the CED coating at first to the automobile assemblies like steering gear.
  - o Pithampur plant has installed the world's first complete semi automatic assembly line for the Heavy duty steering gear box assemblies and productionized.
  - o The world's first pneumatic centering machine is installed and productionized
  - o The manless fully automatic Nitrogen bush pressing line is under commissioning
  - o The modern layout for the entire process using withdrawal KANBAN and industrial engineering.
  - o Material movement is made to bench mark the art of class with most common multi purpose stainless steel trolleys. Complete factory is installed with metal to metal contactless plastic crates
  - o New generation standards room, Paint lab, Clean room laboratories are commissioned.
  - o Modern grinding machines, Hobbing machines, Rolling machines are commissioned

## 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. Conveyerise 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
  - Indigenized Technology benefits Implemented in Pithampur plant:-
    - o 30% manpower saving from Low back Cathodic Electro Deposition (CED) plant
    - o 60% manpower saving from the semi automatic assembly line for the Heavy duty steering gear box assemblies
    - o 66% manpower saving from the pneumatic centering machine with 11% operation cost reduction through oil consumption and productivity.

- o 85% manpower saving from the fully automatic Nitrogen bush pressing

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

## 4. Expenditure on R & D

The Company has so far incurred Capital-expenditure of Rs. 4.53 crore on R & D.

## C. Foreign Exchange Earnings and Outgo

a. Earnings in Foreign Exchange	Rs. 6.75 crore
b. Expenditure in Foreign Exchange	Rs. 0.59 crore
c. Value of Imports calculated on CIF basis-	
- Raw Material, Components etc.	Rs. 13.90 crore
- Capital Goods	Rs. 21.59 crore

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

**Pune**  
**August 1, 2020**

**Dinesh Munot**  
**Chairman**  
**(DIN: 00049801)**

## ANNEXURE - II to the Directors' Report 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 and Procedure for inquiry in case of leak/ suspected leak of Unpublished Price Sensitive Information
- Policy on Determination of Materiality for Disclosure of Events or information
- Vigil Mechanism and Whistle Blower Policy
- Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- Policy on Corporate Social Responsibility
- Policy for Selection of Directors and determining Directors Independence
- Remuneration policy for Directors, Key Managerial Personnel and other Employees

### 2. Board of Directors:

During the financial year ended March 31, 2020, the Company's Board comprised Ten Directors, all professionals in their own right, who bring in a wide range of skills and experience to the Board. All the Directors of the Company, except the Chairman and the Managing Director, were non-executive Directors. Out of eight non-executive Directors including a Woman Director, six were Independent Directors.

During the current financial year, the Board has appointed Mrs. Smita Lahoti as Non-Executive Independent Director of the Company. Mr. Ajinkya Firodia and Mr. Jitendra Pandit, Independent Directors, ceased to be Directors of the Company, as explained in the later part of this Report.

All the Independent Directors have confirmed that they satisfy the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the Listing Regulations**) and Section 149(6) of the Companies Act, 2013 (**the Act**) and are independent from the management.

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 a Promoter or related to Promoters. They do not have any pecuniary relationship with the Company and further do not hold two per cent or more of the total voting power of the Company.

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

The Audit Committee, the Nomination and Remuneration Committee, the Stakeholders' Relationship Committee and the Corporate Social Responsibility Committee have a majority of Independent Directors.

#### Confirmation as regards independence of Independent Directors

The Independent Directors provide an annual confirmation that they meet the criteria of Independence. In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the Management.

#### Familiarization Programs for Independent Directors

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

## Resignation/ Cessation of Term of Independent Directors

During the financial year under review, no Independent Director of the Company resigned before the expiry of his tenure.

In the current year, Mr. Jitendra A Pandit (DIN 05359478), Independent Director of the Company since January 29, 2013 and whose first term of five years expired on March 31, 2020, and who was re-appointed by the Members at the 39th Annual General Meeting of the Company, for a second term of five years with effect from April 1, 2020, conveyed to the Company on March 20, 2020, that due to his personal reasons, he would not like to continue as Independent Director, beyond the completion of his first term. Accordingly, the tenure of Mr. Jitendra A Pandit as Director of the Company came to an end on March 31, 2020.

Mr. Ajinkya Arun Firodia (DIN 00332204), Independent Director of the Company since July 2010, whose term of five years expired on March 31, 2020, did not seek reappointment as Independent Director for the second term. Accordingly, the tenure of Mr. Ajinkya Arun Firodia as Director of the Company came to an end on March 31, 2020.

In their communications to the Company, Mr. Jitendra Pandit as well as Mr. Ajinkya Firodia, have re-iterated that there is no reason other than personal reasons for not continuing as Independent Directors.

## Board Meetings and Board-Committee Meetings

As on March 31, 2020, 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, 2020, the Board of Directors had six meetings. These were held on May 28, 2019, May 30, 2019, June 13, 2019, July 31, 2019, October 15, 2019, and January 18, 2020.

The gap between any two Meetings did not exceed 120 days. Further, the Company adhered to the Secretarial Standards prescribed by the Institute of Company Secretaries of India.

The information, including as specified in Schedule II to 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. 2019-20	Last AGM Held on September 20, 2019	Other Directorship #	Committee Membership	Committee Chairmanship
1	Mr. Dinesh Munot (Chairman)	Executive (promoter)	6 / 6	Yes	4	1	-
2	Mr. Utkarsh Munot (Managing Director)	Executive (promoter)	6 / 6	Yes	4	-	-
3	Mr. Manish Motwani	Non-Executive, Independent	6 / 6	-	8	-	-
4	Mr. Shridhar S. Kalmadi	Non-Executive, Independent	6 / 6	Yes	6	1	-
5	Mr. Ajinkya Arun Firodia (Up to March 31, 2020)	Non-Executive, Independent	Nil	-	10	-	-
6	Mr. Jitendra A. Pandit (Up to March 31, 2020)	Non-Executive, Independent	5 / 6	-	-	-	-
7	Mr. S. A. Gundecha	Non-Executive, Independent	5 / 6	-	-	-	-
8	Mrs. Eitika Munot	Non-Executive, (promoter)	4 / 6	Yes	-	-	-
9	Mr. Soumitra Bhattacharya (up to September 20, 2019)	Non-Executive, (promoter)	1 / 3	Yes	6	3	1
10	Mr. Sandeep Nelamangla (w.e.f September 20, 2019))	Non-Executive, (promoter)	2 / 2	NA	4	1	-
11	Mr. Adit Rathi (w.e.f September 20, 2019))	Non-Executive, Independent	2 / 2	NA	6	-	1
12	Mrs. Smita Lahoti (w.e.f. June 27, 2020)	Non-Executive, Independent	NA	NA	-	-	-

# Includes Directorship in Private Companies.

### Relationship between Directors Inter-se

1. Mr. Dinesh Munot is father of Mr. Utkarsh Munot and father-in-law of Mrs. Eitika Munot. 2. Mrs. Eitika Munot is wife of Mr. Utkarsh Munot.

Names of the listed entities where the person is a director and the category of directorship:

Sr. No	Name of the Director	Name of Listed Entity	Category of Directorship
1	Mr. Dinesh Munot	Sanghvi Movers Ltd.	Non-Executive - Independent Director
2.	Mr. Ajinkya Firodia (Up to March 31, 2020)	Kinetic Engineering Ltd.	Executive Director
3.	Mr. Sandeep Nelamangala	Bosch Ltd.	Alternate Director

### Core skills/ expertise/ competencies of the Board of Directors

Disclosure pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for F.Y. 2019-20

NAME OF THE DIRECTOR	CATEGORY	CORE SKILLS / EXPERTISE/ COMPETENCE
Mr. Dinesh Munot	Chairman & Whole-time Director	Veteran of Automobile Industry, Top Management & Strategy, New Product Development and such other areas.
Mr. Utkarsh Munot	Managing Director	Management & Strategy, Operations & Engineering, Business Development, New Projects, Sales & Marketing and such other areas.
Mr. Manish Motwani	Non-Executive, Independent Director	Entrepreneurship, Finance, Technical Collaborations and others
Mr. Shridhar S Kalmadi	Non-Executive, Independent Director	Engineering with Specialization in Automobiles, CSR and others
Mr. Ajinkya Arun Firodia	Non-Executive, Independent Director	Top Management, Product development, Product-Positioning & Advertising, Sales & Distribution and others.
Mr. Jitendra A Pandit	Non-Executive, Independent Director	Financial Expertise, Transaction Management and General Management and others.
Mr. S A. Gundecha	Non-Executive, Independent Director	Accounting, Legal, Governance, Regulatory. Joint-Ventures and others
Mrs. Eitika Munot	Non-Executive, Non- Independent Director	Human Resource, Information Technology and others
Mr. Sandeep Nelamangala	Non-Executive, Non- Independent Director	Global Business Leadership, Marketing, Risk-Management, Engineering and others
Mr. Adit Rathi	Non-Executive, Independent Director	Industrialist, Top Management, Technology & Engineering and others
Mrs. Smita A Lahoti	Non-Executive, Independent Director	Accounts/ IFRS/ Audit/ Taxation/ Company Law and others

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

Board Committees	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee (CSR)	Independent Directors Meeting held on 21.03. 2020
Meetings held	5	2	2	1	1
<b>Directors' Attendance</b>					
Mr. Dinesh Munot	N.A.	N.A.	N.A.	1	N.A.
Mr. Utkarsh Munot	N.A.	N.A.	N.A.	1	N.A.
Mr. Manish Motwani	5	2	N.A.	N.A.	1
Mr. Ajinkya Firodia (Up to March 31, 2020)	N.A.	N.A.	N.A.	N.A.	1
Mr. Shridhar S. Kalmadi	N.A.	N.A.	N.A.	1	1
Mr. Jitendra A. Pandit (Up to March 31, 2020)	4	2	2	N.A.	1
Mr. S. A. Gundecha	4	2	2	N.A.	1
Mrs. Eitika Munot	N.A.	N.A.	1	1	N.A.
Mr. Sandeep Nelamangla	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Adit Rathi	N.A.	N.A.	N.A.	N.A.	1

N.A. – Not a member of the Committee

### 3. Audit Committee:

The Audit Committee comprises of experts specialising in accounting/ financial management.

During the financial year under review, the following Directors were the members of the Audit Committee (**the Committee**). Members:

Mr. S. A. Gundecha- Chairman, Mr. Jitendra A.Pandit and Mr. Manish Motwani. The Company Secretary acted as the Secretary to the Committee.

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.

During the period under review, the Committee met 5 times on May 28, 2019, May 30, 2019, July 31, 2019, October 15, 2019 and January 18, 2020. 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.

Broad terms of reference of the Audit Committee in brief:

The role of the Audit Committee includes the following:

- (1) oversight of the Company's financial reporting processes as a listed entity and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:
  - (a) matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;

- (5) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  - (6) reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - (8) approval or any subsequent modification of transactions of the Company with related parties;
  - (9) scrutiny of inter-corporate loans and investments;
  - (10) valuation of undertakings or assets of the Company, wherever it is necessary;
  - (11) evaluation of internal financial controls and risk-management systems;
  - (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - (14) discussion with internal auditors of any significant findings and follow up there on;
  - (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - (18) to review the functioning of the whistle blower mechanism;
  - (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background of the candidate;
  - (20) Risk identification, evaluation and mitigation and control process for such risks, oversight of the Risk Management System/ Plan of the Company and review thereof.
  - (21) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- The Audit Committee mandatorily reviews the following information:
- (1) management discussion and analysis of financial condition and results of operations;
  - (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
  - (4) internal audit reports relating to internal control weaknesses; and
  - (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  - (6) statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).
- The Committee primarily acts in line with the Section 177 of the Act and Regulation 18 of the Listing Regulations.
- The Statutory Auditor, Internal Auditor, the Managing Director and the Chief Financial Officer of the Company are generally invited for the meetings of the Committee.
- 4. Nomination and Remuneration Committee:**
- During the financial year under review, following Directors were the members of the Nomination and Remuneration Committee (**the Committee**). Members: Mr. S. A. Gundecha - Chairman, Mr. Manish Motwani, 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:
- a) 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.
  - b) To carry out evaluation of every Director's performance.
  - c) 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.
  - d) Review the performance of the Board of Directors, and Key Managerial Personnel based on certain criteria

as approved by the Board. In reviewing the overall remuneration of the Board of Directors, Key Managerial Personnel, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company;

- e) To formulate the criteria for evaluation of Independent Directors and the Board.
- f) To devise a policy on Board diversity.
- g) To recommend/ review remuneration of the Executive Directors' based on their performance and defined assessment criteria.
- h) To recommend whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- i) To recommend to the Board, all remuneration, in whatever form, payable to senior management.

The Minutes of the Committee Meetings are noted by the Board of Directors at the Board Meetings. During the financial year 2019-20 (**the year**), the Committee met on June 13, 2019 and July 31, 2019. The attendance record of the members of the Committee is given above (under Point No. 2) in tabular form.

#### 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 to the Whole-time Directors for the year ended March 31, 2020 are as under:

(Rupees in crore)

Particulars	Mr. Dinesh Munot	Mr. Utkarsh Munot
Salary	4.68	2.78
Perquisites	0.20	0.13
Commission	Nil	Nil
Total	4.88	2.91
Present Term of Five Years		
From	28.07.2016	19.05.2016
To	27.07.2021	18.05.2021

#### Details of remuneration paid to Non-Executive Directors for the year ended March 31, 2020 are as under:

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

(Rupees)

Name	Sitting Fees
Mr. Manish Motwani	560,000
Mr. Shridhar S Kalmadi	380,000
Mr. Ajinkya Arun Firodia (Up to March 31, 2020)	50,000
Mr. Jitendra A Pandit (Up to March 31, 2020)	540,000
Mr. S. A. Gundecha	540,000
Mrs. Eitika Munot	260,000
Mr. Soumitra Bhattacharya* (up to September 20, 2019))	Nil
Mr. Sandeep Nelamangla* (w.e.f September 20, 2019))	Nil
Mr. Adit Rathi (w.e.f September 20, 2019))	150,000

\*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 equity shares and Mrs. Eitika Munot, who holds 2712 equity shares of the Company, as of March 31, 2020, holds any share in the Share capital of the Company.

### 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.

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

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

During the financial year 2019-20 (**the year**), the Committee met on May 30, 2019 and October 15, 2019. The attendance record of the members of the Committee is given above (under Point No. 2) in tabular form.

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

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

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

### 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 Mr. Utkarsh Munot-Managing Director, Mr. Shridhar S. Kalmadi - Non Executive and Independent Director and Mrs. Eitika Munot- Non Executive Non Independent Director. The Company Secretary acted as the Secretary to the Committee.

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

During the financial year, the Committee met on March 21, 2020. The attendance record of the members of the Committee is given above (under Point No. 2) in tabular form.

### Risk Management Committee

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

### Disclosure in relation to recommendations made by any Committee which was not accepted by the Board:

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

### Separate Meeting of the Independent Directors:

The Independent Directors met on March 21, 2020, 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 Management and the Board.

### Certificate under Regulation 34(3) of the Listing Regulations:

The Company has obtained a Certificate pursuant to the Regulation 34(3) read with Schedule V of the Listing Regulations, from Mr. I U Thakur, Company Secretary in practice, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company either by Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs or any other Statutory Authority. The said Certificate forms part of this report.

### Credit Ratings obtained by the Company along with revisions for the FY 2019-20

In June 2019, ICRA - the Credit Rating Agency, had reaffirmed, the A+ and A1+ Credit Rating for long and short term borrowings of the Company, after removing 'rating watch with developing implication'.

In October 2019, ICRA while retaining the above Credit Ratings, for the Company, revised the Outlook on the long-term rating from 'Stable' to 'Negative'.

## General Body Meetings:

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

Year	AGMs	Location	Dates	Time	Special Resolutions Passed
2016-17	37 <sup>th</sup> AGM	Registered. Office: Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune -412216	02.08.2017	3.p.m.	No Special Resolution was passed
2017-18	38 <sup>th</sup> AGM		27.08.2018	3.p.m.	No Special Resolution was passed
Held during FY 2019-20	EGM	Navalmal Firodia Seminar Hall No. 4-West, Maharashtra Chamber of Commerce Industries and Agriculture, 505 A Wing, 5 <sup>th</sup> Floor, MCCIA Trade Tower, Senapati Bapat Road, Pune 411016.	17.07.2019	10.a.m.	Special Resolutions passed for 1. Sale of shares of Robert Bosch Automotive Steering Pvt. Ltd. held by the Company to Robert Bosch Automotive Steering GmbH. 2. Change in Designation of Mr. Dinesh Hirachand Munot (DIN 00049801) and Minimum Remuneration 3. Change in Designation of Mr. Utkarsh Munot (DIN 00049903) and change in Terms Of Remuneration. 4. Re-appointment of Mr. Manish Motwani (DIN 00394860), as an Independent Director of the Company. 5. Re-appointment of Mr. S. A. Gundecha (DIN 00220352), as an Independent Director of the Company.
2018-19	39 <sup>th</sup> AGM	Registered. Office: Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune -412216	20.09.2019	3. p.m.	Special Resolutions passed for 1. Re-appointment of Mr. Shridhar S Kalmadi (DIN 00044301) as an Independent Director of the Company. 2. Re-appointment of Mr. Jitendra A. Pandit (DIN 05359478) as an Independent Director of the Company.

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

## Disclosures:

- 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 the Directors' Report.
- The Company has not entered into any transaction of a material nature, with any of the Related Parties, that had or may have a potential conflict with the interests of the Company at large. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The Policy is available on the website of the Company ([www.zfindia.com](http://www.zfindia.com)). Details of such transactions is given in Form AOC-2, part of the Annual Report.
- With regard to matters related to capital markets, the Company has complied with all the requirements of the Listing Regulations as well as other regulations and guidelines of SEBI.

During the Financial Year (FY) 2017-18, 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 BSE Limited, in the FY 2013-14, about an income-tax demand pertaining to Assessment Years 2006-07 to 2011-12, The said penalty was paid in the FY 2017-18.

- 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 2019-20 having potential conflict with the interest of the Company at large.
- Details of remuneration paid to the Statutory Auditors:

The total fees, for all services, paid by the Company, in the FY 2019-20, to the Statutory Auditors is Rs. 10.19 lakh (including GST).

### Risk Management Framework:

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

### Commodity Price / Foreign Exchange risk and hedging activities:

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

### 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](http://www.zfindia.com).

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

### 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.

The Company has adopted (Revised) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPS) with effect from March 29, 2019.

### Whistle Blower Policy:

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

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

The Company has adopted (Revised) Whistle Blower Policy/ Vigil Mechanism with effect from April 1, 2019.

The Whistle Blower Policy has been disclosed on the Company's website-[www.zfindia.com](http://www.zfindia.com).

### Means of Communication:

Quarterly Financial Results: The Quarterly Financial Results of the Company are published in the following leading 'Business

Standard' (English newspaper) and 'Loksatta' (Marathi newspaper) and are also displayed on the Company's website, [www.zfindia.com](http://www.zfindia.com). The Financial 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 financial year, no such presentations have been made.

Website: The Company's website [www.zfindia.com](http://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 Announcements etc. are available on the site.

### Accounting Standards / Treatment:

The Company has complied with the applicable Indian Accounting Standards (Ind AS) specified u/s 133 of the Act. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III to the Act notified by the Ministry of Corporate Affairs (MCA) on October 11, 2018.

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report.

General Shareholder Information:

40<sup>th</sup> Annual General Meeting

<b>Day, date and time</b>	<b>Saturday, September 19, 2020 at 10.00 a.m.</b>
<b>Venue</b>	<b>Meeting will be held through Video Conferencing</b>

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

**Book Closure:** September 12, 2020 to September 19, 2020 (both days inclusive).

### Dividend and Dividend Payment Date:

In view of the adverse Financial Results, the Board has not recommended payment of any dividend for the Financial Year 2019-20.

## Unclaimed Dividend

Unclaimed dividend for the years prior to and including the F.Y. 2011-12 (Final) has been transferred to the General Revenue Account/ the Investor Education and Protection Fund (IEPF) (the Fund), set up by the Central Government, as applicable. The shareholders who have not encashed their dividend drafts for the financial year 2012-13 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 the shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account (in the name of the Company) within thirty days of such shares becoming due for transfer to the Fund.

The information relating to outstanding dividend account(s) and the dates by which they can be claimed by the shareholders are given below:

Financial Year	Date of declaration of dividend	Type of dividend	Total Dividend	Unclaimed dividend as on March 31, 2020	Due date for transfer to Investor Education and Protection Fund (IEPF)
2012-13	July 30, 2013	Final	72,586,400	7,73,096	September 3, 2020
2013-14	July 30, 2014	Final	63,513,100	7,58,660	September 3, 2021
2014-15	September 23, 2015	Final	90,733,000	9,08,200	October 28, 2022
2015-16	March 10, 2016	Interim	1,13,416,250	12,61,987	April 14, 2023
2016-17	August 02, 2017	Final	72,586,400	8,33,288	September 6, 2024
2017-18	August 27, 2018	Final	72,586,400	7,31,240	October 1, 2025

## Pursuant to IEPF Rules, given below are the Equity Shares transferred to IEPF Authority:

Particulars	Number of shares transferred to IEPF
Transferred to IEPF during the financial year 2017-18	33,905
Transferred to IEPF during the financial year 2018-19	11,688
Transferred to IEPF during the financial year 2019-20	2,131
Shares Claimed during Financial Year 2019-20	150
Total Number of Shares held by IEPF as on March 31, 2020	47,574

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](http://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 lists of Members whose shares have been transferred to the Demat Account of the IEPF is available on the website of the Company -[www.zfindia.com](http://www.zfindia.com).

Please refer to Note no.9 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 2020-21

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 has been paid to CDSL and NSDL up to F.Y. 2020-21.

### Stock Market Data

Market Price of Company's Share at BSE			BSE SENSEX	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-19	780.00	561.05	39,487.45	38,460.25
May-19	594.95	465.00	40,124.96	36,956.10
Jun-19	515.00	446.00	40,312.07	38,870.96
Jul-19	596.00	416.75	40,032.41	37,128.26
Aug-19	469.95	401.00	37,807.55	36,102.35
Sep-19	448.95	335.00	39,441.12	35,987.80
Oct-19	427.00	361.10	40,392.22	37,415.83
Nov-19	403.00	360.00	41,163.79	40,014.23
Dec-19	432.00	350.00	41,809.96	40,135.37
Jan-20	464.80	377.10	42,273.87	40,476.55
Feb-20	413.50	317.70	41,709.30	38,219.97
Mar-20	350.00	199.00	39,083.17	25,638.90

### Stock Performance:

Share Price Performance in comparison to broad based indices- April 2019 to March 2020.



### Registrar and Transfer Agents:

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

### Physical Shares related operations:

With effect from April 1, 2019, except in case of transmission or transposition, requests for effecting transfer of shares held in physical mode, cannot be processed as per SEBI directive.

### Shareholding Pattern as on March 31, 2020:

Category	No. of Shares of Rs. 10 each	Percentage of shareholding
Indian Promoters (Munot Family)	37,80,189	41.66
Foreign Promoter - (Robert Bosch Automotive Steering, GmbH)	23,40,155	25.79
Banks, Financial Institutions, Insurance Companies, Mutual Funds	950	0.01
IEPF	47,574	0.53
Private Corporate Bodies	96,261	1.06
Indian Public	27,57,536	30.39
NRIs/ OCBs	50,635	0.56
<b>Total</b>	<b>90,73,300</b>	<b>100</b>
	<b>2020</b>	<b>2019</b>
No. of Shareholders as on March 31	11,525	12,068

### Distribution of Shareholding as on March 31, 2020

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	10,713	92.95	989,736	10.91
501- 1000	453	3.93	336,719	3.71
1001-5000	303	2.63	577,715	6.37
5001-10000	26	0.23	163,334	1.80
10001 & above	30	0.26	70,05,796	77.21
<b>Total</b>	<b>11,525</b>	<b>100</b>	<b>90,73,300</b>	<b>100</b>

### Dematerialization of Shares & Liquidity:

The details of Equity shares dematerialized and those held in physical form as on March 31, 2020 are given hereunder:

Particulars of Equity Shares	Equity shares of Rs. 10 each		Shareholders	
	Number	% of total	Number	% of total
<b>Dematerialized form</b>				
NSDL	74,52,327	82.13	6,303	54.69
CDSL	14,44,515	15.92	4,424	38.39
<b>Sub-total</b>	<b>88,96,842</b>	<b>98.05</b>	<b>10,727</b>	<b>93.08</b>
Physical Form	176,458	1.95	798	6.92
<b>Total</b>	<b>90,73,300</b>	<b>100</b>	<b>11,525</b>	<b>100</b>

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/ transferred 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)
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
2017-18	8.00
2018-19	Nil

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

#### Outstanding GDR, 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	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	57	5,318
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	01	50
Number of shareholders whose shares were transferred to Investor Education Protection Fund (IEPF) account during the year.	00	00
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	56	5,268

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

#### Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Please refer to the Directors' Report for disclosure on above.

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

#### Address for Investor Correspondence:

- **For transfer/ dematerialization of shares**  
**Link Intime India Pvt.Ltd.**  
2202 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  
A-601/ 602, ICC Trade Tower, SenapatiBapat Road,  
Shivajinagar, Pune- 411 016.  
E- Mail: satish.mehta@zfindia.com  
Phone- (020) 67289900

For and on behalf of the Board of Directors

Pune  
August 1, 2020

Dinesh Munot  
Chairman  
(DIN: 00049801)

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## 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 2019-20.

For and on behalf of the Board of Directors

Pune  
August 1, 2020

Utkarsh Munot  
Managing Director

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## Managing Director/ CFO Certification

The MD 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  
August 1, 2020

Utkarsh Munot  
Managing Director

Jinendra Jain  
Chief Financial Officer

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## Certificate of Compliance with the Corporate Governance

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

To the members of ZF Steering Gear (India) Limited, Pune

This certificate is issued in Accordance with the terms of our engagement letter dated September 30, 2019.

This report contains details of compliance of conditions of corporate governance by ZF Steering Gear (India) Limited ('the Company') for the year ended March 31, 2020 as Stipulated in regulations 17 to 27, clause (b) to (i) of regulation 46 (2) And paragraphs C, D and E of Schedule V of the Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the Bombay Stock Exchange Limited (collectively referred to as the 'Stock exchange').

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

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

### Auditor's Responsibility

Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as Stipulated in the Listing Regulations for the year ended March 31, 2020.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

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

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Restriction on use

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

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

Prakash Apte  
Partner  
Membership No.: 033212  
UDIN: 20033212AAAABF7088  
Pune, June 27, 2020

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verification (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or Continuing as Director of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT IN COMPANY
1	SHRIDHAR SHAMRAO KALMADI	00044301	26/05/2009
2	DINESHCHAND HIRACHAND MUNOT	00049801	08/11/1986
3	UTKARSH DINESHCHAND MUNOT	00049903	31/10/2006
4	ADIT MADHUSUDAN RATHI	00084380	20/09/2019
5	SATISH AMOLAKCHAND GUNDECHA	00220352	15/09/2014
6	MANISH MOHAN MOTWANI	00394860	23/06/1998
7	EITIKA UTKARSH MUNOT	01396661	15/09/2014
8	SANDEEP NELAMANGALA	08264554	20/09/2019
9	JITENDRA ANIL PANDIT (Resigned as on 31/03/2020)	05359478	29/01/2013
10	AJINKYA ARUN FIRODIA (Retired as on 31/03/2020)	00332204	14/07/2010

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

Date: 20/6/2020  
Place: Pune

**I U Thakur**  
Company Secretary  
C. P. Number : 1402  
Membership no.: 2298  
Peer Review No.: 497/ 2016  
UDIN: F002298B000359402

## Annexure - III to the Directors' Report 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	<b>Robert Bosch Automotive Steering GmbH</b>
b)	Nature of Relationship	Associate Company
c)	Nature of contracts/ arrangements/ transactions	(i) Purchase of Components (ii) Sale of Shares of JV Company
d)	Duration of the contracts/ arrangements/ transactions	01.04.2019 to 31.03.2020
e)	Salient terms of the contracts or arrangements or transaction	<b>Purchase of Components-</b> Days of credit 60 days <b>Sale of Shares of JV Company</b> Consideration on transfer of shares
f)	Date of approval by the Board, if any.	<b>Purchase of Components-</b> Not Applicable in view of the third proviso to sub-section (1) of Section 188 of the Act. <b>Sale of Shares of JV Company</b> Board's approval on May 28, 2019 Members' approval on July 17, 2019
g)	Value of the transactions	
i	For Purchase of Components (Rs. in crore)	<b>12.22</b>
ii	For Sale of Shares (Rs. in crore)	<b>62.50</b>

For and on behalf of the Board of Directors

Pune  
August 1, 2020

Dinesh Munot  
Chairman  
(DIN: 00049801)

## ANNEXURE - IV to the Directors' Report

### Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2019-2020

**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 and List of CSR activities, Modalities of execution of projects / programs and Monitoring and Assessment thereof.

The CSR Policy is placed on the Company's website [www.zfindia.com](http://www.zfindia.com).

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

Mr. Dinesh Munot – Chairman  
Mr. Utkarsh Munot – Member  
Mrs. Eitika Munot – Member  
Mr. Shridhar S. Kalmadi- Member

**3. Average net profit of the Company for last three financial years Rs.57.49 crore.**

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) Rs. 1.15 crore.**

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

- Total amount to be spent for the financial year- **Rs. 1.15 crore**
- Amount unspent, if any- **Nil**
- Manner in which the amount spent during the financial year is detailed below:

**Details of Amount Spent on CSR Activities during the financial year 2019-20.**

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 crore)	Amount spent on the Projects or Programs	Cumulative Expenditure up to the reporting period i.e. F.Y. 2019-20 (Rs. in crore)	Amount spent Direct or through Implementing Agency
1	Indian Institute of Science Education and Research, Pune	Promoting Healthcare/ Education	Pune	1.14	1.14	1.14	through Implementing Agency
2	Mukul Madhav Foundation	Relief Fund for Natural Calamity	Pune	0.01	0.01	0.01	through Implementing Agency
<b>Total</b>				<b>1.15</b>	<b>1.15</b>	<b>1.15</b>	

**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.

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**

**7. Responsibility Statement**

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

**Pune  
August 1, 2020**

**Dinesh Munot  
Chairman  
(DIN:00049801)**

# ANNEXURE - V to the Directors' Report

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31.03.2020

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 31.03.2020 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 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not applicable** to the Company during the Audit Period
- (d) The Securities and Exchange Board of India (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, 2018 – **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 are also complied with:

#### 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 Transboundary Movement) Rules, 2008

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.

## 'Annexure'

### 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 events have taken place during the period under review:

1. The Company sold and transferred the shares of Robert Bosch Automotive Steering Private Limited to Robert Bosch Automotive Steering GmbH, Germany, as per the Agreement dated 28th May, 2019 & received the consideration of Rs. 62,50,00,000. The approval of shareholders was obtained in the Extra-Ordinary General Meeting dated 17th July 2019.
2. The Company has intimated under Regulation 30(3) and 30(4) read with Part A of Schedule III OF SEBI LODR Regulations, 2015 to BSE Limited regarding search and Seizure operations carried out by the Income Tax Department under Section 132 of the Income Tax Act, 1961 in the Company's Office premises and plant w.e.f 2nd January 2020 and was concluded on 7th January 2020.

Date: 20/06/2020

Place: Pune

**I U Thakur**

Company Secretary

C. P. Number : 1402

Membership no.: 2298

Peer Review No.: 497/ 2016

UDIN: F002298B000359358

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 Accounts 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.

Date: 20/06/2020

Place: Pune

**I U Thakur**

Company Secretary

C. P. Number : 1402

Membership no.: 2298

Peer Review No.: 497/ 2016

UDIN: F002298B000359358

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 - VI

### Form No. MGT-9

**EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2020 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, Village Vadu Budruk, Tal. Shirur, Dist. Pune -412 216. Tel: 02137-305100
Whether listed Company	Yes
Name, Address and Contact details of Registrar & Transfer Agents (RTA), if any.	M/s. Link Intime India Private Limited Block No. 202, A Wing, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune- 411001 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	95.6 %
2	Renewable Energy (Solar and Wind power)	35106	3.7%

#### 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
—	—	—	—	—	—

#### 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 01.04.2019				No. of Shares held at the end of the year 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual / HUF	37,75,603	-	37,75,603	41.61	37,80,189	-	37,80,189	41.66	0.05
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	37,75,603	-	37,75,603	41.61	37,80,189	-	37,80,189	41.66	0.05
<b>2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRIs- Individual	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	23,40,155	-	23,40,155	25.79	23,40,155	-	23,40,155	25.79	0
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	23,40,155	-	23,40,155	25.79	23,40,155	-	23,40,155	25.79	0
Total Shareholding Promoter									
(A) =(A)(1)+(A)(2)	61,15,758	-	61,15,758	67.4	61,20,344	-	61,20,344	67.45	0.05
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>1) Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	50	-	50	0	50	-	50	-	0
b) Banks / FI	400	500	900	0	400	500	900	-	0
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt( s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	450	500	950	0	450	500	950	0	0

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2019				No. of Shares held at the end of the year 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
<b>2) Non- Institutional</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	91,051	30,100	1,21,151	1.33	93,093	-	93,093	1.03	-0.3
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individuals shareholders holding nominal share capital up to Rs. 1 lac.	17,34,163	1,95,732	19,29,895	21.27	17,64,189	1,75,758	19,39,947	21.38	0.11
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lac.	7,53,740	50,100	8,03,840	8.86	8,15,976	-	8,15,976	8.93	0.07
c) Others (Specify) IEPF	45,593	-	45,593	0.5	47,574	-	47,574	0.52	0.02
Trusts	265	-	265	0	1,613	-	1,613	0	0
Custodians/ Clearing member	9,994	-	9,994	0.11	3,168	-	3,168	0.03	-0.08
NRIs	45,654	200	45,854	0.51	50,435	200	50,635	0.56	0.05
Sub-total(b) (2)	26,80,460	2,76,132	29,56,592	32.58	27,76,048	1,75,958	29,52,006	32.54	-0.04
Total Public Shareholding	26,80,910	2,76,632	29,57,542	32.6	27,76,498	1,76,458	29,52,956	32.55	-0.05
(B) =(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
by Custodian									
for GDRs &									
ADRs									
Grand Total (A)+(B)+(C)	87,96,668	2,76,632	90,73,300	100%	88,96,842	1,76,458	90,73,300	100%	0

## ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			%Change in shareholding during the year
		No. of shares	% of Total Shares of the Company	% of Shares pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares pledged/encumbered to total shares	
1	Mr. Dinesh Munot	949,290	10.46	0.00	949,290	10.46	4.96	0.00
2	Mr. Utkarsh Munot	1,191,494	13.13	11.57	1,191,494	13.13	11.57	0.00
3	Mrs. Eitika Munot	-	-	0.00	2,712	0.02	0.00	0.02
4	Mrs. Nandini D. Munot	321,474	3.54	0.00	321,474	3.54	0.00	0.00
5	Mrs. Pragati D. Bothra	115,623	1.27	0.00	117,102	1.29	0.00	0.02
6	Ms. Prerna Bothra	-	-	0.00	1,886	0.02	0.00	0.02
7	Mrs. Trupti S. Gupta	123,496	1.36	0.00	123,496	1.36	0.00	0.00
8.	Mr. Jinendra H. Munot	229,259	2.53	0.00	229,259	2.53	0.00	0.00
9	Munot Jinendrakumar Hirachand (HUF)	30,400	0.34	0.00	30,400	0.34	0.00	0.00
10	Mrs. Amita J. Munot	152,457	1.68	0.00	152,457	1.68	0.00	0.00
11	Mr. Piyush J. Munot	122,804	1.35	0.00	121,813	1.34	0.00	-0.01
12	Mr. Yash J. Munot	123,053	1.36	0.00	122,553	1.35	0.00	-0.01
13	Mr. Harish Munot	269,500	2.97	0.00	269,500	2.97	0.00	0.00
14	Mr. Amol Munot	122,753	1.35	0.00	122,753	1.35	0.00	0.00
15	Mrs. Pramila A Munot	24,000	0.26	0.00	24,000	0.26	0.00	0.00
16	Robert Bosch Automotive Steering GmbH	2,340,155	25.79	0.00	2,340,155	25.79	0.00	0.00
	<b>Total</b>	<b>6,115,758</b>	<b>67.40</b>	<b>11.57</b>	<b>6,120,344</b>	<b>67.44</b>	<b>16.53</b>	<b>0.04</b>

## (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
	<b>At the beginning of the year</b>	6,115,758	67.40	6,120,344	67.44
	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.)	-----	-----	-----	-----
	<b>At the end of year</b>	<b>6,115,758</b>	<b>67.40</b>	<b>6,120,344</b>	<b>67.44</b>

**(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	Remarks	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	Ramesh Hirachand Munot		1,72,239	1.9	1,72,239	1.9
2	Manish Rameshchand Munot		1,62,760	1.79	1,62,760	1.79
3	Urmil Mahasukh Gopani	At the beginning of the year	1,35,802	1.5	-	-
		Sale	-	-	775	0.01
		At the end of year	-	-	1,35,027	1.49
4	Ashish Rameshchand Munot HUF		1,30,250	1.44	1,30,250	1.44
5	Manik Ramesh Munot		58,382	0.64	58,382	0.64
6	Hitesh Munot		43,495	0.48	43,495	0.48
7	Sangeeta Nirmal Bang*		31,390	0.35	-	-
8	Jaya Hind Industries Ltd.		30,100	0.33	30,100	0.33
9	Kishan Gopan Mohta	At the beginning of the year	26,000	0.29	-	-
		Purchase	1079	0.01	-	-
		At the end of year	-	-	27079	0.3
10	Vilaskumar Shankarlal Munot	At the beginning of the year	24,960	0.28	-	-
		Purchase	1,490	0.01	-	-
		At the end of year	-	-	26,450	0.29
11.	Sharad Mohanlal Bhatevara		14,044	0.15	14,044	0.15

\* Not in the list of Top 10 shareholders as on 01.04.2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2020.

**(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	<b>Shareholding of Directors:</b>				
	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. S. A. Gundecha				
	At the beginning of the year	1,250	0.01	1,250	0.01
	At the end of the year	1,250	0.01	1,250	0.01
4	Mrs. Eitika Munot				
	At the beginning of the year	-	-	-	-
	Purchase	2,712	0.02	-	-
	At the end of the year	-	-	2,712	0.02
5	<b>Shareholding of Key Managerial Personnel:</b>				
	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 crore)

	Secured loans excluding deposits	Unsecured loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	28.97	3.47	-	32.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.21	-	-	0.21
<b>Total (i+ii+iii)</b>	<b>29.18</b>	<b>3.47</b>	<b>-</b>	<b>32.65</b>
<b>Change in indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-29.18	-1.49	-	-30.67
<b>Net change</b>	<b>-29.18</b>	<b>-1.49</b>	<b>-</b>	<b>-30.67</b>
<b>Indebtedness at the end of the financial year</b>				
iv) Principal Amount	-	1.98	-	1.98
v) Interest due but not paid	-	-	-	-
vi) Interest accrued but not due	-	-	-	-
<b>Total (iv+v+vi)</b>	<b>-</b>	<b>1.98</b>	<b>-</b>	<b>1.98</b>

## VI. Remuneration of Directors and KEY Managerial Personnel

### A. Remuneration to Managing Director, whole-time Directors and/ or Manager

(Rs. in Crore)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Dinesh Munot (Chairman)	Utkarsh Munot (WTD/ MD)	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4.68	2.78	7.46
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.20	0.13	0.33
	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	-	-	-
	<b>Total (A)</b>	<b>4.88</b>	<b>2.91</b>	<b>7.79</b>
	Ceiling as per the Act	Not Applicable		

## B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Manish Motwani	Ajinkya Arun Firodiya	Jitendra A. Pandit	Shridhar S. Kalmadi	S. A. Gundecha	Adit Rathi	
1	Independent Directors							
	· Fee for attending board/ committee meetings	0.05	0.01	0.05	0.04	0.05	0.02	0.22
	· Commission							
	· Others, please specify							
	<b>Total (1)</b>	<b>0.05</b>	<b>0.01</b>	<b>0.05</b>	<b>0.04</b>	<b>0.05</b>	<b>0.02</b>	<b>0.22</b>
		<b>Eitika Munot</b>		<b>Sandeep Nelamangala</b>				
2	Other Non- Executive Director							
	· Fee for attending board/ committee meetings		0.03		-			0.03
	· Commission							
	Others, please specify							
	<b>Total (2)</b>		<b>0.03</b>		-			0.03
	<b>Total (B)=(1+2)</b>							<b>0.25</b>
	<b>Overall Ceiling as per the Act.</b>	Not Applicable						

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

(Rs. in Crore)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Jinendra Jain (CFO)	Satish Mehta (Company Secretary)	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		0.33	0.18	0.51
	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				
2	Stock Option	Not Applicable	-	-	-
3	Sweat Equity		-	-	-
4	Commission <ul style="list-style-type: none"> <li>• As % of profit</li> <li>• Others, specify</li> </ul>		-	-	-
5	Others, please specify		-	-	-
	<b>Total</b>		<b>0.33</b>	<b>0.18</b>	<b>0.51</b>
	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)
<b>A. Company</b> Penalty Punishment Compounding	----- NIL -----				
<b>B. Directors</b> Penalty Punishment Compounding					
<b>c. Other Officers in default</b> Penalty Punishment Compounding					

For and on behalf of the Board of Directors

Pune  
August 1, 2020

Dinesh Munot  
Chairman  
(DIN:00049801)



# **Business Responsibility Report**

## Business Responsibility Report (BR)

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	L29130PN1981PLC023734
2. Name of the Company	ZF Steering Gear (India) Ltd.
3. Registered address	Gat No. 1242/44, Village VaduBudruk, Tal. Shirur, Dist.Pune - 412216
4. Website	www.zfindia.com
5. E-mail id	enquiry@zfindia.com
6. Financial Year reported	1.4.2019 to 31.3.2020
7. Sector(s) that the Company is engaged in / List of three key products / services that the Company manufactures / provides (as in the Balance Sheet, industry activity code wise):	29301 - Auto Components – Steering Gear Systems 35106 - Renewable Energy – Solar and Wind Energy
8. Total number of locations where business activity is undertaken by the Company- a) Number of International Locations b) Number of National Locations	<b>Nil</b> <b>Seven</b>
9. Markets served by the Company- Local / State/ National / International	All

### Section B: Financial Details of the Company

1. Paid up Capital (Rs. In lakh)	907
2. Total Turnover (Rs. in lakh)	28,657
3. Total Profit after Taxes (Rs. in lakh)	Loss of Rs. 28 lakh
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	During the year, the Company has made CSR spend of Rs. 115 lakh. As the loss has been reported as of March 31, 2020, percentage cannot be calculated.
5. List of activities in which expenditure in 4 above has been incurred	Please refer to Annexure IV (CSR Report) attached to the Directors' Report

### Section C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/ Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3.	Do any other entity/ entities (e.g suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	No

### Section D: BR Information

#### 1. Details of Director/ Directors responsible for BR

- a) Details of the Director/ Directors responsible for implementation of the BR policy / policies

1.	DIN Number	00049903
2.	Name	Mr. Utkarsh Munot
3.	Designation	Managing Director

- b) Details of BR head

1.	DIN Number	N.A.
2.	Name	Mr. Anant Kalvit
3.	Designation	President (W)
4.	Telephone number	02137-305100
5.	Email Id	anant.kalvit@zfindia.com

## 2. Principle-wise [as per National Voluntary Guidelines (NVGs)] Business Responsibility Policy(ies):

### a) Details of Compliance [Reply in Yes (Y) / No (N)]:

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Business Ethics, Transparency & Accountability	Sustainability	Employees' Well-being	Stakeholders' Welfare	Human Rights	Environment	Influencing Regulatory Policy	Equitable Development	Customer Responsibility
1	Do you have a policy/ policies for ...	y	y	y	y	y	y	y	y	y
2	Has the policy being formulated in consultation with the relevant stakeholders?	The Company has formulated the policies and adopted best practices in its own volition, while being sensitive to the interest of all stakeholders.								
3	Does the policy conform to any National / International standards? If yes, specify?	Yes, Wherever applicable								
4	Has the policy being approved by the Board?  If yes, has it been signed by MD/ Owner/CEO/Appropriate Board Director	Since all the policies are not required to be approved by the Board of Directors, the approval of the Board has been obtained, wherever it is mandatory. Yes, however not all policies, as it is not a mandatory requirement.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Internal policies are available for employees only. For other policies, refer to <a href="http://www.zfindia.com">www.zfindia.com</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent applicable.								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	The working of all the policies is internally monitored. Audit / evaluation by external agencies is carried out, wherever mandatory.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

### 3. Governance related to Business Responsibility (BR):

- (a) Frequency with which the Board of Directors, Committee of the Board or the Managing Director assess the BR Performance of the Company:

The BR Principles and related performance of the Company generally forms part of the monthly and quarterly business reviews of the Company at different levels of the organisation.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first time the Company has prepared the BR Report. Henceforth, it will be published on an annual basis. The BR report will be placed on the Company's website [www.zfindia.com](http://www.zfindia.com). The publication of the Business Sustainability Report is not applicable to the Company.

### Section E: PRINCIPLE-WISE PERFORMANCE

#### Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

ZF India's business philosophy is built on the key foundational values of ethics, transparency and accountability. The Company firmly believes that trust, integrity and credibility are key elements in creating value for its stakeholders. To ensure that these principles are adhered to, every employee of the Company is required to adhere to the Code of Conduct's requirements. In order to enable employees to raise concerns to the Company's Management, there is a 'Whistle Blower Policy'.

A separate Code of Conduct, specifically applicable to the Company's Directors and Senior Management, is in place which states that Directors and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment. All Directors and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect, signed by the Managing Director, is given in the Annual Report.

The Company also has a strict Code of Conduct to prevent insider trading and ensure integrity. These are standard communications before Board meeting that communicates the time when they should not trade and clear instructions about what to do when they do trade.

The Company has a policy of a zero-tolerance towards bribery. The Company also refrains from engaging in any practices that are abusive, corrupt or anti-competition.

The Company pursues good Corporate Governance by ensuring regulatory compliance, transparency in disclosures, efficient operational practices, strong internal controls, risk management systems, and by engaging and operating with fairness and integrity with all its stakeholders.

#### Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

ZF India is pioneer in bringing Integral Hydraulic Power Steering Gear Systems to India, in early nineties, with the help of world-class technology in that field, through a Joint-Venture. This is the main product of the Company and is known for safety and comfort in driving. The Government has mandated compulsory fitment of Power Steering in some vehicles.

ZF India has an established structure for carrying out various facets of manufacturing functions as per business process defined by ISO 14001 and ISO/ TS: 16949.

ZF India believes that alignment of business plans and activities with sustainability goals leads to long-term growth for the Company. All the models of Power Steering have been recently adapted to suit requirements of new BS-VI parameters.

The Company is committed to providing goods that are safe and which imbibe sustainability through its life cycle. This is reflected in the Company's initiatives on resource efficiency and safety.

#### Principle 3: Business should promote the well-being of all employees

The Company understands that employees spend a big part of their active hours in the workplace. Hence, the Company focuses on creating a holistic work environment by promoting health and wellness initiatives. The Company provides mediclaim facility to its employees under Group Mediclaim Policy.

1.	Total number of Employees	830
2.	Total number of employees hired on temporary/ Contractual/ Casual basis.	435
3.	Number of permanent women employees	02
4.	Number of permanent employees with disabilities	Nil
5.	Employee association that is recognized by management	Yes
6.	Percentage of permanent employees is members of this recognized employee association.	10%

7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of Complaints filed during the year	No. of Complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	NA
2	Sexual Harassment	Nil	NA
3	Discriminatory employment	Nil	NA

8. Percentage of under mentioned employees were given safety and skill Up-gradation training in the last year?

- a) Permanent Employee - 75%
- b) Permanent Women Employees – 50%
- c) Casual/ Temporary/ Contractual Employees – 85%
- d) Employees with Disabilities – Not Applicable

Safety being one of the core values, the Company is committed to continuous improvement of the safety-performance; The Company believes that providing safe workplace is its key responsibility. The Company has a safety policy. The Company conducts safety training periodically.

Skill up-gradation also part of the Company's strategic plan where employees are based on the need and provided training across all the levels.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

**1. Has the Company mapped its internal and external stakeholders? Yes/ No**

Yes, the internal and external stakeholders of the Company are employees, vendors, customers, shareholders, business partners, regulatory authorities and local community.

ZF India has mapped the internal and external stakeholders in a structured way and carries out engagements with the shareholders, employees, customers, suppliers, business partners, civil society organizations etc. ZF India identifies the interests of the internal stakeholders like permanent employees through engagement surveys and periodic worker settlement reviews. The external shareholders

are mapped through defined activities such as customer events, channel partner meet, SMES trainings etc. The Company reaches out to the stakeholders on regular basis through AGM and Stock Exchange intimations. ZF India participates in the events organized by trade associations and contributes by providing inputs when requested.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders.**

The Company considers the people victimized by natural calamities etc. and the local community around its manufacturing locations as a vulnerable stakeholder.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

The Company carries out various CSR initiatives such as Contributions for various relief funds for natural calamities and for up-liftment/ growth and development of people living in the villages around its manufacturing facilities.

**Principle 5: Businesses should respect and promote human rights**

ZF India strives to uphold the human rights of all its internal and external stakeholders and ensures compliance with all applicable laws, though the Company does not have a separate human right policy.

In this regard, a legal compliance report is submitted to the Company's Board of Directors on a quarterly basis. There were no complaints on violation of human rights in the year 2019-20.

**Principle 6: Business should respect, protect and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others?**

The Environmental Policy covers ZF Steering Gear (India) Ltd.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/ N. If yes, please give hyperlink for web page etc.**

To address environmental issues, the Company has initiatives such as:

- a. Energy conservation projects
- b. Renewable energy projects such as Solar Power Project and Wind Power Projects

c. Measures to check and control the pollutants discharged into environment

- i. The Company's Pithampur Plant is Zero discharge plant, meaning there are no pollutant-discharges from that plant.
- ii. The hazardous wastes generated at the plant are being disposed as per the MPCB approved sources. Monitoring and measurement being done as per the MPCB Consent Order. The Hazardous wastes are measured and stocked at secluded storage area. Those are being recorded in "Form -3" as per MPCB norms.

**3. Does the Company identify and assess potential environmental risks? Y/ N**

Yes. The various environment Risks/aspects are identified and impacts are accessed and controls are established to take care of those environment affecting aspects.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

As reported in Point No. 2 above, the Company has a separate business vertical named 'Renewable Energies' under which the Company runs 5 MW Solar Power Project in Gujarat. The Company also runs Wind Power Projects, aggregate capacity of which is 8.8 MW, and comprises eight Wind Turbine Machines at different locations in Maharashtra.

**5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.**

- a. The Company, in addition to Solar Power Project of 5 MW mentioned above, has installed Rooftop Solar Power Project at its factory situate at Village Vadu Budruk, Dist. Pune. The electricity so generated is used for production.
- b. Use of energy efficient electrical equipment (such as LED bulb instead of fluorescent lamp)

**6. Are the Emissions/ Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Yes

**7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e not resolved to satisfaction) as on end of Financial Year.**

Nil

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:**

Yes, the Company is a member of the following associations/ bodies:

- The Automotive Component Manufacturers Association of India (ACMA)
- Mahratta Chamber of Commerce, Industries And Agriculture (MCCIA)
- Deccan Chamber of Commerce, Industries & Agriculture

**2. Have you advocated/ lobbied through above association for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

No

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, these initiatives of the Company are provided under the CSR policy of the Company and are governed by applicable laws.

**2. Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ Government Structures/ any other organization?**

CSR Programs are implemented mainly through implementing partners which include NGOs, having an established track record of at least 3 years in carrying on the specific activity.

**3. Have you done any impact assessment of your initiative?**

Yes

**4. What is your Company's direct contribution to community development projects. Amount in INR and the details of the projects undertaken.**

The Company has spent Rs. 115 lakh during the F Y 2019-20. Details are available in the CSR Report, which is part of this Annual Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The community development initiative is undertaken on the basis of needs assessment which is based on the feedback of the community itself. The Company initiates those initiatives which help them in becoming sustainable/ self-dependent. Thus, the Company ensures that its initiatives are successfully adopted by the community.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**1. What percentage of customer complaints/ consumer cases is pending as on the end of financial year?**

The Company has no Customer complaint/ case pending as at end of the financial year.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A/ Remarks (additional information)**

Being industrial products, we mention Product part-number along with its month and year of manufacture. Technical specifications are provided in separate brochures, product-drawings and communication with customers.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year ?if so provide details thereof, in about 50 words or so.**

No case has been filed, against the Company, by any stakeholder, in last five years, on any of the matters stated above.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the feedback of customers of the Company is regularly taken every year by way of 'Annual Customer Satisfaction Survey'.



# **INDEPENDENT AUDITORS' REPORT**

# Independent Auditors' Report

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of **ZF Steering Gear (India) Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

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

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Allowance for Credit Loss</b></p> <p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions pertaining to auto component industry in which the Company deals with and in the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information of its customers to estimate the probability of default in future and has taken into account the estimate of possible effects from the pandemic relating to COVID-19. Due to COVID-19, We have identified credit losses as a key audit matter; and the Company exercises significant judgment in estimating that no such expected credit loss will arise.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures related to the allowance for credit losses for trade receivables included the following, among others:</p> <p>We tested the effectiveness of controls over the:</p> <ul style="list-style-type: none"> <li>• development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions</li> <li>• completeness and accuracy of information used in the estimation of probability of default and computation of the allowance for credit losses.</li> </ul> <p>For a sample of customers:</p> <ul style="list-style-type: none"> <li>• We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company and</li> <li>• Cut-off procedures reveal that such outstanding receivables have been realised</li> </ul>

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

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Other Matter

Without qualifying our opinion, we hereby draw attention to the fact that, the prior year financial statements have been audited by another firm of Chartered Accountants who have expressed an unmodified opinion on those financial statements.

#### Management's Responsibilities for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to

cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

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

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

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

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

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

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

2. 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 Companies Act, 2013, we give in the Annexure “A”, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**For Joshi Apte & Co.,**

**Chartered Accountants**

**ICAI Firm registration number: 104370W**

**Prakash Apte**

**Partner**

**Membership No.: 033212**

**UDIN: 20033212AAAABE7291**

**Pune, June 27, 2020**

## Annexure ‘A’ to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of ZF Steering Gear (India) Limited of even date)

(i) In respect of the Company’s fixed assets:

(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, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company.

(ii). 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.

(iii). During the year ended on 31st March, 2020, 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 Companies Act, 2013.

(iv). 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.

(v). The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.

(vi). According to the information and explanations given to us the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.

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

The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Nature of Statute	Nature of Dues	Forum where the Dispute is pending	Financial Year	Amount (Rs. In Crore)
Income Tax Act, 1961	Assessment Dues	ITAT, Pune	FY 2012-13	0.45
Income Tax Act, 1961	Assessment Dues	ITAT, Pune	FY 2013-14	0.26
Income Tax Act, 1961	Assessment Dues	CIT (Appeal), Pune	FY 2015-16	0.33
Income Tax Act, 1961	Assessment Dues	CIT (Appeal), Pune	FY 2016-17	0.13
Income Tax Act, 1961	Assessed TDS Dues by CPC	CIT (Appeal), Pune	FY 2012-13	0.03

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

(ix). The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Based on the information and explanation given to us by

the management, term loans were applied for the purpose for which the loans were obtained.

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

(xi). In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

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

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

(xv). In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

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

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

**Prakash Apte  
Partner  
Membership No.: 033212  
UDIN: 20033212AAAABE7291  
Pune, June 27, 2020**

## Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of ZF Steering Gear (India) Limited of even date)

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

We have audited the internal financial controls over financial reporting of ZF Steering Gear (India) Limited (the “Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

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

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For Joshi Apte & Co.,  
Chartered Accountants**

**ICAI Firm registration number: 104370W**

**Prakash Apte  
Partner**

**Membership No.: 033212**

**UDIN: 20033212AAAABE7291**

**Pune, June 27, 2020**

# **FINANCIAL STATEMENTS**

## Balance Sheet

(Rs. in Crore)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3[a]	186.80	109.32
Right of use asset	3[b]	10.41	-
Capital work in progress		6.62	26.29
Intangible assets	4	1.58	1.63
Financial assets			
(i) Investments	5[a]	106.97	151.73
(ii) Loans	5[e]	0.45	0.65
(iii) Others	5[f]	-	0.07
Other non-current assets	6	2.71	32.14
Income Tax Assets (Net)	7	6.53	3.09
Deferred tax Assets (Net)	8	22.89	25.47
<b>Total non-current assets</b>		<b>344.96</b>	<b>350.39</b>
<b>Current assets</b>			
Inventories	9	23.27	40.26
Financial assets			
(i) Trade receivables	5[b]	49.06	77.23
(ii) Cash and cash equivalents	5[c]	5.47	5.51
(iii) Bank Balances other than Cash and cash equivalents	5[d]	0.53	0.58
(iv) Loans	5[e]	0.10	0.07
(v) Others	5[f]	0.65	0.67
Other current assets	6	11.93	12.26
<b>Total current assets</b>		<b>91.01</b>	<b>136.58</b>
<b>TOTAL ASSETS</b>		<b>435.97</b>	<b>486.97</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	10	9.07	9.07
Other equity	11	357.98	359.14
<b>Total Equity</b>		<b>367.05</b>	<b>368.21</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	12[a]	1.04	20.95
(ii) Lease Liability	12[d]	0.99	-
Provisions	13	2.03	1.79
Other non current liabilities	14	4.28	0.07
<b>Total non-current liabilities</b>		<b>8.34</b>	<b>22.81</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	12[b]	-	13.27
(ii) Trade payables			
A) Total outstanding dues of Micro and Small Enterprises	12[c]	6.84	8.70
B) Total outstanding dues of creditors other than Micro and Small Enterprises	12[c]	27.63	29.72
(iii) Lease Liability	12[d]	0.01	-
(iv) Others	12[e]	16.79	32.15
Other current liabilities	14	5.90	9.34
Provisions	13	3.41	2.77
<b>Total current liabilities</b>		<b>60.58</b>	<b>95.95</b>
<b>Total liabilities</b>		<b>68.92</b>	<b>118.76</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>435.97</b>	<b>486.97</b>

Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

2

As per our report of even date

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

**Prakash Apte**  
Partner  
Membership No. : 033212  
UDIN : 20033212AAAABE7291

Place: Pune  
June 27, 2020

For and on behalf of the Board of Directors

**Dinesh Munot** Chairman  
DIN : 00049801  
**Utkarsh Munot** Managing Director  
DIN : 00049903

**S.A. Gundecha** Director and Chairman of the Audit Committee  
DIN : 00220352

**Jinendra Jain** Chief Financial Officer  
**Satish Mehta** Company Secretary

Place: Pune  
June 27, 2020

## Statement of Profit and Loss

(Rs. in Crore)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>INCOME</b>			
Revenue from operations	15	286.57	439.34
Other income	16	3.64	10.92
<b>Total Income</b>		<b>290.21</b>	<b>450.26</b>
<b>EXPENSES</b>			
Cost of raw material consumed	17	163.50	277.34
Change in Inventory of finished goods and work in progress	18	11.56	(2.38)
Employee benefits expense	19	44.23	51.48
Other expenses	20	34.37	37.73
Loss arising from termination of Joint Venture i.e. Robert Bosch Automotive Steering Private Limited (Refer note 34)		66.85	-
<b>Total Expenses</b>		<b>320.51</b>	<b>364.17</b>
<b>Profit before interest, tax, depreciation, amortisation expenses and exceptional items (EBITDA)</b>		<b>(30.30)</b>	<b>86.09</b>
Finance costs	21	1.09	1.94
Depreciation and amortisation expense	22	32.47	31.03
<b>Profit before exceptional items and tax</b>		<b>(63.86)</b>	<b>53.12</b>
Exceptional items (Refer note 34)	34	66.85	(66.85)
<b>Profit before tax</b>		<b>2.99</b>	<b>(13.73)</b>
<b>Tax Expense</b>			
Current tax	23	0.21	13.44
Deferred tax		3.06	(25.86)
<b>Total tax expense</b>		<b>3.27</b>	<b>(12.42)</b>
<b>Profit for the year</b>		<b>(0.28)</b>	<b>(1.31)</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit obligations		(1.36)	(0.54)
- Income tax relating to the above items	23	0.48	0.19
<b>Other comprehensive income for the year, net of tax</b>		<b>(0.88)</b>	<b>(0.35)</b>
<b>Total comprehensive income for the year</b>		<b>(1.16)</b>	<b>(1.66)</b>
<b>Earnings per equity share of Rs 10 each</b>			
Basic and diluted earnings per share	24	<b>(0.31)</b>	<b>(1.44)</b>

Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

2

As per our report of even date

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

**Prakash Apte**  
Partner  
Membership No. : 033212  
UDIN No.-20033212AAAABE7291

Place: Pune  
June 27, 2020

For and on behalf of the Board of Directors

**Dinesh Munot**  
DIN : 00049801  
**Utkarsh Munot**  
DIN : 00049903

**S.A. Gundecha**  
DIN : 00220352

**Jinendra Jain**  
**Satish Mehta**

Place: Pune  
June 27, 2020

Chairman

Managing Director

Director and Chairman of the Audit Committee

Chief Financial Officer

Company Secretary

## Statement of Cash Flows

(Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit/ (Loss) before exceptional items and tax</b>	<b>(63.86)</b>	<b>53.12</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	32.47	31.03
Interest paid	1.09	1.94
Fair value change in investment	6.36	2.03
(Profit)/ Loss on sale of PPE	0.04	0.35
(Profit)/ Loss on sale of investment	(1.18)	(8.54)
Interest Income	(1.04)	(0.51)
Loss arising from termination of Joint Venture	66.85	-
Provision for reduction in value of inventory	0.08	-
Dividend received	(0.35)	(0.23)
<b>Operating profit before working capital changes</b>	<b>40.46</b>	<b>79.19</b>
<b>Adjustments for changes in working capital:</b>		
(Increase)/ Decrease in inventory	16.91	(0.55)
(Increase)/ Decrease in trade receivables and financial assets	28.48	17.56
(Increase)/ Decrease in other non-current and current assets	0.33	0.24
Increase/ (Decrease) in provisions and other liabilities	(2.94)	1.55
Increase/ (Decrease) in trade payables and financial liabilities	(3.95)	(12.57)
<b>Cash generated from operations</b>	<b>79.29</b>	<b>85.42</b>
Income tax paid	(3.65)	(12.74)
<b>Net cash generated from operating activities</b>	<b>75.64</b>	<b>72.68</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(70.24)	(61.92)
Interest received	1.04	0.51
Dividend received	0.35	0.23
Investment (Net-other than Joint venture)	(22.92)	18.63
Sale proceed from Joint venture Company's investment	62.50	-
<b>Net cash used in investing activities</b>	<b>(29.27)</b>	<b>(42.55)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	6.99	30.82
Repayment of borrowings	(48.47)	(48.11)
Dividend paid (including dividend distribution tax)	(0.05)	(8.77)
Interest paid	(2.63)	(1.90)
<b>Net cash used in financing activities</b>	<b>(44.16)</b>	<b>(27.96)</b>
Net Increase/ (Decrease) in cash and cash equivalents	2.21	2.17
Cash and cash equivalents as at the beginning of the year	3.26	1.09
<b>Cash and cash equivalents as at the end of the year</b>	<b>5.47</b>	<b>3.26</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash on hand	0.01	-
Balances with banks - Current accounts	5.46	5.51
Overdraft Facilities	-	(2.25)
	<b>5.47</b>	<b>3.26</b>

Significant Accounting Policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

**Dinesh Munot**  
DIN : 00049801  
**Utkarsh Munot**  
DIN : 00049903  
**S.A. Gundecha**  
DIN : 00220352

Chairman  
Managing Director  
Director and Chairman of the Audit Committee  
Chief Financial Officer  
Company Secretary

**Prakash Apte**  
Partner  
Membership No. : 033212  
UDIN No.-20033212AAAABE7291

**Jinendra Jain**  
**Satish Mehta**

Place: Pune  
June 27, 2020

Place: Pune  
June 27, 2020

## Statement of Changes in Equity

(Rs. in Crore)

### A. Equity Share Capital

	Notes	Amount
<b>As at April 1, 2018</b>		<b>9.07</b>
Changes in equity share capital during the year	10	-
<b>As at March 31, 2019</b>		<b>9.07</b>
Changes in equity share capital during the year	10	-
<b>As at March 31, 2020</b>		<b>9.07</b>

### B. Other Equity

Particulars	Attributable to owners Reserves and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
<b>Balance as at April 1, 2018</b>	<b>0.35</b>	<b>2.32</b>	<b>235.00</b>	<b>131.88</b>	<b>369.55</b>
Profit for the year	-	-	-	(1.31)	(1.31)
Other comprehensive income for the year net of tax	-	-	-	(0.35)	(0.35)
<b>Total comprehensive income for the year</b>	-	-	-	<b>(1.66)</b>	<b>(1.66)</b>
Dividend Paid	-	-	-	(7.26)	(7.26)
Dividend distribution tax	-	-	-	(1.49)	(1.49)
<b>Balance at March 31, 2019</b>	<b>0.35</b>	<b>2.32</b>	<b>235.00</b>	<b>121.47</b>	<b>359.14</b>
Profit for the year	-	-	-	(0.28)	(0.28)
Other comprehensive income for the year net of tax	-	-	-	(0.88)	(0.88)
<b>Total comprehensive income for the year</b>	-	-	-	<b>(1.16)</b>	<b>(1.16)</b>
<b>Balance at March 31, 2020</b>	<b>0.35</b>	<b>2.32</b>	<b>235.00</b>	<b>120.31</b>	<b>357.98</b>

Significant Accounting Policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

**Prakash Apte**  
Partner  
Membership No. : 033212  
UDIN No.-20033212AAAABE7291

Place: Pune  
June 27, 2020

For and on behalf of the Board of Directors

**Dinesh Munot**  
DIN : 00049801  
**Utkarsh Munot**  
DIN : 00049903

**S.A. Gundecha**  
DIN : 00220352

**Jinendra Jain**  
**Satish Mehta**

Place: Pune  
June 27, 2020

Chairman

Managing Director

Director and Chairman of the Audit Committee

Chief Financial Officer  
Company Secretary

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

## 1 Company overview

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

## 2 Significant accounting policies

### 2.1 Basis of preparation

#### (i) Statement of compliance

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

These financial statements were authorised for issue by the Company's Board of Directors on June 27, 2020.

#### (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, expenses and accompanying disclosure of contingent liability. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

Note 23 - Recognition of deferred tax assets: Availability of future taxable profit against which tax losses carried forward can be used;

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

Note 13 - Provision for warranty.

Note 34 - Impairment of assets.

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

### 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 28 for segment information presented.

### 2.4 Foreign currencies

#### (i) Functional and presentation currency

The financial statements are presented and accounted 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

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

### 2.5 Revenue

The Company earns revenue primarily from sale of steering gear.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. The Company has adopted Ind AS 115 using the cumulative effect method.

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

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products/ services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

### 2.6 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss in proportion to export sale.

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### 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.

### 2.8 Leases

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

#### As a lessee:

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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

The Company has taken on lease certain facilities and equipments under lease arrangements. Rental expense for March 31, 2019 was Rs. 0.09 Crores.

### **Company as a lessor:**

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

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

### **Transition:**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively using the modified retrospective method, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information. The cumulative effect of initially applying this standard has not been significant, hence no adjustment to the opening balance of retained earnings as on April 1, 2019 has been done.

Refer note 2.8 – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at an amount equal to Lease liability as at April 1, 2019. Accordingly, a right-of-use asset of Rs. 0.92 Crores and lease liability of Rs. 0.92 Crore has been recognised. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.50% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to amortisation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

### 2.9 A Impairment of non financial assets

Property, plant and equipment (PPE) and Intangible assets (IA) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.9 B Impairment of Investment

The carrying value of assets/ cash generating units at each Balance Sheet date are reviewed for impairment. If any such indication exists, the Company estimates their recoverable amount and impairment is recognised, if the carrying amount of these assets/ cash generating units exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. When there is indication that an impairment loss recognised for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit & Loss.

### 2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### 2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment, if any.

### 2.12 Inventories

Inventories are valued at the lower of cost (Value of cost is computed on a weighted average basis) and estimated net realisable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Goods-in-transit are stated at actual cost incurred upto the date of balance sheet. Scrap is valued at net realisable value.

### 2.13 Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

#### A. Financial Assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

#### (I) Classification

The financial assets are classified in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

### (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,

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

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. Also in the case, Where recoverable amount is less than its carrying amount, the impairment loss is accounted for.

#### 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 effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

##### Dividend income

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

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

Property, plant and equipment excluding land are measured at cost/ deemed cost, less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated attributable costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a written down value method (WDV) method as per Ind AS 6 and its life as per Schedule II to the Companies Act, 2013. Except in respect of :

- a) Plant & machinery depreciated over the useful life of 1 to 15 years, wherein, the life of the said assets has been assessed based on internal technical evaluations, taking in to the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement,

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

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 following method and useful life:

Class of asset	Method	Life of the asset
SAP related Software	Straight Line Method	3 years
Other Computer Software	Written Down Method	6 years
Patent	Straight Line Method	15 years

### 2.19 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

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 such obligation.

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

### 2.22 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

## 2.23 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 Crore as per the requirement of Schedule III, unless otherwise stated.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 3. (a) Property, Plant and Equipment (PPE)

	Gross Block				Accumulated Depreciation				Net Block	
	Carrying amount as at 1 April 2019	Additions	Deletions / Disposals	Balance as at 31 March 2020	Balance as at 1 April 2019	Depreciation for the year	Accumulated depreciation on deletions/ disposals	Balance as at 31 March 2020	as at 31 March 2020	as at 31 March 2019
<b>Property, Plant and Equipment (PPE)</b>										
Land	1.09	-	-	<b>1.09</b>	-	-	-	-	<b>1.09</b>	1.09
Buildings	13.10	42.30	-	<b>55.40</b>	2.78	3.16	-	<b>5.94</b>	<b>49.46</b>	10.32
Plant & Equipment	124.73	55.47	(0.24)	<b>179.96</b>	64.57	19.60	(0.09)	<b>84.08</b>	<b>95.88</b>	60.16
Plant & Equipment ( R & D)	1.17	-	-	<b>1.17</b>	0.71	0.10	-	<b>0.81</b>	<b>0.36</b>	0.46
Furniture & Fixtures	2.04	1.25	(0.01)	<b>3.28</b>	0.91	0.43	(0.01)	<b>1.33</b>	<b>1.95</b>	1.13
Vehicles	4.07	3.67	(1.05)	<b>6.69</b>	2.42	1.09	(0.68)	<b>2.83</b>	<b>3.86</b>	1.65
Office Equipment	2.45	2.07	(0.01)	<b>4.51</b>	1.52	0.94	-	<b>2.46</b>	<b>2.05</b>	0.93
Electrical Installation	3.90	4.21	-	<b>8.11</b>	1.70	1.10	-	<b>2.80</b>	<b>5.31</b>	2.20
ETP/STP Plant	0.19	0.17	-	<b>0.36</b>	0.13	0.03	-	<b>0.16</b>	<b>0.20</b>	0.06
Wind Mills	17.97	-	-	<b>17.97</b>	2.06	1.82	-	<b>3.88</b>	<b>14.09</b>	15.91
Solar Power Plant	26.92	-	-	<b>26.92</b>	11.51	2.86	-	<b>14.37</b>	<b>12.55</b>	15.41
<b>Total property, plant and equipment</b>	<b>197.63</b>	<b>109.14</b>	<b>(1.31)</b>	<b>305.46</b>	<b>88.31</b>	<b>31.13</b>	<b>(0.78)</b>	<b>118.66</b>	<b>186.80</b>	<b>109.32</b>

	Gross Block				Accumulated Depreciation				Net Block	
	Carrying amount as at 1 April 2018	Additions	Deletions / Disposals	Balance as at 31 March 2019	Balance as at 1 April 2018	Depreciation for the year	Accumulated depreciation on deletions/ disposals	Balance as at 31 March 2019	as at 31 March 2019	as at 31 March 2018
<b>Property, Plant and Equipment (PPE)</b>										
Land	0.33	0.76	-	<b>1.09</b>	-	-	-	-	<b>1.09</b>	0.33
Buildings	12.00	1.10	-	<b>13.10</b>	1.67	1.11	-	<b>2.78</b>	<b>10.32</b>	9.32
Plant & Equipment	103.44	21.37	(0.08)	<b>124.73</b>	42.89	21.69	(0.01)	<b>64.57</b>	<b>60.16</b>	60.55
Plant & Equipment (R & D)	1.18	-	(0.01)	<b>1.17</b>	0.56	0.15	-	<b>0.71</b>	<b>0.46</b>	0.62
Furniture & Fixtures	1.48	0.56	-	<b>2.04</b>	0.66	0.25	-	<b>0.91</b>	<b>1.13</b>	0.83
Vehicles	5.81	0.01	(1.75)	<b>4.07</b>	2.60	0.76	(0.94)	<b>2.42</b>	<b>1.65</b>	3.22
Office Equipment	1.79	0.66	-	<b>2.45</b>	0.97	0.55	-	<b>1.52</b>	<b>0.93</b>	0.82
Electrical Installation	3.68	0.22	-	<b>3.90</b>	0.97	0.73	-	<b>1.70</b>	<b>2.20</b>	2.71
ETP/STP Plant	0.19	-	-	<b>0.19</b>	0.10	0.03	-	<b>0.13</b>	<b>0.06</b>	0.08
Wind Mills	5.75	12.22	-	<b>17.97</b>	0.91	1.15	-	<b>2.06</b>	<b>15.91</b>	4.84
Solar Power Plant	26.92	-	-	<b>26.92</b>	7.99	3.52	-	<b>11.51</b>	<b>15.41</b>	18.93
<b>Total property, plant and equipment</b>	<b>162.57</b>	<b>36.90</b>	<b>(1.84)</b>	<b>197.63</b>	<b>59.32</b>	<b>29.94</b>	<b>(0.95)</b>	<b>88.31</b>	<b>109.32</b>	<b>102.25</b>

### A. Security

As at 31-March-2020, properties worth Rs. Nil (31-March-2019 Rs.17.80 Crore) are subject to first charge against borrowings and as at 31-March-2020 properties worth Rs. Nil (31-March-2019 Rs.52.47 Crore) are pledged as second charges against cash credit facilities. See note-12(b).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 3 [b] Right of Use Asset

	Category of Right of Use asset Leasehold land
<b>Balance as at March 31, 2019</b>	-
Reclassified on account of adoption of IND AS 116	10.77
Additions	0.09
Deletions	-
Amortisation	(0.45)
<b>Balance as At March 31, 2020</b>	<b>10.41</b>

### 4 INTANGIBLE ASSETS

	Computer software	Technical know how	Patent	Total
<b>Year ended March 31, 2020</b>				
<b>Gross Carrying Amount</b>				
Carrying amount as at April 1, 2019	4.48	0.01	0.04	4.53
Additions	0.84	-	-	0.84
Disposals / adjustments	-	-	-	-
<b>At March 31, 2020</b>	<b>5.32</b>	<b>0.01</b>	<b>0.04</b>	<b>5.37</b>
<b>Accumulated depreciation and impairment, if any</b>				
As at April 1, 2019	2.89	-	0.01	2.90
Charge for the year	0.89	-	-	0.89
Disposals / adjustments	-	-	-	-
<b>At March 31, 2020</b>	<b>3.78</b>	<b>-</b>	<b>0.01</b>	<b>3.79</b>
<b>Net Block At March 31, 2020</b>	<b>1.54</b>	<b>0.01</b>	<b>0.03</b>	<b>1.58</b>

	Computer software	Technical know how	Patent	Total
<b>Year ended March 31, 2019</b>				
<b>Gross Carrying Amount</b>				
Carrying amount as at April 1, 2018	4.48	0.01	0.04	4.53
Additions	-	-	-	-
Disposals / adjustments	-	-	-	-
<b>At March 31, 2019</b>	<b>4.48</b>	<b>0.01</b>	<b>0.04</b>	<b>4.53</b>
<b>Accumulated depreciation and impairment, if any</b>				
As at April 1, 2018	1.80	-	0.01	1.81
Charge for the year	1.09	-	-	1.09
Disposals / adjustments	-	-	-	-
<b>At March 31, 2019</b>	<b>2.89</b>	<b>-</b>	<b>0.01</b>	<b>2.90</b>
<b>Net Block at March 31, 2019</b>	<b>1.59</b>	<b>0.01</b>	<b>0.03</b>	<b>1.63</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 5 FINANCIAL ASSETS

#### [a] INVESTMENTS

	Notes	31-Mar-20	31-Mar-19
<b>Non-Current</b>			
Investment in equity instruments (unquoted, fully paid-up, at cost)	See note (i)	-	62.50
Investment in equity shares (quoted, fully paid-up, at FVTPL)	See note (ii)	9.24	13.94
Investments in redeemable Non-Convertible Bonds (quoted, fully paid-up, at amortised cost)	See note (iii)	4.40	4.40
Investments in Mutual Funds (quoted, at FVTPL)	See note (iv)	93.33	70.89
		<b>106.97</b>	<b>151.73</b>
Carrying amount of investment, pledged as security with bank (shown in bold)		22.66	41.54

	31-Mar-20	31-Mar-19
Aggregate amount of quoted investments and market value thereof	106.97	89.23
Unquoted investment in Joint Venture Company	-	62.50

#### (i) Investment in equity share (Unquoted, Joint Venture(JV), at Cost)

	31-Mar-20		31-Mar-19	
	Nos	Amount	Nos	Amount
Robert Bosch Automotive Steering Private Limited (26% holding, face value Rs. 10)(Refer note-34)	-	-	12,93,50,000	129.35
Less: Provision for diminution in value of investment		(66.85)		(66.85)
Add: Provision add back for diminution in value of investment		66.85		-
<b>Net investment in Joint venture Company</b>		<b>-</b>		<b>62.50</b>

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

	31-Mar-20		31-Mar-19	
	Nos	Amount	Nos	Amount
ICICI Bank Limited (Face value of Rs. 2 each)	78,424	2.54	78,424	3.14
Tata Consultancy Services Limited (Face value of Rs. 1 each)	24,432	4.46	24,432	4.89
KPIT Technology Limited(Face value of Rs. 10 each)	60,000	0.21	60,000	0.65
Birla Soft Limited (Face value of Rs. 2 each)	60,000	0.37	60,000	0.59
Borosil Glass Works Limited (Face value of Rs. 1 each)	-	-	15,000	0.32
Borosil Limited (Face value of Rs. 1 each)	15,000	0.01	-	-
Borosil Renewables Limited (Face value of Rs. 1 each)	15,000	0.05	-	-
SBI Card & payment services Limited (Face value of Rs 10 each)	1,530	0.09	-	-
Infosys Limited (Face value of Rs. 5 each)	5,386	0.35	5,386	0.40
GAIL (India) limited (Face value of Rs. 10 each)	88,933	0.68	88,933	3.09
Mahindra & Mahindra Limited (Face value of Rs. 5 each)	8,000	0.23	8,000	0.54
HDFC Asset-Management Company Limited (Face value of Rs. 5 each)	140	0.03	140	0.02
Godrej Consumer Products Limited (Face value of Rs. 1 each)	4,250	0.22	4,250	0.29
		<b>9.24</b>		<b>13.93</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

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

	31-Mar-20		31-Mar-19	
	Nos	Amount	Nos	Amount
National Highway Authority of India (NHAI)	24,724	2.44	24,724	2.44
Power Finance Corporation Limited (PFC)	19,935	1.96	19,935	1.96
		4.40		4.40

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

	31-Mar-20		31-Mar-19	
	Nos	Amount	Nos	Amount
<b>HDFC Credit Risk Debt Fund - Growth</b>	<b>49,63,912</b>	<b>8.66</b>	<b>49,63,912</b>	<b>7.90</b>
Reliance Capital Limited Series B/ 437 - NCD	500	1.25	500	4.94
<b>Axis Credit Risk Fund - Growth</b>	<b>50,00,000</b>	<b>8.10</b>	<b>50,00,000</b>	<b>7.68</b>
Axis Focused 25 Fund - Direct- Growth	16,37,189	4.18	8,60,289	2.52
Sundaram Rural and Consumption Fund - Direct -Growth	5,68,239	1.89	5,68,239	2.48
Nippon India Prime Debt Fund- Growth (Reliance Prime Debt Fund- Growth)	51,92,352	22.54	54,27,071	21.77
Motilal Oswal Multicap 35 Fund - Direct - Growth	8,98,411	1.85	8,98,411	2.45
Invesco India Growth Opportunities Fund - Direct - Growth	6,89,085	2.06	6,89,085	2.61
IIFL Special opportunities fund	20,20,047	1.67	20,20,047	1.99
<b>Kotak FMP series 220 growth</b>	<b>50,00,000</b>	<b>5.90</b>	<b>50,00,000</b>	<b>5.39</b>
Edelweiss Alternative Equity Fund	23,26,706	4.75	23,85,644	5.01
Aventus Absolute Return Fund	50,00,000	5.73	50,00,000	5.51
IRB Invit fund	1,00,000	0.26	1,00,000	0.66
Franklin India Savings Fund - Growth	64,58,806	24.49	-	-
		93.33		70.91

Fair value measurements related to investments are discussed in Note 26.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### [b] TRADE RECEIVABLES

	31-Mar-20	31-Mar-19
Trade receivables	49.06	77.23
<b>Total receivables</b>	<b>49.06</b>	<b>77.23</b>
Current portion	49.06	77.23
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-20	31-Mar-19
<b>Trade receivables</b>		
Unsecured, considered good	49.06	77.23
<b>Sub-total</b>	<b>49.06</b>	<b>77.23</b>
Less: Impairment allowance	-	-
<b>Total</b>	<b>49.06</b>	<b>77.23</b>

(i) There is no trade receivables due from related parties a 31-March-2020 and 31-March-2019.

(ii) The Company's exposure to credit risk, currency risk related to trade receivables are discussed in Note 25.

### Transferred receivables

The carrying amount of trade receivables includes receivables which are discounted with banks. The Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Company has retained the late payment and credit risk. Accordingly, the Company continues to recognise the transferred assets in entirety in its balance sheet. The amount repayable under the bill discounting arrangement is presented as borrowing.

<b>the relevant carrying amounts are as follows:</b>	31-Mar-20	31-Mar-19
Total transferred receivables	-	10.10

### [c] CASH AND CASH EQUIVALENTS

	31-Mar-20	31-Mar-19
Cash on hand*	0.01	-
Balances with banks - Current accounts	5.46	5.51
	<b>5.47</b>	<b>5.51</b>

\* Cash balance as at march 31, 2019 is Rs. 25,612.

### [d] BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

	31-Mar-20	31-Mar-19
Balances with banks in - on account of unpaid dividends	0.53	0.58
	<b>0.53</b>	<b>0.58</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### [e] LOANS

	31-Mar-20	31-Mar-19
<b>Non Current (Unsecured, considered good)</b>		
Security Deposits	0.42	0.59
Loan to employees	0.03	0.06
	<b>0.45</b>	<b>0.65</b>
<b>Current (Unsecured, considered good)</b>		
Loan to employees	0.10	0.07
	<b>0.10</b>	<b>0.07</b>

### [f] OTHERS

	31-Mar-20	31-Mar-19
<b>Non Current</b>		
Fixed deposits with banks (maturity > 3 months)	-	0.07
	-	<b>0.07</b>
<b>Current</b>		
Fixed deposits with banks (maturity < 3 months)	0.07	-
Incentives under Government schemes/ Grant	0.31	0.44
Interest on Fixed Deposit/ others	0.27	0.23
	<b>0.65</b>	<b>0.67</b>

### 6 OTHER ASSETS

	31-Mar-20	31-Mar-19
<b>Non Current</b>		
Capital Advances	2.71	22.29
Prepaid rent of leasehold premises	-	9.85
	<b>2.71</b>	<b>32.14</b>
<b>Current</b>		
Balances with Government authorities	6.04	0.04
VAT receivable	4.49	9.09
Prepaid expenses	1.08	0.98
Advances to suppliers	0.32	2.15
	<b>11.93</b>	<b>12.26</b>

### 7 NON CURRENT TAX ASSETS

	31-Mar-20	31-Mar-19
<b>Non Current</b>		
Opening balance	3.09	3.83
Add: Taxes paid during the year (For Current year Rs. 1.56 Crores & for earlier years Rs. 2.09 Crores)	3.65	13.23
Less: Tax expenses pertaining to earlier year	(0.21)	(13.97)
<b>Closing balance</b>	<b>6.53</b>	<b>3.09</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 8 DEFERRED TAX ASSETS (Net)

	31-Mar-20	31-Mar-19
<b>Deferred tax (liabilities)/ assets</b>		
Property, plant and equipment	1.99	3.17
Provision for gratuity and leave encashment	1.46	1.24
Investments	(1.76)	(2.30)
Business Loss	21.20	23.36
Others	-	-
<b>Deferred tax (liabilities)/ assets net</b>	<b>22.89</b>	<b>25.47</b>

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

	31-Mar-18	Recognised in			31-Mar-19
		Profit or loss	OCI	Equity	
Property, plant and equipment	(1.59)	4.76	-	-	3.17
Provision for gratuity and leave encashment	1.11	(0.06)	0.19	-	1.24
Investments	0.15	(2.45)	-	-	(2.30)
Business Loss	-	23.36	-	-	23.36
Others	(0.25)	0.25	-	-	-
	<b>(0.58)</b>	<b>25.86</b>	<b>0.19</b>	-	<b>25.47</b>

	31-Mar-19	Recognised in			31-Mar-20
		Profit or loss	OCI	Equity	
Property, plant and equipment	3.17	(1.18)	-	-	1.99
Provision for gratuity and leave encashment	1.24	(0.26)	0.48	-	1.46
Investments	(2.30)	0.54	-	-	(1.76)
Business loss	23.36	(2.16)	-	-	21.20
	<b>25.47</b>	<b>(3.06)</b>	<b>0.48</b>	-	<b>22.89</b>

### 9 INVENTORIES

	31-Mar-20	31-Mar-19
(at lower of cost or net realisable value)		
Raw materials	6.01	11.36
Work - in - Progress	14.61	21.97
Finished Goods	2.73	6.93
less: Provision for reduction in value of inventory	(0.08)	-
<b>Total</b>	<b>23.27</b>	<b>40.26</b>
<b>Included in inventories goods in transit/ at godown as follows:</b>		
Raw materials	0.37	0.58
Finished goods	2.30	6.14
<b>Total</b>	<b>2.67</b>	<b>6.72</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 10 SHARE CAPITAL

#### [a] Authorised share capital

	Equity shares of Rs. 10 each (PY Rs. 10 each)	
	No. of shares	Amount
<b>As at 31-Mar-2019</b>	1,00,00,000	10
Increase during the year	-	-
<b>As at 31-Mar-2020</b>	<b>1,00,00,000</b>	<b>10</b>

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

	Equity shares of Rs. 10 each (PY Rs. 10 each)	
	No. of shares	Amount
<b>As at 31-Mar-2019</b>	90,73,300	9.07
Change during the year	-	-
<b>As at 31-Mar-2020</b>	<b>90,73,300</b>	<b>9.07</b>

#### (i) Terms/ rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee.

In the event of liquidation of the Company, the holders of each equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

#### [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-20		31-Mar-19	
	No. of shares	% of total equity shares	No. of shares	% of total equity shares
Robert Bosch Automotive Steering GmbH	23,40,155	25.79	23,40,155	25.79
Mr. Utkarsh Munot	11,91,494	13.13	11,91,494	13.13
Mr. Dinesh Munot	9,49,290	10.46	9,49,290	10.46

### 11 OTHER EQUITY

	31-Mar-20	31-Mar-19
General Reserve	235.00	235.00
Securities Premium	2.32	2.32
Capital Reserve	0.35	0.35
Retained Earnings	120.31	121.47
	<b>357.98</b>	<b>359.14</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### (i) General Reserve

	31-Mar-20	31-Mar-19
Balance at the beginning of the year	235.00	235.00
Movement during the year	-	-
<b>Balance at the end of the year</b>	<b>235.00</b>	<b>235.00</b>

The General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss. As per Companies Act 2013, transfer of profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

### (ii) Securities Premium

	31-Mar-20	31-Mar-19
Balance at the beginning of the year	2.32	2.32
Movement during the year	-	-
<b>Balance at the end of the year</b>	<b>2.32</b>	<b>2.32</b>

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

### (iii) Capital Reserve

	31-Mar-20	31-Mar-19
Balance at the beginning of the year	0.35	0.35
Movement during the year	-	-
<b>Balance at the end of the year</b>	<b>0.35</b>	<b>0.35</b>

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-20	31-Mar-19
Balance at the beginning of the year	121.47	131.88
Net profit for the year	(0.28)	(1.31)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.88)	(0.35)
Dividend paid	-	(7.26)
Dividend distribution tax	-	(1.49)
<b>Balance at the end of the year</b>	<b>120.31</b>	<b>121.47</b>

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/ (gain) on defined benefit plans, net of taxes that will not be reclassified to Profit and Loss. Retained earnings is a free reserve available to the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 12 FINANCIAL LIABILITIES

#### 12 [a] NON-CURRENT BORROWINGS

	Maturity Year	Security and terms of repayment	31-Mar-20	31-Mar-19
<b>Secured- Amortised Cost</b>				
<b>(i) Rupee Term loans - From banks</b>				
HDFC Bank Ltd	FY 2021-22	The loan is repayable in equal quarterly installment of Rs.1.98 Crore. This loan carries variable interest rate of 8.45%P.a.. Loan is secured by sole charge on the New Plant and machinery purchased. This loan was repaid during the year.	-	9.89
HDFC Bank Ltd-Pithampur	FY 2023-24	The loan repayment will start from September,19 and repayable in four years. This loan carries variable interest rate of 8.5%P.a.. Loan is secured by sole charge on the pithampur PPE purchased. This loan was repaid during the year.	-	9.08
<b>Unsecured</b>				
Deferred payment liabilities	FY 2022-23	See note (i)	1.04	1.98
			<b>1.04</b>	<b>20.95</b>

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

Year	"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.)
2020-21	0.10	0.34	0.50	0.94
2021-22	0.10	0.22	0.33	0.65
2022-23	0.11	0.11	0.17	0.39
	<b>0.31</b>	<b>0.67</b>	<b>1.00</b>	<b>1.98</b>

#### (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).

(ii) The Company's exposure to Liquidity risk, market risk related to borrowings are discussed in Note 25.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 12[b] CURRENT BORROWINGS

	Security	31-Mar-20	31-Mar-19
<b>Secured</b>			
<b>(I) From banks</b>			
Cash Credit Facilities	These facilities from banks are Secured by hypothecation of Inventories and trade receivables and second charge on pari passu charges on Land, Building & Plant and machinery at factory.	-	0.92
Overdraft Facilities	These facilities are secured against pledge of certain financial asset of the Company (refer note 5a).	-	2.25
Bill discounting with banks	Secured against transferred trade receivables.	-	10.10
		-	<b>13.27</b>

The Company's exposure to Liquidity risk, market risk related to borrowings are discussed in Note 25.

### 12[c] TRADE PAYABLES

	31-Mar-20	31-Mar-19
<b>Current</b>		
Total outstanding dues of Micro and Small Enterprises (Refer note -31)	6.84	8.70
Total outstanding dues of creditors other than Micro and Small Enterprises	27.63	29.72
	<b>34.47</b>	<b>38.42</b>

(i) Details of trade payables to related parties are disclosed as part of note 35 - Related party disclosures.

(ii) The Company's exposure to Liquidity risk, currency risk related to trade Payables are discussed in Note 25.

### 12[d] LEASE LIABILITY

	31-Mar-20	31-Mar-19
<b>Non-current</b>		
lease liability	0.99	-
	<b>0.99</b>	-
<b>Current</b>		
lease liability	0.01	-
	<b>0.01</b>	-

The following is the movement in lease liability during the year ended March 31, 2020:-

	Amount
<b>Balance as of April 1, 2019</b>	<b>0.92</b>
Addition	0.09
Finance cost accrued during the period	0.08
Deletion	-
Payment of Lease Liability	(0.09)
<b>Balance as on March 31, 2020</b>	<b>1.00</b>

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

	Amount
Less than 1 year	0.09
one to five year	0.36
More than 5 year	1.79
<b>Total</b>	<b>2.24</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 12[e] OTHERS

	31-Mar-20	31-Mar-19
<b>Current</b>		
Payable for capital goods	15.32	20.08
Current maturities of long-term debt	0.94	11.49
Unpaid dividends	0.53	0.58
	<b>16.79</b>	32.15

### 13 PROVISIONS

	31-Mar-20	31-Mar-19
<b>Non-current</b>		
Provision for leave encashment	2.03	1.79
	<b>2.03</b>	<b>1.79</b>
<b>Current</b>		
Provision for gratuity (see note 29)	1.15	0.32
Provision for leave encashment	1.04	1.62
Warranty provision [See note (i) below]	1.22	0.83
	<b>3.41</b>	<b>2.77</b>

#### Note (i) - Warranty provision

The Company generally offers a warranty for a period of 3 years (last year 2 year) or 3,00,000 km whichever is earlier for its products. Warranty costs are determined as a percentage of sales based on the past trends of the costs required to be incurred for repairs, replacements, material costs and servicing cost. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past information may differ from future claims. As the time value of money is not considered to be material, warranty provisions are not discounted.

#### Movement in warranty provision

	For the year ended	
	31-Mar-20	31-Mar-19
Carrying amount in the beginning of the year	0.83	0.77
Additional provision made	0.71	0.27
Amount used	(0.32)	(0.21)
unused amount reversed	-	-
<b>Carrying amount at the end of the year</b>	<b>1.22</b>	<b>0.83</b>

### 14 OTHER LIABILITIES

	31-Mar-20	31-Mar-19
<b>Non Current</b>		
Deferred Income	0.05	0.07
Export Promotion Capital Goods (EPCG)	4.23	-
	<b>4.28</b>	<b>0.07</b>
<b>Current</b>		
Advance from customers	2.10	2.26
Deferred revenue	0.47	0.89
Statutory liabilities	0.72	3.56
Others	2.61	2.63
	<b>5.90</b>	<b>9.34</b>

EPCG Liability refers Government incentives of Rs. 4.37 Crores (Rs. 0.14 Crores has been booked as other income during the year) as at March 31, 2020 grants relating to property, plant and equipment related to duty saved on import of capital goods and spares under the Exports Promotion Capital Goods (EPCG) scheme. Under such scheme, the Company is committed to export six times of duty saved on import of Capital Goods over a period of six years. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 15 REVENUE FROM OPERATIONS

	For the year ended	
	31-Mar-20	31-Mar-19
<b>Revenue from sale of products</b>		
-Sale of Products	274.84	429.17
	<b>274.84</b>	<b>429.17</b>
<b>Revenue from rendering services</b>		
- Domestic services	0.29	0.01
	<b>0.29</b>	<b>0.01</b>
<b>Other operating income</b>		
- Solar power income	8.91	8.48
- Windmill income	1.76	-
- Sale of scrap	0.77	1.68
	<b>11.44</b>	<b>10.16</b>
	<b>286.57</b>	<b>439.34</b>

### 16 OTHER INCOME

	For the year ended	
	31-Mar-20	31-Mar-19
Dividend income	0.35	0.23
Interest income	1.04	0.51
Realised gains on Financial assets Investment measured at FVTPL	1.18	8.54
Foreign exchange gain	0.15	0.11
Government grants	0.16	0.03
Export incentive	0.36	0.90
Other non operating income	0.40	0.60
	<b>3.64</b>	<b>10.92</b>

\*Government Grants include incentive of 0.14 crores for the year ended March 31, 2020 towards Exports Promotion Capital Goods (EPCG) scheme.

### 17 COST OF RAW MATERIAL CONSUMED

	For the year ended	
	31-Mar-20	31-Mar-19
Raw material consumed	160.03	270.92
Packing material consumed	0.94	1.63
Fabrication and processing charges	2.53	4.79
	<b>163.50</b>	<b>277.34</b>

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

	For the year ended	
	31-Mar-20	31-Mar-19
<b>Opening stock</b>		
Work in progress	21.97	22.47
Finish goods (Includes Goods in transit/ at godown)	6.93	4.05
	<b>28.90</b>	<b>26.52</b>
<b>Less: Closing stock</b>		
Work in progress	14.61	21.97
Finish goods (Includes Goods in transit/ at godown)	2.73	6.93
	<b>17.34</b>	<b>28.90</b>
	<b>11.56</b>	<b>(2.38)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 19 EMPLOYEE BENEFITS EXPENSE

	For the year ended	
	31-Mar-20	31-Mar-19
Salaries, wages, bonus etc.	29.19	32.72
Contribution to provident and other funds	1.50	1.28
Staff welfare expenses	3.55	4.83
Contract Labour Expenses	9.99	12.65
	<b>44.23</b>	<b>51.48</b>

### 20 OTHER EXPENSES

	For the year ended	
	31-Mar-20	31-Mar-19
Power and fuel (Net of credit of windmill and solar income of Rs. 2.90 Crore, PY - Rs. 6.94 Crore)	8.23	9.04
Repairs and maintenance		
-Buildings	0.77	2.53
-Machinery	2.02	3.84
-Others	0.75	0.87
Rent	0.04	0.02
Insurance	0.33	0.30
Rates and taxes	0.27	0.25
Selling and distribution expenses	3.73	5.55
Solar energy generation expenses	0.64	0.97
Windmill energy generation expenses	1.87	0.99
Loss on sale/ discard of assets	0.04	0.35
Unrealised loss/ (gain) on Financial assets Investment measured at FVTPL	6.36	2.03
Amortisation of prepaid lease	-	0.41
CSR expense	1.15	1.22
Audit fees	0.11	0.10
Other miscellaneous expenses	8.06	9.26
	<b>34.37</b>	<b>37.73</b>

### A. AUDITORS' REMUNERATION

	31-Mar-20	31-Mar-19
Audit fees	0.08	0.07
Limited review	0.01	0.01
Tax audit fees	0.01	0.01
GST/VAT audit fees	0.01	0.01
For Certification and other related work	-	-
	<b>0.11</b>	<b>0.10</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 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 India Institute of Science Education and Research(IISER), and one NGO (Non Government Organisation).

	31-Mar-20	31-Mar-19
Gross amount required to be spent by the company during the year	1.15	1.22
Amount spent during the year on :		
Construction/ Acquisition of any asset	-	-
On purpose other than above	1.15	1.22

### 21 FINANCE COSTS

	For the year ended	
	31-Mar-20	31-Mar-19
Interest expenses	2.17	2.55
Other borrowing cost	0.46	1.55
Less: borrowing cost capitalised	(1.54)	(2.16)
	<b>1.09</b>	<b>1.94</b>

### 22 DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended	
	31-Mar-20	31-Mar-19
Depreciation on property, plant and equipment	31.13	29.94
Amortisation of intangible assets	0.89	1.09
Amortisation of right of use assets	0.45	-
	<b>32.47</b>	<b>31.03</b>

### 23 INCOME TAX

[a] Income tax expense is as follows:

	For the year ended	
	31-Mar-20	31-Mar-19
<b>Statement of profit and loss</b>		
<b>Current tax:</b>		
Current tax on profits for the year	-	13.97
Taxation of earlier years	0.21	(0.53)
<b>Total current tax expense</b>	<b>0.21</b>	<b>13.44</b>
<b>Deferred tax:</b>		
Deferred tax expense/ (income)	3.06	(25.86)
<b>Total deferred tax expense/ (benefit)</b>	<b>3.06</b>	<b>(25.86)</b>
<b>Income tax expense</b>	<b>3.27</b>	<b>(12.42)</b>
<b>Other comprehensive income</b>		
<b>Deferred tax related to OCI items:</b>		
- On loss/ (gain) on remeasurements of defined benefit plans	0.48	0.19
	<b>0.48</b>	<b>0.19</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

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

	For the year ended	
	31-Mar-20	31-Mar-19
Profit before exceptional items and tax	(63.86)	53.12
Tax at the Indian tax rate of 34.944% (2018-19: 34.944%)	(22.32)	18.56
Effect of non deductible expenses	(0.37)	2.23
Effect of exempt/ other income/ deduction	1.90	(3.83)
Previously unrecognised tax losses now regrouped to reduce tax expenses	23.85	(28.85)
Taxation of earlier years	0.21	(0.53)
<b>Income tax expense</b>	<b>3.27</b>	<b>(12.42)</b>

### 24 EARNINGS PER SHARE

	For the year ended	
	31-Mar-20	31-Mar-19
<b>Basic and diluted earnings per share (face value of Rs. 10 each)</b>		
- Profit attributable to the equity share holders of the Company	(0.28)	(1.31)
- Weighted average number of shares	90,73,300	90,73,300
<b>Basic and diluted earnings per share in INR</b>	<b>(0.31)</b>	<b>(1.44)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 25 FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to a variety of financial risks, viz liquidity risk, market risk and credit risk. The Management of the Company has the overall responsibility for establishing and governing the Company's risk policy framework. The risk management policies are formulated after the identification and analysis of the risks and suitable risk limits and controls are set which are monitored & reviewed periodically. The changes in the market conditions and allied areas are accordingly reflected in the changes of the policy. The key risks and mitigating actions are placed before the Audit Committee of the Company who then evaluates and takes the necessary corrective action. The sources of risk, which the Company is exposed to and how the Company manages these risks with their impact on the Financial Statements is given below:

Risk	Exposure from	Measurement	Management
Credit risk	Trade receivables, Cash and cash equivalents	Aging analysis, Credit ratings	Credit limits
Liquidity risk	Borrowings, Trade payables and other liabilities	Cash flow budgeted 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 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.

#### 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-20	31-Mar-19
Not past due	29.47	67.30
Past due but not impaired		
- Past due 0 to 180 days	19.52	9.90
- Past due more than 180 days	0.07	0.03
	<b>49.06</b>	<b>77.23</b>

#### [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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 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
<b>31-Mar-20</b>					
<b>Non-derivatives</b>					
Borrowings	1.98	0.94	1.04	-	1.98
Trade payables	34.47	34.47	-	-	34.47
Capital creditors	15.32	15.32	-	-	15.32
Other financial liabilities	0.53	0.53	-	-	0.53
<b>Total</b>	<b>52.30</b>	<b>51.26</b>	<b>1.04</b>	<b>-</b>	<b>52.30</b>

	Carrying amount	Upto 1 year	Between 2 and 5 years	More than 5 years	Total
<b>31-Mar-19</b>					
<b>Non-derivatives</b>					
Borrowings (Includes interest of Rs. 4.21 Crore payable till maturity date )	45.71	26.94	22.98	-	49.92
Trade payables	38.42	38.42	-	-	38.42
Capital creditors	20.08	20.08	-	-	20.08
Other financial liabilities	0.58	0.58	-	-	0.58
<b>Total</b>	<b>104.79</b>	<b>86.02</b>	<b>22.98</b>	<b>-</b>	<b>109.00</b>

### (i) Financing arrangements:

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

	31-Mar-20	31-Mar-19
Variable rate		
Cash credit and overdraft facilities	31.00	30.83
Term loan facility	-	63.83
	<b>31.00</b>	<b>94.66</b>

### [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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd..)

(Rs. in Crore)

### (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
<b>31-Mar-20</b>				
<b>Financial assets</b>				
Trade receivables	1.58	-	-	1.58
<b>Net exposure to foreign currency risk (assets)</b>	<b>1.58</b>	<b>-</b>	<b>-</b>	<b>1.58</b>
<b>Financial liabilities</b>				
Trade payables		0.19	-	0.19
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>-</b>	<b>0.19</b>	<b>-</b>	<b>0.19</b>
	USD	EUR	YEN	Total
<b>31-Mar-19</b>				
<b>Financial assets</b>				
Trade receivables	1.36	-	-	1.36
<b>Net exposure to foreign currency risk (assets)</b>	<b>1.36</b>	<b>-</b>	<b>-</b>	<b>1.36</b>
<b>Financial liabilities</b>				
Trade payables	0.38	0.66	-	1.04
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>0.38</b>	<b>0.66</b>	<b>-</b>	<b>1.04</b>

#### (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-20	31-Mar-19
USD		
- Increase by 10%	0.10	0.06
- Decrease by 10%	(0.10)	(0.06)
EUR		
- Increase by 10%	(0.01)	(0.04)
- Decrease by 10%	0.01	0.04
YEN		
- Increase by 10%	-	-
- Decrease by 10%	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 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-20		31-Mar-19	
	Amount	% of total borrowings	Amount	% of total borrowings
Variable rate borrowings, average borrowing rate 7.7% (P.Y.-8.5%)	-	0.00%	42.24	92.41%

\*Remaining 100% (FY2018-19 -7.60%) 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-20	31-Mar-19
Interest rate increase by 100 basis points	(0.14)	(0.33)
Interest rate decrease by 100 basis points	0.14	0.33

## 26 FAIR VALUE MEASUREMENTS

### Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### (A) Financial instruments by category

	Mar-20						Mar-19					
	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
<b>[i] Financial assets</b>												
<b>Non Current</b>												
<b>Investment</b>												
Investment in equity quoted	9.24	-	-	9.24	-	-	13.94	-	-	13.29	0.65	-
Investment in mutual fund	93.33	-	-	93.33	-	-	70.89	-	-	70.89	-	-
Investment in bond	-	4.40	-	-	-	-	-	4.40	-	-	-	-
<b>Loans</b>												
Security deposit	-	0.42	-	-	-	-	-	0.59	-	-	-	-
Other financial assets	-	0.03	-	-	-	-	-	0.13	-	-	-	-
<b>Current</b>												
Trade receivables	-	49.06	-	-	-	-	-	77.23	-	-	-	-
Cash and cash equivalents	-	5.47	-	-	-	-	-	5.51	-	-	-	-
Other bank balances	-	0.53	-	-	-	-	-	0.58	-	-	-	-
Other financial assets	-	0.75	-	-	-	-	-	0.74	-	-	-	-
	<b>102.57</b>	<b>60.66</b>	-	<b>102.57</b>	-	-	<b>84.83</b>	<b>89.18</b>	-	<b>84.18</b>	<b>0.65</b>	-
<b>[ii] Financial liabilities</b>												
<b>Non Current</b>												
Borrowings	-	1.98	-	-	-	-	-	32.44	-	-	-	-
<b>Current</b>												
Short term borrowings	-	-	-	-	-	-	-	13.27	-	-	-	-
Trade payables	-	34.47	-	-	-	-	-	38.42	-	-	-	-
Capital creditor	-	15.32	-	-	-	-	-	20.08	-	-	-	-
Other financial liabilities	-	0.53	-	-	-	-	-	0.58	-	-	-	-
	-	<b>52.30</b>	-	-	-	-	-	<b>104.79</b>	-	-	-	-

### (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, 2020(Contd...)

(Rs. in Crore)

### (C) VALUATION TECHNIQUES

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices for mutual funds
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis or such other acceptable valuation methodology, wherever applicable

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

### 27 CAPITAL MANAGEMENT

The Company policy is to have robust financial base so as to maintain outsider's confidence and to sustain future development of the business. Management monitors the return on capital, as well as level of dividends to equity shareholders. The Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liability, comprising interest-bearing loans and borrowing and obligations under financial lease, less cash and cash equivalents. Adjusted equity includes the share capital, reserve and surplus.

The Capital Gearing Ratio for 31 March, 2019 and 31 March, 2020 are as follows:

	31-Mar-20	31-Mar-19
Net Debt	-	40.20
Total Equity	-	368.21
<b>Net Debt to equity ratio</b>	<b>-</b>	<b>0.11</b>

Net Debt as on March 31, 2020 is positive so no need to debt equity ratio.

### 28 SEGMENT INFORMATION

#### [A] Description of segment and principal activities

The Company's Operating Segments are established on the basis of those components of the Company that are evaluated regularly by the CODM (the 'Chief Operating Decision Maker' as defined in Ind AS 108- 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and internal business reporting systems.

The Company has two reportable segments :

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### [B] Information about reportable segments

	31-Mar-20				31-Mar-19			
	Auto component	Renewable energy	Unallocable	Total	Auto component	Renewable energy	Unallocable	Total
<b>Segment revenue:</b>								
External revenue	277.54	13.57	2.00	<b>293.11</b>	432.54	15.42	9.24	<b>457.20</b>
Less: inter segment revenue	-	(2.90)	-	<b>(2.90)</b>	-	(6.94)	-	<b>(6.94)</b>
<b>Total segment revenue</b>	<b>277.54</b>	<b>10.67</b>	<b>2.00</b>	<b>290.21</b>	<b>432.54</b>	<b>8.48</b>	<b>9.24</b>	<b>450.26</b>
<b>segment profit before tax</b>	<b>1.47</b>	<b>5.94</b>	<b>(4.42)</b>	<b>2.99</b>	<b>37.50</b>	<b>8.41</b>	<b>(59.64)</b>	<b>(13.73)</b>
<b>Segment results</b>	<b>1.47</b>	<b>5.94</b>	<b>(7.69)</b>	<b>(0.28)</b>	<b>37.50</b>	<b>8.41</b>	<b>(47.22)</b>	<b>(1.31)</b>
Segment results includes :								
Interest expenses	1.09	-	-	<b>1.09</b>	1.94	-	-	<b>1.94</b>
Interest income	0.57	-	0.47	<b>1.04</b>	0.04	-	0.47	<b>0.51</b>
Depreciation	27.36	5.11	-	<b>32.47</b>	25.98	5.05	-	<b>31.03</b>
Tax expenses	-	-	3.27	<b>3.27</b>	-	-	(12.42)	<b>(12.42)</b>
<b>Segment assets</b>	<b>286.53</b>	<b>35.94</b>	<b>113.50</b>	<b>435.97</b>	<b>290.37</b>	<b>41.78</b>	<b>154.82</b>	<b>486.97</b>
Segment assets includes:								
Capital expenditure incurred during the year	110.80	0.19	-	<b>110.99</b>	22.97	13.93	-	<b>36.90</b>
<b>Segment liabilities</b>	<b>68.73</b>	<b>0.19</b>	<b>-</b>	<b>68.92</b>	<b>118.69</b>	<b>0.07</b>	<b>-</b>	<b>118.76</b>

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-20	31-Mar-19
India	283.19	441.16
Overseas	6.75	9.10
<b>Total</b>	<b>289.94</b>	<b>450.26</b>

#### Non-current assets other than financial instruments, deferred tax assets

	31-Mar-20	31-Mar-19
India	214.65	172.47
<b>Total</b>	<b>214.65</b>	<b>172.47</b>

### [D] Major customers

Revenue of approximately Rs. 150.21 Crore (PY- Rs. 233.67 Crore) 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, 2020(Contd...)

(Rs. in Crore)

### 29 EMPLOYEE BENEFIT OBLIGATIONS

#### 29(a) Defined Contribution plans

Provident Fund: Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. Amount recognised as expenses in the profit and loss statement in respect of defined contribution plan is Rs. 1.08 Crore (Previous year - Rs. 0.97 Crore).

#### 29(b) Defined Benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The fair value of the plan assets of the trust administered by the Company, is deducted from the gross obligation, and Assumptions used in valuation are discount rate, escalation, mortality rate, etc.

#### (i) Movement of defined benefit obligation and plan assets

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net Amount
<b>As at 31-Mar-2019</b>	<b>11.06</b>	<b>10.74</b>	<b>0.32</b>
Current service cost	0.35	-	0.35
Interest expenses/ income	0.81	0.82	(0.01)
<b>Total amount recognised in profit and loss</b>	<b>1.16</b>	<b>0.82</b>	<b>0.34</b>
<b>Remeasurements</b>			
Gain/ loss from change in demographic assumption	-	-	-
Gain/ loss from change in financial assumption	0.63	0.01	0.62
Experience Gain/ loss	0.70	(0.04)	0.74
<b>Total amount recognised in other comprehensive income</b>	<b>1.33</b>	<b>(0.03)</b>	<b>1.36</b>
Employer contributions	-	0.90	(0.90)
Benefit payments	(0.89)	(0.89)	-
Mortality charges and taxes	-	(0.03)	0.03
<b>As at 31-Mar-2020</b>	<b>12.66</b>	<b>11.51</b>	<b>1.15</b>

	Present value of obligation	Fair value of plan assets	Net Amount
<b>As at 31-Mar-2018</b>	<b>9.78</b>	<b>9.85</b>	<b>(0.07)</b>
Current service cost	0.42	-	0.42
Interest expenses/ income	0.72	0.74	(0.02)
<b>Total amount recognised in profit and loss</b>	<b>1.14</b>	<b>0.74</b>	<b>0.40</b>
<b>Remeasurements</b>			
Gain/ loss from change in demographic assumption	0.01	-	0.01
Gain/ loss from change in financial assumption	(0.04)	0.02	(0.06)
Experience gain/ loss	0.54	(0.05)	0.59
<b>Total amount recognised in other comprehensive income</b>	<b>0.51</b>	<b>(0.03)</b>	<b>0.54</b>
Employer contributions	-	2.70	(2.70)
Benefit payments	(0.37)	(2.49)	2.12
Mortality charges and taxes	-	(0.03)	0.03
<b>As at 31-Mar-2019</b>	<b>11.06</b>	<b>10.74</b>	<b>0.32</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### (ii) Net assets / liabilities

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

	31-Mar-20	31-Mar-19
Present value of funded obligations	12.66	11.06
Fair value of plan assets	11.51	10.74
<b>Net deficit for funded schemes</b>	<b>(1.15)</b>	<b>(0.32)</b>

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

	31-Mar-20	31-Mar-19
Insurer managed funds (%)	100%	100%
Others (%)	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### (iv) Actuarial assumptions and sensitivity analysis

	31-Mar-20	31-Mar-19
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.20%	7.60%
Rate of increase in compensation levels	7.00%	7.00%
Expected rate of return on plan assets	7.60%	7.50%
"Expected average remaining working lives of employees (in years)"	9.38	8.69
Withdrawal Rate	6.00%	6.00%

#### Notes:

- Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations.
- Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.

#### Sensitivity of the defined benefit obligation to changes in weighted principal assumptions is

	Impact on present benefit obligation	
	31-Mar-20	31-Mar-19
Discount rate - Increase by 1%	(0.46)	(0.35)
Discount rate - Decrease by 1%	0.52	0.39
Salary increment rate - Increase by 1%	0.44	0.33
Salary increment rate - Decrease by 1%	(0.40)	(0.31)
Withdrawal rate - Increase by 1%	(0.02)	0.01
Withdrawal rate - Decrease by 1%	0.02	(0.01)

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, 2020(Contd...)

(Rs. in Crore)

### (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 2021 are Rs. 0.35 Crore. 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
<b>As at 31-Mar-2020</b>				
Defined benefit obligation - Gratuity	6.04	0.88	2.59	5.39
<b>As at 31-Mar-2019</b>				
Defined benefit obligation - Gratuity	5.85	0.58	2.48	4.97

### 30 LEASES

The details of the right-of-use asset held by the Group are as follows:

	As on April 1, 2019	Additions for FY 2019-20	As at March 31, 2020	Amortisation charge for FY 2019-20
Leasehold land	0.92	0.09	0.97	0.04
<b>Total</b>	<b>0.92</b>	<b>0.09</b>	<b>0.97</b>	<b>0.04</b>

Interest expense on lease liabilities is Rs. 0.05 Crore for year ended March 31, 2020.

### 31 MICRO, SMALL AND MEDIUM ENTERPRISES

i)

	31-Mar-20	31-Mar-19
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period -		
- Principal amount outstanding	6.84	8.70
- Interest thereon	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period -		
- Interest paid in terms of Section 16	-	-
- Interest payable on delayed principal payments	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 -		
- Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms and not as payable under the Act	-	-
- Normal Interest payable during the year, for the period of delay in making payment, as per the agreed terms and not as payable under the Act.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period -		
- Total interest accrued during the period	-	-
- Total Interest remaining unpaid out of the above as at the balance sheet date	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
- Outstanding interest at the end of previous year	-	-
- Outstanding interest at the end of current year	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

- ii) The above information has been determined to the extent such parties could be identified on the basis of the information available with the company regarding the status of suppliers under the MSMED.

### 33 a) CONTINGENT LIABILITIES

	31-Mar-20	31-Mar-19
Income Tax matters in dispute in respect of penalty matters pending before CIT (Appeal), Pune	3.26	3.26
Income Tax demand for A.Y. 2003-04 adjusted by Assessing Officer against refund order for A.Y. 2015-16. Appeal for the AY 2003-04 is already pending before CIT(A).	0.11	0.11
Income Tax matters in dispute in respect of Assessment dues (A.Y.2013-14) before ITAT, Pune (during P.Y. before CIT (Appeal), Pune)	0.44	0.44
Income Tax matters in dispute in respect of Assessment dues (A.Y.2014-15) before ITAT, Pune (during P.Y. before CIT (Appeal), Pune)	0.26	0.26
Income Tax matters in dispute in respect of Assessment dues (A.Y.2016-17) before CIT (Appeal), Pune	0.33	0.33
Income Tax matters in dispute in respect of Assessment dues (A.Y.2017-18) before CIT (Appeal), Pune	0.13	-
Assistant commissioner of central excise differential central excise duty	0.11	0.11
Co-acceptance of Import bills by the bankers	1.30	6.53
Bank Guarantees issued by the Company	1.75	1.08
TDS Matter pertaining to F.Y. 2012-13 pending with CIT(A) Pune	0.03	0.03
Sales tax liability under dispute before Dy. Commissioner of Sales Tax for F.Y. 2010-11	-	0.32
Provident Fund : The applicability of the Supreme Court judgement related to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund require further clarifications with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, at present cannot be reasonably ascertained.	Amount not determined	Amount not determined

### b) Search note

The Income Tax Department has conducted search and seizure operations, as per the provisions of Section 132 of the Income-tax Act, 1961, from 2nd January, 2020 to 7th January, 2020, at the premises of the Company. The Company / Management has extended complete cooperation to the Income Tax Authorities in respect of said actions. Till date, the Company has not received any notice or tax demand or any further communication from the Income Tax Authorities, in respect of the said actions.

- c) As reported earlier, certain employees, who were employed in supervisory category, remained absent from work during the Financial Year 2018-19 and also submitted the alleged charter of demand. The Company, after taking precautionary steps and in exercise of its rights as the employer, terminated services of 236 such employees and also denied their claim of salary / remuneration for the period of absence, before termination of their services. Out of the legal proceedings initiated against the Company in respect of these matters by these ex-employees; the proceedings related to 103 ex-employees are still pending before the Judicial Forum. The Company has been advised that, these individuals or any other person have no valid claims, in respect of any of their demands including but not limited to the demand related to salary/remuneration for unauthorised absenteeism during the course of their employment with the Company. This disclosure is being made as a matter of caution and without prejudice to the legal position of the Company before any Judicial Forum or Statutory Authority.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 33 COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2.59 Crore (March 31, 2019 - Rs. 39.74 Crore).
- 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.
- c) Total export obligation under the EPCG Scheme was Rs. 26.2 crores. Custom duty/IGST saved on import of total Capital goods under EPCG Scheme is Rs 4.35 Crores.

- 34** The Company, for undertaking the business of manufacturing of steering gears for commercial vehicles and electric steering gears for cars and other products had entered into an arrangement with Robert Bosch Automotive Steering GmbH, Germany (**Bosch**) and had accordingly invested in the share capital of Robert Bosch Automotive Steering Private Limited (**RBASPL**) – a Joint Venture of the Company with Bosch, as per the Joint Venture Agreement dated 31st March, 2017 entered into between the Company and Bosch.

RBASPL was incurring continuous losses, from time to time. Further Bosch had terminated the Joint Venture Agreement dated 31st March, 2017 and initiated winding-up proceedings in the case of RBASPL before the Hon'ble National Company Law Tribunal and based on commercial expediency; the Company decided to accept the termination of the aforesaid Joint Venture Agreement and such termination necessitated the sale of Equity Shares of RBASPL, by the Company. Accordingly, the Company, on 23rd July 2019, sold and transferred 129,350,000 Equity Shares of Rs. 10 each fully paid of RBASPL to Bosch for a total consideration of Rs. 62.5 crores. On termination of the aforesaid Joint Venture Agreement and for transfer of the said shares of RBASPL by the Company to Bosch, the Company incurred a loss of Rs. 66.85 crores, which is charged to the Profit and Loss Account and necessary accounting has been organised by the Company.

The deferred tax asset, amounting to Rs. 23.36 crores, created based on the developments as reported relating to these developments, in the respect of the said joint venture, has been reviewed as of 31st March, 2020 and the said asset is being carried forward to the extent of un-absorbed losses, considering the commercial expectations / situation.

With the sale and transfer of 129,350,000 equity shares constituting 26% of the paid-up equity share capital of RBASPL, RBASPL ceased to be an "associated Company" of the Company and also the joint venture with Bosch in respect of manufacture of steering gears for commercial vehicles and electric steering gears for cars and other products stood terminated totally on 23rd July 2019.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020(Contd...)

(Rs. in Crore)

### 35 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	Joint venture Company	Robert Bosch Automotive Steering Private Limited (till July 23, 2019)
3	Key managerial personnel	Mr. Dinesh Munot - Chairman
		Mr. Utkarsh Munot - Managing Director
		Mr. Jinendra Jain - Chief Financial Officer
		Mr. Satish Mehta - Company Secretary
4	Non-executive directors	Mr. Manish Motwani
		Mr. Shridhar S. Kalmadi
		Mr. Ajinkya Arun Firodia (Till March 31, 2020)
		Mr. Jitendra A. Pandit (Till March 31, 2020)
		Mr. S. A. Gundecha
		Mrs. Eitika Munot
		Mr. Soumitra Bhattacharya (Till September 20, 2019)
		Mr. Sandeep Nelamangala (From September 20, 2019)
		Mr. Adit Rathi (From September 20, 2019)

#### B Key managerial personnel compensation

	31-Mar-20	31-Mar-19
a. Short term employee benefits (Salary paid during the year)	8.30	4.98
b. Post-employment benefits (cumulative)	6.27	4.82
c. Long term employee benefits (cumulative)	0.53	0.59
	<b>15.10</b>	<b>10.39</b>

#### C Transaction with related parties

	For the year ended	
	31-Mar-20	31-Mar-19
<b>Purchase of raw material &amp; components</b>		
Foreign collaborator	12.22	24.19
<b>Sitting fees to Non Executive &amp; Independent directors</b>	0.25	0.22
<b>Sale proceed from sale of share of Joint venture</b>		
Sale of 129,350,000 share of Joint Venture i.e. Robert Bosch Automotive Steering Private Limited to Foreign Collaborator Robert Bosch Automotive Steering GmbH	62.50	-
<b>Dividend paid during the year</b>		
Foreign collaborator	-	1.87

## D Outstanding balances

	31-Mar-20	31-Mar-19
<b>Trade payables</b>		
Foreign collaborator	0.18	0.66
<i>Sitting fees to Non Executive &amp; Independent directors</i>	0.04	-
Key managerial personnel	0.64	0.20

## 36 NOTE ON COVID-19

Spread of COVID -19 has affected the economic activity across the Globe, including India. This event could affect the business of the Company and the impact of the same will depend on future developments that cannot be predicted reliably at this stage. However, based on the preliminary estimates, the company does not anticipate any major challenge in meeting its Financial obligations, on long term basis and does not carry any risk in the recoverability and carrying values of its assets including Property, plant and Equipment, trade receivable, inventory and investments and does not anticipate any additional liability as at the Balance Sheet date. Further, the Company will closely monitor any material changes to future economic conditions impacting its business.

## 37 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

38 Figures of the previous financial year have been regrouped, wherever necessary, to confirm to the current period's classification and Presented in Rupees Crore.

As per our report of even date

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

**Prakash Apte**  
Partner  
Membership No. : 033212  
UDIN No.-20033212AAAABE7291

Place: Pune  
June 27, 2020

For and on behalf of the Board of Directors

**Dinesh Munot**  
DIN : 00049801  
**Utkarsh Munot**  
DIN : 00049903

**S.A. Gundecha**  
DIN : 00220352

**Jinendra Jain**  
**Satish Mehta**

Place: Pune  
June 27, 2020

Chairman

Managing Director

Director and Chairman of the Audit Committee

Chief Financial Officer  
Company Secretary

## Mission

We are firmly set on being market leaders in state-of-art technology for steering gear system.

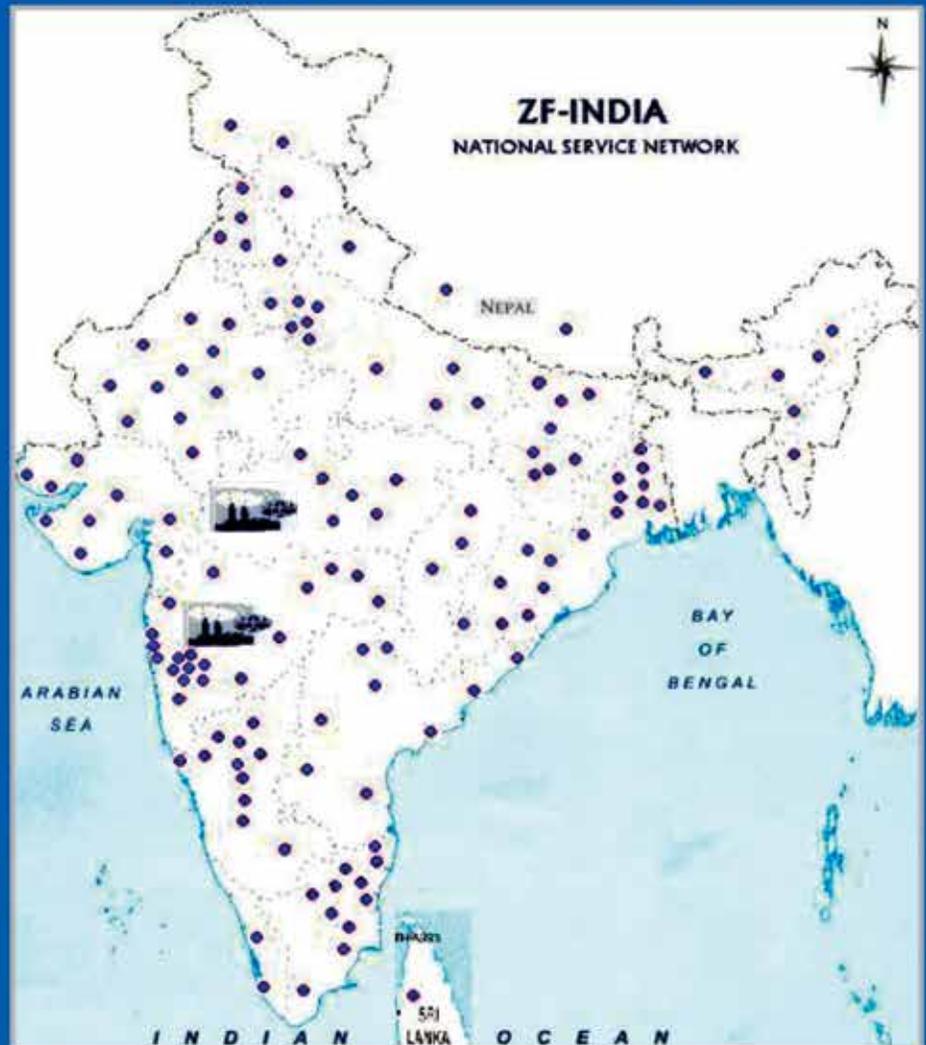
We shall ensure that our products give the necessary comfort and safety in driving.

We shall give top priority to ensure customer satisfaction through best quality products and services.

We shall, in the process of our growth, continuously upgrade our working environment and improve the skill and efficiency of everyone associated by perseverance and motivation.

**Dinesh Munot**  
Chairman

## NATIONAL SERVICE NETWORK



# ZF STEERING GEAR (INDIA) LIMITED

### REGD. OFFICE & PLANT

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