



Commercial Vehicle Solutions

ZF Group - ZF Commercial Vehicle Control Systems India Limited, Chennai 600058

Department Finance
From Muthulakshmi M
Phone +91 044-4224 2000
Email muthulakshmi.m@zf.com
Date July 05, 2023

The Manager
Listing Department
BSE Limited, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

Scrip code: 533023

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
Bandra - Kurla Complex
Bandra (E), Mumbai 400 051

Trading Symbol: ZFCVINDIA

Dear Sirs,

Reg : Submission of Annual Report for the year 2022-23 under Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Notice convening the 19th Annual General Meeting

The Nineteenth Annual General Meeting (AGM) of the Company is scheduled to be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") on **Thursday, 27th July, 2023 at 3.00 P.M.** (IST). Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we submit herewith the Annual Report for the year 2022-23 along with AGM Notice sent to the shareholders. The 19th Annual Report for the financial year 2022-23 is also available on the Company's website at

https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#annual_report_acc_656411_0

Kindly take the above information on your record and dissemination please.

Thanking you,

Yours sincerely,

ZF Group

Muthulakshmi M
Company Secretary
ZF Commercial Vehicle Control Systems India Limited
(Formerly known as WABCO INDIA Limited)

Encl : As above

Registered Office: Plot No.3 (SP), Third Main Road,
Ambattur Industrial Estate, Chennai - 600058, India
CIN: L34103TN2004PLC054667

Phone: +91 44 42242000. Fax: +91 44 42242009
www.zf.com

ZF Group

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Plot No.3 (SP), Third Main Road,
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ACTING

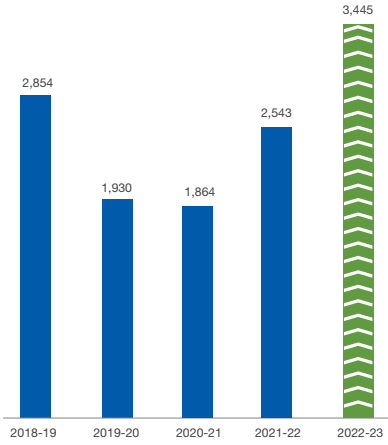
FOR NEXT GENERATION MOBILITY

NOW.

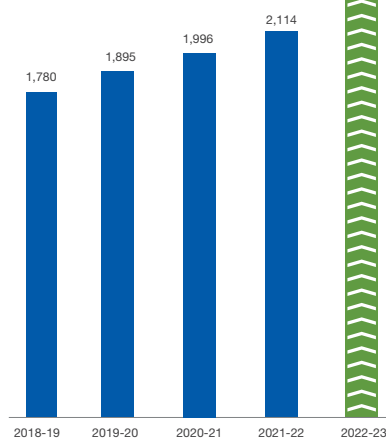
ZF Commercial Vehicle Control Systems India Limited

19th Annual Report 2023

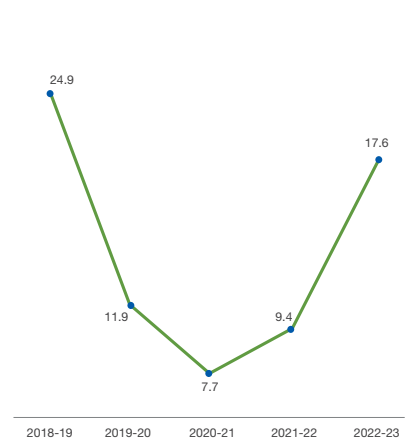
Revenue
In Rs. Cr.



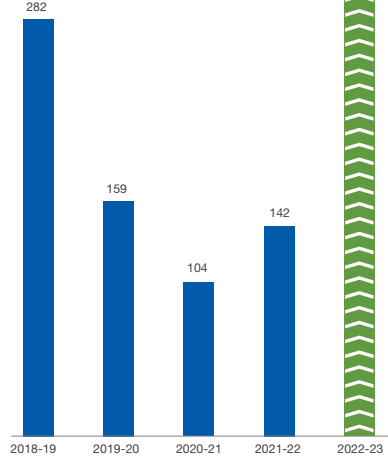
Networth
In Rs. Cr.



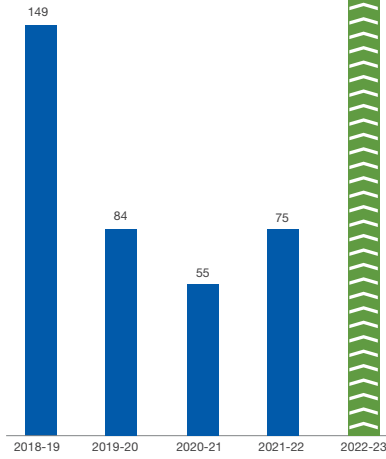
Return On Capital Employed
%



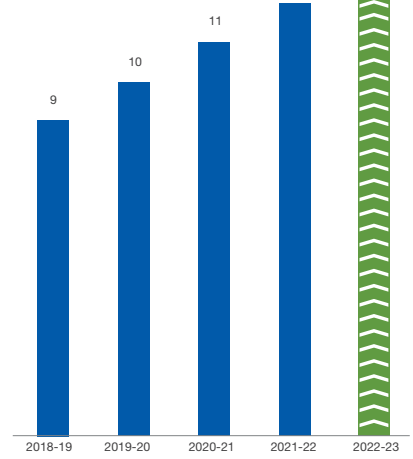
Profit After Tax
In Rs. Cr.



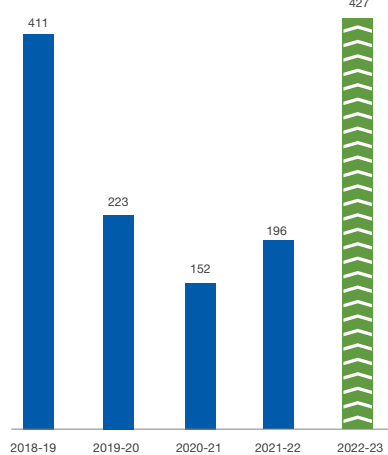
Earnings Per Share
In Rs.



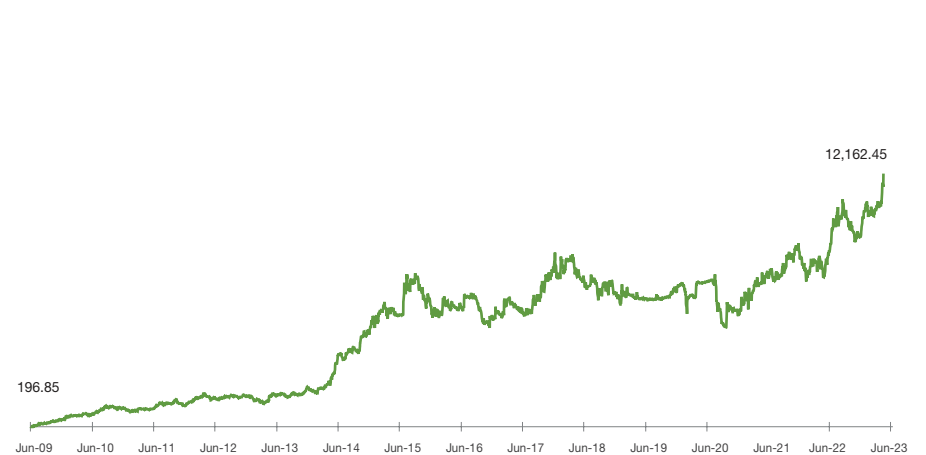
Dividend Per Share
In Rs.



Profit Before Tax
In Rs. Cr.



Shareholder Value Creation
Rs. Per Share



ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Board of Directors

M LAKSHMINARAYAN
Chairman
MAHESH CHHABRIA
DR. LAKSHMI VENU
DR. CHRISTIAN BRENNEKE
PHILIPPE COLPRON
ALEXANDER DE BOCK
(upto 30.03.2023)

Managing Director

P KANIAPPAN

Chief Financial Officer

R S RAJAGOPAL SASTRY

Company Secretary

MUTHULAKSHMI M

Audit Committee

MAHESH CHHABRIA
Chairman
M LAKSHMINARAYAN
DR LAKSHMI VENU

Stakeholders Relationship Committee

M LAKSHMINARAYAN
Chairman
P KANIAPPAN
PHILIPPE COLPRON

Corporate Social Responsibility Committee

P KANIAPPAN
Chairman
M LAKSHMINARAYAN
DR. LAKSHMI VENU

Nomination and Remuneration Committee

DR. LAKSHMI VENU
Chairperson
M LAKSHMINARAYAN
DR. CHRISTIAN BRENNEKE
MAHESH CHHABRIA

Risk Management Committee

DR. CHRISTIAN BRENNEKE
Chairman
PHILIPPE COLPRON
MAHESH CHHABRIA
P KANIAPPAN
R S RAJAGOPAL SASTRY
V RAMANATHAN

Listing of Shares with

National Stock Exchange of India Limited
Mumbai

BSE Limited, Mumbai

Registrar & Share Transfer Agent (RTA)

Integrated Registry Management Services
Private Limited
2nd Floor, Kences Towers,
No 1, Ramakrishana Street,
North Usman Road, T Nagar,
Chennai - 600017
Tel. : 044 - 28140801, 28140475, 28140476
Fax : 044 - 28142479
E-mail : srirams@integratedindia.in

Bankers

Citibank N.A.
3rd Floor, 2 Club House Road,
Chennai 600 002

BNP Paribas
Prince Towers,
3rd Floor, 25/26 College Road,
Chennai 600 006

State Bank of India
Corporate Accounts Group Branch
3rd Floor, Sigappi Achi Building
18/3, Rukmanilakshmiipathy Road
Egmore, Chennai 600 008

ICICI Bank Limited
Prakash Presidium
110, Nungambakkam High Road,
Chennai - 600 034.

Statutory Auditors

B S R & Co. LLP
Chartered Accountants
KRM Tower, 1st & 2nd Floors,
No.1, Harrington Road, Chetpet,
Chennai 600 031.

Secretarial Auditor

S Krishnamurthy & Co.
Company Secretaries
"SHRESHTAM"
Old No.17, New No.16
Pattammal Street, Mandaveli, Chennai 600 028

Cost Auditor

A N RAMAN & Associates
Cost Accountant,
No.10, PN Muthukumaraswamy Salai,
Baby Nagar 1st Main Road,
Velachery, Chennai - 600042

Subsidiary Company

M/s. ZF CV Control Systems Manufacturing India
Private Limited

Registered Office

Plot No. 3 (SP), III Main Road,
Ambattur Industrial Estate,
Chennai 600 058
Tel. : 044 4224 2000, Fax : 044 4224 2009

Website : www.zf.com

Email: cvcs.info.india@zf.com
CIN: L34103TN2004PLC054667

Factories

Plot No. 3 (SP), III Main Road,
Ambattur Industrial Estate,
Chennai 600 058
Tel. : 044 4224 2000
Fax : 044 4224 2009

Large Sector, Adityapur Industrial Area,
Gamharia, Seraikella-Kharsawan Dist.
Jharkhand 832 108
Tel. : 0657 398 5700
Fax : 0657 238 7997

Unit - 1 & Unit - 2
Plot No. AA8, Central Avenue,
Auto Ancillary SEZ,
Mahindra World City,
Natham Sub-Post, Chengalpet,
Kancheepuram District 603 002
Tamil Nadu
Tel. : 044 3090 1200

Plot No.11, Sector 4, SIDCUL,
IIE Panthagar,
Rudrapur Udham Singh Nagar,
Uttarakhand - 263 153
Tel. : 05944 250885

KH 159-162, 164 Village Dhakauli
Nawabganj, Barkeni Dewa Road,
Somaiya Nagar, Barabanki,
Lucknow, Uttar Pradesh 225 123
Tel. : 05248 230065

ZF IT Centre India, Chennai

"One Paramount",
Second Floor,
110, Mount Ponnammallee Road, Porur,
Chennai 600 116
Tel. : 044 6689 8000

ZF Technology Centre India, Chennai

DLF IT SEZ,
Block 9A and Block 9B
10th Floor, No. 1/124, Nandambakkam Post,
Ramapuram, Chennai - 600 089.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

FINANCIAL HIGHLIGHTS

₹ in lakhs

Year ended March 31 st	2018-19	2019-20	2020-21	2021-22	2022-23
Profit and loss Account					
Revenue from Operations	2,85,414	1,92,956	1,86,350	2,54,335	3,44,459
Other income	7,247	6,388	3,889	3,753	6,701
Total income	2,92,661	1,99,344	1,90,239	2,58,088	3,51,160
Gross profit before interest, depn & tax	48,235	31,537	24,466	29,008	53,732
Depreciation	7,144	9,011	9,040	9,243	10,476
Profit before interest & tax	41,091	22,526	15,426	19,764	43,256
Interest	-	192	199	190	567
Profit before taxation	41,091	22,334	15,227	19,574	42,689
Profit after taxation	28,217	15,881	10,380	14,207	31,767
Balance Sheet					
Net Fixed assets	45,926	50,094	48,198	55,592	66,235
Current Investments	31,343	54,237	63,997	39,811	10,014
Net current assets (other than Investments)	92,973	75,690	77,420	1,05,811	1,60,341
Non-current assets (other than Fixed assets)	11,270	11,721	11,633	12,607	12,071
Total	1,81,512	1,91,742	2,01,248	2,13,821	2,48,661
Share capital	948	948	948	948	948
Reserves & surplus	1,77,049	1,88,506	1,98,692	2,10,459	2,39,964
Networth	1,77,998	1,89,455	1,99,640	2,11,407	2,40,912
Non-current liabilities	3,119	2,287	1,608	2,414	7,749
Deferred taxation (net)	396	-	-	-	-
Total	1,81,512	1,91,742	2,01,248	2,13,822	2,48,661
EPS (Rs)	148.8	83.7	54.7	74.9	167.5
DPS (Rs)	9.0	10.0	11.0	12.0	13.0
Book value per share (Rs)	938.4	998.8	1,052.5	1,114.6	1,270.1
Return on capital employed (ROCE)%	24.9	11.9	7.7	9.4	17.6
Return on networth (RONW)%	17.1	8.6	5.3	6.9	14.0
Fixed assets turnover (no. of times)	6.4	4.0	3.9	4.6	5.3
Working capital turnover (no. of times)	3.7	2.3	2.4	2.4	2.0
Gross profit as % of sales (EBITDA)	16.9	16.3	13.1	11.4	15.6
Gross profit as % of total income	16.5	15.8	12.9	11.2	15.3
Net profit as % of total income	9.6	8.2	5.6	5.6	9.0
Debtors Turnover ratio	4.5	3.9	3.9	4.1	4.8
Inventory Turnover ratio	12.9	8.7	10.3	13.1	15.0
Current ratio	3.4	5.9	3.9	3.9	4.2

- (a) The Standalone figures as above are as per Indian Accounting Standards (Ind AS) prescribed under the Companies Act, 2013.
(b) ROCE is profit before interest and taxation divided by average networth plus loan funds.
(c) RONW is profit after tax divided by networth.
(d) Fixed assets turnover is sales divided by net fixed assets as at the end of the year.
(e) Working capital turnover is sales divided by net current assets as at the end of the year.
(f) DPS is dividend declared for the year.
(g) Debt Equity Ratio and Interest coverage ratio are not applicable as there are no borrowings.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notice of the 19th Annual General Meeting to the Members

NOTICE is hereby given that the 19th Annual General Meeting of the members of the Company (AGM) will be held on Thursday, 27th July 2023 at 15.00 Hours (IST) through Video Conferencing (VC) / Other Audio-Visual Means (OAVM) to transact the following business:

Ordinary Business:

1. To consider and to give your assent or dissent to the following ordinary resolution:

RESOLVED THAT the Audited (Standalone and Consolidated) Financial Statements of the Company for the Financial Year ended 31st March 2023 consisting of the Balance Sheet as on 31st March, 2023, the statement of profit and loss, the statement of cash flow and statement of changes in equity for the Financial Year ended 31st March 2023 and the explanatory notes annexed to or forming part thereof, together with the reports of the Auditor's and Board of Directors thereon, be and are hereby approved and adopted.

2. To consider and to give your assent or dissent to the following ordinary resolution:

RESOLVED THAT pursuant to Section 123 and other applicable provisions of the Companies Act, 2013, the Rules made thereunder and pursuant to the recommendation of the Board of Directors of the Company, a dividend of ₹13/- (Rupees Thirteen only) per share on 1,89,67,584 equity shares of ₹ 5/- (Rupees Five only) each fully paid up, which make up the entire paid-up equity capital of the Company, absorbing a sum of ₹ 2,465.79 lakhs, be and is hereby declared for the financial year ended 31st March 2023, out of the profits of the Company for the said financial year arrived at after providing for the applicable depreciation, and that the said Dividend shall be paid to the Shareholders whose names appear in the register of members (for shares held in physical form) / register of beneficial owners of the Company's shares (for shares held in dematerialized form) maintained by the depositories, as at the close of 7th July 2023 (being the record date fixed for this purpose).

3. To consider and to give your assent or dissent to the following ordinary resolution:

RESOLVED THAT, Mr. Philippe Colpron (DIN: 08344534), who retires by rotation, being eligible for re-appointment, willing and recommended by the Nomination and Remuneration Committee and the Board of Directors for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retirement by rotation.

Special Business:

4. To consider and to give your assent or dissent to the following ordinary resolution:

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 6,00,000/- (Rupees Six Lakhs only) plus applicable taxes and out of pocket expenses at actuals, payable for the financial year ending on 31st March 2024 to M/s. A N Raman & Associates, Cost Accountants, having firm registration number 102111, as fixed by the Board of Directors at the time of his appointment as the Cost Auditor to audit the cost records of the Company for the said financial year, be and is hereby ratified.

By order of the Board

Chennai
24th May 2023

MUTHULAKSHMI M
Company Secretary

Registered Office:

CIN: L34103TN2004PLC054667

ZF Commercial Vehicle Control Systems India Limited
(Formerly known as WABCO INDIA Limited)
Plot No.3, (SP), III Main Road,
Ambattur Industrial Estate,
Chennai - 600 058

Particulars of Director seeking appointment/re-appointment as required under Secretarial Standard - 2 Item No. 3 - Profile of Mr. Philippe Colpron

Mr. Philippe Colpron was appointed as an Additional Director in the category of Non-Executive Non – Independent Director by the Board at their meeting held on 29th January 2019 in terms of Section 161 of the Companies Act, 2013 and by the shareholders as Director (Non-Executive Non – Independent) at the annual general meeting held on 14th August 2019 and is liable to retire by rotation.

Mr. Philippe Colpron (44) is a Business School Major in Corporate Finance from Concordia University and has completed the Marketing Executive Program from INSEAD business school and the Senior Executive Program from London school of business. He is currently the Executive Vice President - Aftermarket of the ZF Group. He started his career at WABCO Group in 2007 as Strategic Sourcing Director for the Group. In February 2010 he became the Aftermarket Marketing and Business Development Leader. From 2012 onwards, he was promoted to the Business Enterprise Lead of ZF Group (formerly WABCO) Aftermarket to then proceeded as Vice President and Aftermarket

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Business Unit Leader in 2014. He was appointed to the Global Fleet Solutions Hub leadership role at the end of 2018, taking ownership of two of WABCO's most dynamic business units - Digital Customer Services, delivering advanced FMS solutions, and the Aftermarket Business Unit, molded into a single Fleet Solutions organization. Besides his contribution to the Aftermarket business, Mr. Philippe Colpron has led several key strategic projects at ZF Group including former WABCO. Prior to joining ZF Group (formerly WABCO), he worked in various roles such as transport, logistics and purchasing management at Valeo after having operated under his own account in his start-up enterprises.

Mr. Philippe Colpron has confirmed that he is not disqualified to be appointed as a Director. He does not hold any shares in the Company and he is not related to any other director or Key managerial personnel of the Company. He is a member of the Stakeholders Relationship Committee and Risk Management Committee of the Company. He has attended 18 Meetings out of the 24 Board meetings held after his appointment. He is not a director on any Board nor a member of any committee of any other listed Company. He is the Director of ZF Digital Solutions Pvt. Ltd. The Board considers that his association and experience would be of immense benefit to the Company and it is desirable to continue his services. Accordingly, based on the recommendation of the Nomination and Remuneration Committee, the Board recommends the ordinary resolution set out as Item No.3 of the notice for appointment of Mr. Philippe Colpron as a director for approval by the shareholders of the Company.

Except Mr. Philippe Colpron being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are in any way is concerned or interested, financially or otherwise, in the resolution set out at Item No.3. This statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations. He has not resigned from the directorship of any listed Companies in the past 3 years.

Statement of material facts pursuant to Section 102 of the Companies Act, 2013

Item No. 4

Pursuant to Section 148 of the Companies Act, 2013 and Rule 4 of Companies (Cost Records and Audit) Rules, 2014 including amendments and re-enactments and clarifications issued by the Ministry of Corporate Affairs, the Company is required to appoint a Cost Auditor to audit the cost records of the applicable products of the Company.

Based on recommendation of the audit committee, the Board at its meeting held on 24th May 2023, considered and approved the re-appointment of M/s. A.N. Raman & Associates, as Cost Auditor for the financial year 2023-24 at a remuneration of Rs. 600,000/- plus applicable taxes and reimbursement of out-of-pocket expenses at actuals,

subject to ratification by the Shareholders of the Company. The remuneration payable to M/s. A.N Raman & Associates, requires to be ratified by the Members at the forthcoming annual general meeting. Hence, the resolution is being proposed as Item No. 4 of the Notice.

None of the Directors or Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution. The Board recommends this resolution for approval of the Members.

By order of the Board

Chennai
24th May 2023

MUTHULAKSHMI M
Company Secretary

Registered Office:

CIN: L34103TN2004PLC054667

ZF Commercial Vehicle Control Systems India Limited
(Formerly known as WABCO INDIA Limited)

Plot No.3, (SP), III Main Road,
Ambattur Industrial Estate,
Chennai - 600 058

Notes:

1. Pursuant to the various Circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India ("SEBI") and in compliance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), physical attendance of the Members at the AGM venue is not required and AGM can be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, Members can attend and participate at the ensuing AGM through VC / OAVM.
2. The statement of material facts pursuant to Section 102 of the Companies Act, 2013, with respect to the special business to be transacted at the nineteenth AGM, as set out in the notice convening the meeting, is annexed hereto.
3. A Member entitled to attend and vote at the AGM is entitled to appoint a Proxy to attend and vote on his / her behalf and the Proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM, pursuant to the applicable MCA and SEBI Circulars, 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. However, Bodies Corporates are entitled to appoint authorised representatives to attend the AGM through

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

VC / OAVM and participate thereat and cast their votes through e-Voting.

4. Members holding shares as on the “cut-off date” viz., 21st July 2023 are eligible for voting through electronic voting system.
5. Voting rights of shareholders shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of 21st July 2023
6. The Remote e-Voting period commences on 23rd July 2023 (9:00 hrs. IST) and ends on 26th July 2023 (17:00 hrs. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st July 2023, may cast their vote electronically. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
7. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 21st July 2023 may obtain the login ID and password by sending an e-mail to evoting@nsdl.co.in by mentioning his Folio No. /DP ID and Client ID No.
8. A member may participate in the meeting even after exercising his right to vote through remote e-Voting but shall not be allowed to vote again at the meeting.
9. Members as on the cut-off date viz. 21st July 2023, can join the AGM through the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. Large Shareholders (Shareholders holding 2% or more of the total number of shares), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. are allowed to attend the AGM without any restriction.
10. Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
11. 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 Listing Regulations, and the Circulars issued by the MCA, the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting at the meeting will be provided by NSDL.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
13. In line with the MCA Circular on holding the AGM in electronic mode, the Notice calling the AGM has been uploaded on the website of the Company at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_it.html The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
14. Members may also note that the Annual Report and the notice to the AGM will also be available on the Company’s website viz., https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_it.html for download. Electronic copy of the Annual Report and the notice of the AGM inter-alia indicating the process and manner of e-Voting are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes.
15. Under Section 124 read with Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund Authority (IEPF), Ministry of Corporate Affairs. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on Corporate Governance forming part of the Annual Report.

An amount of ₹ 3,56,680/- (Rupees Three Lakhs Fifty Six Thousand Six Hundred and Eighty only) being unclaimed/unpaid dividend of the Company for the financial year ended 31st March, 2015 was transferred in September, 2022 to IEPF.

The Company paid to IEPF an amount of ₹ 5,62,554/- (Rupees Five Lakhs Sixty-Two Thousand Five Hundred and Fifty-Four only) on 29th July, 2022, towards dividend for the financial year ended 31st March, 2022 on such Shares which were transferred to IEPF.

The Company have transferred 2,684 shares to the Investor Education and Protection Fund Authority (IEPF) in the month of September 2022. In terms

of Rule 5 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the Company has uploaded the information in respect of the Unclaimed Dividends as on 31st March 2022 on the website of IEPF viz., www.iepf.gov.in and under “investor section” on the website of the Company viz https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. A separate reminder was also sent to those members having unclaimed dividends since 2015-16. Members who have not encashed their dividend warrants are advised to surrender the unencashed warrants immediately to the Company or the Share Transfer Agent and to claim the dividends.

16. Section 124 (6) was notified on 5th September 2016 along with the relevant rules therein on 5th September 2016 which mandates that all shares in respect of which dividend is remaining unpaid or unclaimed by the shareholder for a continuous period of seven years shall be transferred by the Company to the Investor Education and Protection Fund in the manner prescribed. In this regard, the Company had sent reminders to these shareholders as prescribed in the rules. Subsequently, eligible shares were transferred to the demat account of the IEPF Authority as per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2016 issued on 13th October 2017. Shareholders can claim from IEPF Authority both unclaimed dividend amount and the shares transferred to the demat account of the IEPF Authority by filing application to the IEPF Authority in Web Form IEPF - 5 and submitting the same along with relevant documents to the Company. Required instructions in this regard for claiming the shares are available on the website www.iepf.gov.in.
17. Shareholders are requested to note that SEBI has mandated that, the Company cannot process any request for transfer of shares received in physical mode. Adequate communications in this regard have already been sent to the shareholders holding shares in physical mode. Hence it is requested that all shareholders holding shares in physical mode shall demat their shares to avoid any issues in future. RTA will intimate the Shareholder/claimant about its execution / issuance of new certificate as may be applicable, by way of issuing Letter of Confirmation. In case of non-receipt of demat request from the shareholder/claimant within 120 days from the date of Letter of Confirmation, the shares will be credited to Suspense Escrow Demat Account of the Company. Further in accordance with the circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 issued by SEBI on January 25, 2022, listed companies shall henceforth issue the securities in dematerialized form only (vide Gazette Notification no. SEBI/LADNRO/GN/2022/66 dated January 24, 2022) while processing the service requests such as Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, Renewal / Exchange of securities certificate, Endorsement, Sub-division / Splitting of securities certificate, Consolidation of securities certificates/ folios, Transmission and Transposition.
18. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
19. In accordance with the circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 issued by SEBI on 16th March, 2023, SEBI has introduced common and simplified norms for furnishing PAN, KYC details and Nomination. Accordingly, the RTA shall not process any service requests or complaints received from the holder(s) /claimant(s), till PAN, KYC and Nomination documents/details are updated. On or after October 01, 2023, in case of any of the above cited documents/details are not available in the folios, **RTA shall freeze such folios. Frozen folios shall be referred by the RTA / Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.** The Company has sent individual letters to all the Members holding shares of the Company in physical form for furnishing the aforesaid details. Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html
20. Required details of the Directors seeking re-appointment at the Annual General Meeting, forms integral part of the notice as per Listing Regulations. The Directors have furnished requisite consent and declaration for their appointment.
21. Since AGM has been held through VC/OAVM in compliance with MCA Circulars and SEBI Circulars, route map of the venue of AGM is not annexed herewith and the venue of AGM shall be deemed to be the Registered Office of the Company.

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22. In accordance with the various circulars from MCA, Notice of AGM and Annual Report are being sent only in electronic mode to those Members whose e-mail addresses are registered with the Company or RTA or the Depository Participant(s). For any communication in this regard, including the requirement of physical copy of Annual Report, members may send their request letters to cvcs.info.india@zf.com /srirams@integratedindia.in.

23. Voting through electronic means

- I. In compliance with provisions of Section 108 and other applicable provisions of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) amendment Rules, 2015 and Regulation 44 of the Listing Regulations, the Company is pleased to provide members facility to exercise their right to vote at the 19th Annual General Meeting (AGM) through electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).
- II. Remote e-Voting means the facility of casting votes by a member using an electronic voting system.

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

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

Step 1: Access to NSDL e-Voting system


A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e- Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e- Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e- Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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	<p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speed-e” facility by scanning the QR code mentioned below for seamless voting experience.</p> 	<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>						
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> Existing users who have opted for Easi /Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. If the user is not registered for Easi/ Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. 	<p>Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.</p> <p>Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.</p> <table border="1" data-bbox="823 913 1465 1328"> <thead> <tr> <th>Login type</th> <th>Helpdesk details</th> </tr> </thead> <tbody> <tr> <td>Individual Shareholders Holding securities in demat mode with NSDL</td> <td>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000</td> </tr> <tr> <td>Individual Shareholders Holding securities in demat mode with CDSL</td> <td>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33</td> </tr> </tbody> </table>	Login type	Helpdesk details	Individual Shareholders Holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000	Individual Shareholders Holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33	<p>B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.</p> <p>How to Log-in to NSDL e-Voting website?</p> <ol style="list-style-type: none"> Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. <p>Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to</p>
Login type	Helpdesk details								
Individual Shareholders Holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000								
Individual Shareholders Holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33								

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NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 124173 then user ID is 124173001***.

5. Password details for shareholders other than Individual shareholders are given below:

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

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address etc.,

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

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

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to skco.cs@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional

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shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on “Upload Board Resolution / Authority Letter” displayed under “e-Voting” tab in their login.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Mr. Amit Vishal, Assistant Vice-President-NSDL evoting@nsdl.co.in / 022-24994360/+91 9920264780.

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

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to cvcs.info.india@zf.com
- In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) to cvcs.info.india@zf.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- Alternatively shareholders/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not cast 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 at the AGM.
- Members who have already voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

INSTRUCTIONS TO THE MEMBERS FOR ATTENDING THE AGM THROUGH VC ARE AS UNDER:

- Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM” placed under “Join meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- Members are encouraged to join the Meeting through Laptops for better experience.
- Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 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.
- Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name, demat account number / folio number, email ID, mobile number at cvcs.info.india@zf.com/srirams@integratedindia.in. atleast 48 hours in advance before the start of the meeting i.e. by 25th

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- July 2023 by 15:00 hrs. (IST). The same will be replied by the Company suitably.
- f. Those members who register themselves as a speaker will only be allowed to speak at the meeting.
- g. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID / folio number and mobile number, to reach the Company's e-mail-ID at cvcs.info.india@zf.com / srirams@integratedindia.in at least 48 hours in advance before the start of the meeting. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
24. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
25. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to participate in the meeting, avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
26. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
27. Mr K Sriram, Practising Company Secretary, (Membership No. F6312 CP No.2215), Chennai has been appointed as the Scrutinizer to scrutinize the e-Voting process (both remote e-Voting prior to the AGM and the remote e-Voting at the AGM) in a fair and transparent manner.
28. The Scrutinizer shall after the conclusion of the voting at the Annual General Meeting, unblock the votes cast through remote e-Voting prior to as well as during the AGM and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent within 2 (two) working days from the conclusion of the AGM to the Chairman or a person authorized by him in this regard, who shall then countersign the report and declare the result of the voting forthwith.
29. The results declared along with the Scrutinizer's Report shall be placed on the Company's website https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ik.html
- and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of results by the Chairman or a person authorized by him and simultaneously communicated to the stock exchanges where the shares of the Company are listed.
30. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the Nineteenth AGM and the Annual Report for the financial year ended 31st March 2023, only soft copies of the said documents are being sent by email to the Members. Therefore, those members, whose e-mail address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the AGM and the Annual Report and other communications from the Company, can get their e-mail address registered by following the steps as given below:-
- a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, e-mail address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAAR) supporting the registered address of the Member, by e-mail to the Company's e-mail address cvcs.info.india@zf.com / srirams@integratedindia.in.
- b) For Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
31. In terms of Regulation 36(3) of the Listing Regulations, a brief profile of the directors, whose appointment and re-appointment is proposed to be approved in this AGM, the nature of their expertise in specific functional areas, other directorships and committee memberships in listed entities, shareholding and relationship with other directors of the Company are also furnished herein.

By order of the Board

Chennai
24th May 2023

MUTHULAKSHMI M
Company Secretary

Registered Office:
CIN: L34103TN2004PLC054667
ZF Commercial Vehicle Control Systems India Limited
(Formerly known as WABCO INDIA Limited)
Plot No.3, (SP), III Main Road,
Ambattur Industrial Estate,
Chennai - 600 058

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Board's Report to the shareholders

The Directors have pleasure in presenting the 19th Annual Report of ZF Commercial Vehicle Control Systems India Limited ('the Company') along with the audited financial statements for the financial year ended 31st March 2023.

1. FINANCIAL HIGHLIGHTS

₹ in lakhs

Particulars	Standalone		Consolidated	
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023**	Year ended 31.03.2022*
Revenue from Operations	344,458.60	254,335.39	344,424.53	254,335.39
Other Income	6,701.31	3,752.92	6,698.21	3,752.92
Total Income	351,159.91	258,088.31	351,122.74	258,088.31
Profit before interest depreciation and tax	53,731.74	29,007.64	53,733.88	29,007.64
Finance Costs	566.54	190.18	566.54	190.18
Depreciation	10,476.38	9,243.17	10,477.68	9,243.17
Profit before tax	42,688.82	19,574.29	42,689.66	19,574.29
Provision for taxation (including deferred tax and tax relating to earlier years)	10,921.48	5,366.85	10,922.48	5,366.85
Profit after tax	31,767.34	14,207.44	31,767.18	14,207.44
Other Comprehensive Income / (Loss) for the year net of tax	12.69	(353.58)	12.69	(353.58)
Total Comprehensive Income for the year Net of Tax	31,780.03	13,853.86	31,779.87	13,853.86

* Consolidation of financials for FY 2021-22 was considered for 3 months since incorporation of Wholly owned subsidiary Company (ZF CV Control Systems Manufacturing India Private Limited) w.e.f. 5th January 2022.

** Consolidation of financials for FY 2022-23 is considered for 15 months, as first financial year is ending on 31st March 2023 for the Wholly owned subsidiary Company (ZF CV Control Systems Manufacturing India Private Limited).

2. DIVIDEND

The Board of Directors has recommended a dividend of ₹ 13/- per share for the year ended 31st March 2023 and dividend payout ratio of 7.76%, absorbing a sum of ₹ 2,465.79/- lakhs, for approval of the shareholders at the ensuing annual general Meeting.

Transfer of Unclaimed Dividend to IEPF:

Dividends that are unclaimed/unpaid for a period of seven years are required to be transferred to the Investor Education and Protection Fund ("IEPF") administered by the Central Government, as per Companies Act 2013. An amount of ₹ 3,56,680/- (Rupees Three Lakhs Fifty-Six Thousand Six Hundred and Eighty only) being unclaimed Final dividend of the Company for the financial year ended 31st March, 2015 was transferred in September, 2022 to IEPF.

3. PERFORMANCE

During the year 2022-23, the Company achieved highest ever total income of ₹ 3,512 crores as against ₹ 2,581 crores in the previous year. The profit before tax was ₹ 427 crores as against

₹ 196 crores in the previous year and the Profit after tax was ₹ 318 crores as against ₹ 142 crores in the previous year. There has been no change in the nature of business of the Company during the financial year ended 31st March 2023.

4. CAPITAL EXPENDITURE

Capital expenditure of ₹ 88.88 Crores was incurred during the year 2022-23 as against the revised estimate of ₹ 121 Crores. Capital Expenditure of ₹ 278 Crores is planned for the year 2023-24.

5. DIRECTORS

Mr. Alexander De Bock has resigned from the Board with effect from the close of business hours on 30th March 2023 due to his resignation from the ZF Group. The Board expressed its deep sense of appreciation for Mr. Alex's leadership and acknowledges his immense efforts and contributions towards his financial expertise and business decisions.

Retirement by rotation

Mr. Philippe Colpron, Non-executive and non-independent director, whose office is liable to retire at the ensuing AGM, being eligible, offer himself, for reappointment at the 19th AGM of the Company scheduled to be held on 27th July 2023.

The composition of the Board is in compliance with the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing regulations") - three independent directors, two non-executive non-independent directors and an executive director as on date.

Independent Directors:

In terms of Section 149 of the Act and SEBI Listing Regulations, Mr. M Lakshminarayan, Dr. Lakshmi Venu and Mr. Mahesh Chhabria are the Independent Directors of the Company as on date of this report.

All Independent Directors of the Company have given requisite declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act along with Rules framed thereunder, Regulation 16(1)(b) of SEBI Listing Regulations and have complied with the Code of Conduct of the Company as applicable to the Board of Directors and Senior Management. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Company has received confirmation from all the Independent Directors about their registration on the Independent Directors Database maintained by the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high

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integrity and repute. They fulfill the conditions specified in the Act as well as the Rules made thereunder and are independent of the management.

6. AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, holding firm Registration No 101248W / W-100022 have been appointed as statutory auditors of the Company by the shareholders for a term of five consecutive years from the conclusion of 15th Annual General Meeting up to the conclusion of the 20th Annual General Meeting as per the Section 139 of the Companies Act, 2013.

The Consolidated remuneration paid to Auditors / affiliated firms / entities for Audit and services rendered in other capacities is provided in the notes to the standalone financial statements.

The Auditors' report for the financial year 2022-23 does not contain any qualification, reservation or adverse remark or disclaimer and the same is attached with the annual financial statements.

7. SECRETARIAL AUDITOR

M/s. S Krishnamurthy & Co., Company Secretaries have carried out Secretarial Audit under the provisions of Section 204 of the Act, for the financial year 2022-23 and submitted their report, which is annexed to this report. The report does not contain any qualification, reservation or adverse remark or disclaimer.

8. COST AUDITOR

As specified by the Central Government under Section 148(1) of the Companies Act, 2013, the cost records are required to be maintained by the Company and accordingly such accounts and records are being maintained. The Board of Directors of the Company upon recommendation made by the audit committee has re-appointed M/s A. N Raman & Associates, Cost Accountants, as Cost Auditor of the Company for the financial year ending 31st March 2024 and has recommended his remuneration to the shareholders for their ratification at the ensuing Annual General Meeting.

The cost audit report for the year 2021-22 has been filed with the Ministry of Corporate Affairs in the prescribed form within due date. The cost audit report for the year 2022-23 will also be filed within the stipulated time.

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013.

9. KEY MANAGERIAL PERSONNEL

In terms of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Key Managerial Personnel of the Company for the FY 2022-23 are:

Mr. P Kaniappan - Managing Director

Mr. R S Rajagopal Sastry - Chief Financial Officer

Ms. Muthulakshmi M - Company Secretary

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not provided any Loan nor Guarantee nor security to any person or other body

corporate under Section 186 of the Act.

The Company had invested a sum of ₹ 175 Lakhs as paid-up share capital (1,750,000 equity shares of ₹ 10 each) in Enerparc Solar Power 3 Private Limited on 21st March 2023 as part of Captive Power Purchase.

11. WHOLLY OWNED SUBSIDIARY

ZF CV Control Systems Manufacturing India Private Limited was incorporated with effect from 5th January 2022 as a wholly owned subsidiary (WoS) of the Company, to Manufacture, buying, selling and trading in auto ancillary parts for domestic and export markets (Commercial Vehicle (CV) Control Systems).

The Share capital of the WoS is ₹ 100 Lakhs and it has commenced its commercial production with effect from 03rd March 2023. The Revenue from Operations of WoS was at ₹ 62.98 Lakhs for the financial year ended 31st March 2023 and the Profit after Tax for the year ended 31st March 2023 was at ₹ 1.60 Lakhs. The Board of WoS has not recommended any dividend as it has just kick started its operations. Statement containing salient features of the financial statement of Subsidiary is given in Annexure 4 and forms part of this Report.

12. ANNUAL EVALUATION OF THE BOARD'S PERFORMANCE

The Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Directors, including the Chairman of the Board as per the requirements as specified in the guidance note issued by the Securities Exchange Board of India (SEBI) and the provisions of the Companies Act, 2013. The performance evaluation exercise was carried out through a structured evaluation process (by circulation of detailed evaluation matrix to all the Directors and was reviewed & confirmed by each Director) covering various aspects of the functioning of the Board and Committees such as their composition, experience & competencies, performance of specific duties & obligations, governance issues etc.

NRC reviewed the performance of individual Directors on the basis of criteria as specified in the Guidance note and in a separate meeting of independent directors, performance of Non-Independent Directors and the Board as a whole was evaluated. The above evaluations were then discussed in the Board meeting and performance evaluation of Independent directors was done by the entire Board, excluding the Independent Director being evaluated and the Board was satisfied with their performances, which reflected the overall engagement of the Board, Committees and the directors with the Company.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In line with the ZF Code of Conduct ('CoC'), any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the CoC cannot be undermined. Hence, the Company has established a vigil mechanism through "ZF

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Commercial Vehicle Control Systems India Limited Whistle Blower Policy” to enable employees, trainees, directors and Vendors of the Company, to report genuine concerns, unethical behavior, actual or suspected fraud, violation of Company’s Insider Trading Code, any unlawful act or violation of the Company’s Code of Conduct.

The mechanism provides for adequate safeguards against victimization of the whistle blower and also provides for direct access to the Chairman of the audit committee.

There were no whistle blower complaints received by the Company during the year.

14. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING

SEBI has mandated that the Business Responsibility and Sustainability Reporting (BRSR) shall be applicable to the top 1,000 listed entities (by market cap) for reporting on a mandatory basis from FY 2022-23. For the FY 2021-22, the company had published BRSR report voluntarily.

The Company is in 218th Position (BSE) as per the market cap as on 31st March 2023 and hence as per the SEBI Regulations, the Company has prepared the BRSR for the year ended March 31, 2023 as per the prescribed format which forms part of the annual report.

Mr. P Kaniappan, Managing Director of the Company is responsible for the implementation and oversight of the Policies relating to various principles of BRSR and to take forward the ESG initiatives.

15. STATUTORY STATEMENTS

15.1 Conservation of energy, Research & Development Expenses and foreign exchange earnings and outgo

Information regarding conservation of energy, research & development expenses and foreign exchange earnings and outgo is given in Annexure 1 to this report, as per the requirements of Section 134(3)(m) of the Act.

During the financial year 2022-23, the Company had incurred a capital expenditure of ₹ 244.48 lakhs towards installation of roof top solar panels at MWC Plant w.r.t. renewable energy commitments. Total of 55 energy reduction projects implemented during the year which yielded energy savings of 11.62 Lakhs units and cost savings of ₹ 110.39 Lakhs per annum.

15.2 Corporate Social Responsibility

As required under Section 134(3)(o) of the Act, details about policy developed and implemented by the Company on Corporate Social Responsibility initiatives taken during the year ended 31st March 2023 are given in Annexure 2 to this report.

15.3 Directors’ Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, it is hereby confirmed that;

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the

state of affairs of the Company as at 31st March 2023 and of the profit of the Company for the year ended on that date;

- That directors had 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;
- The directors had prepared the annual accounts on a going concern basis;
- The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

16. DISCLOSURES UNDER COMPANIES ACT, 2013

16.1 Extract of the Annual Return:

In accordance with the Companies Act, 2013, the annual return in the prescribed format is available at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

16.2 Number of Board Meetings:

The Board of Directors met six times during the year 2022-23. The details of the Board meetings and the attendance of the Directors is provided in the Corporate Governance Report.

16.3 Committees of Board of Directors:

Details of memberships and attendance of various committee meetings are given in Corporate Governance Report. The Board has accepted / considered all recommendations made by the Committees to the Board during the financial year.

16.4 Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm’s length basis and were in the ordinary course of business. There are no related party transactions made by the company with promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Approval of shareholders through postal ballot was obtained for the material related party transactions entered for the year ended 31st March 2023 between the Company and M/S. ZF CV Systems Global GmbH & ZF CV Systems Europe BV, fellow subsidiaries of the Company, on 15.01.2022 and the actual transactions for the year ended 31st March 2023 with these two entities was enclosed as Annexure - 5 to this report.

Also, prior approval of shareholders for the proposed material related party transactions for the financial year 2023-24 between the Company and M/s. ZF CV Systems Global GmbH & M/s. ZF CV Systems North America LLC, fellow subsidiaries of the company, were obtained through postal ballot on 12.03.2023.

The Company pays royalty to M/s ZF CV Systems Europe BV, a fellow subsidiary and related party at the rate of 4% per annum

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on the net sales (Total sales (less) inter-company sales (less) inter-company purchases) effective 1st January 2016 for the intellectual property, knowhow and processes supplied by ZF CV Systems Europe BV. M/s ZF CV Systems Europe BV charges Royalty to all its associated entities in line with the global practices and transfer pricing norms.

For the FY 2022-23, royalty of ₹ 87.37 crores was paid to M/s ZF CV Systems Europe BV which amounts to 3.39 % of the total turnover for the financial year 2021-22.

All transactions with related parties are placed before the audit committee and prior approval of the audit committee is obtained. The Company has developed a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions.

Details of material Related Party Transactions entered by the company as required under Section 134(3)(h) of the Act and the Listing regulation are given in Annexure 5 to this report.

17. POLICIES

The following policies approved by the Board of Directors of the Company were uploaded and are available in the Company's website at the web link: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ich.html

- 17.1.1 Code of Business conduct and ethics by the Board Members & Senior Management
- 17.1.2 Corporate Social Responsibility Policy
- 17.1.3 Related Party Transaction Policy
- 17.1.4 Nomination and Remuneration Policy
- 17.1.5 Whistle Blower Policy
- 17.1.6 Policy for Prohibition of Insider Trading
- 17.1.7 Policy on Criteria for Determining Materiality of Events
- 17.1.8 Dividend Distribution Policy
- 17.1.9 Corporate Governance Policy
- 17.1.10 Policy on Familiarisation of Independent Directors and Other Programs
- 17.1.11 Material subsidiary policy

- 17.2 Company's policy on directors' appointment and remuneration including criteria determining for qualification, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act is provided in the Corporate Governance Report.

18. PARTICULARS OF DISCLOSURES AS REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013

- 18.1 The ratio of the remuneration of each director to the median remuneration of the employees for the financial year and such other details as required are as given below:

Name	Ratio
Mr. P. Kaniappan, Managing Director	45.98:1

Mr. M. Lakshminarayan, Independent Director	2.65:1
Mr. Mahesh Chhabria, Independent Director	2.98:1
Dr. Lakshmi Venu, Independent Director	2.09:1

Directors other than those mentioned above have not drawn any remuneration including Sitting Fees & Commission, for the financial year 2022-23.

- 18.2 The percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary in the financial year are as follows:

Mr. M. Lakshminarayan, Independent Director	42.86
Mr. Mahesh Chhabria, Independent Director	17.18
Dr. Lakshmi Venu, Independent Director	20.72
Mr. P. Kaniappan, Managing Director	9.85
Mr. R.S Rajagopal Sastry, Chief Financial Officer	11.55
Ms. M. Muthulakshmi, Company Secretary	16.08

- 18.3 The percentage increase in the median remuneration of employees in the financial year: 10%
- 18.4 The number of permanent employees on the rolls of company as on 31st March 2023: 2181.
- 18.5 Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year: 10.25% Percentage increase in the managerial remuneration in the last financial year: 22.65%. There are no exceptional circumstances for increase in the managerial remuneration. With respect to the Managerial Personnel, variable component is paid in the form of incentive, as per the remuneration policy of the Company and based on the financial and non-financial parameters and based on their individual performance and the performance of the Company. The Board at its meeting dated 24th May 2023, approved the commission to be paid to nonexecutive independent directors as ₹ 30 Lakhs to Mr. M. Lakshminarayan, ₹ 35 Lakhs to Mr. Mahesh Chhabria and ₹ 25 Lakhs to Dr. Lakshmi Venu respectively.
- 18.6 The key parameters for any variable component of remuneration availed by the directors: Independent directors have been paid sitting fees for attending meetings of the Board and Committees and paid a profit related commission, but not exceeding 1% of the net profit of the Company for the financial year. No sitting fee and commission is paid to non-executive and non-independent Directors of the Company. However, variable component is paid in the form of incentive, as per the Remuneration Policy of the Company and based on the financial and non-financial parameters, to Mr. P. Kaniappan, Managing Director.
- 18.7 The remuneration of Directors and employees are as per the remuneration policy of the Company.

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18.8 The statement of particulars of employees as per Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, for the year ended 31st March 2023, is given in Annexure 6 and forms part of this Report.

19. CORPORATE GOVERNANCE

The Company has complied with the provisions of the Listing Regulations concerning corporate governance and a report to this effect is attached, as required by Under Schedule V of the Listing Regulation. The certificate issued by the auditors of the Company regarding compliance with the corporate governance requirements is also annexed to this report. The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the board on financial statements and other matters in accordance with Regulation 17(8) of the Listing Regulations pertaining to CEO / CFO certification for the financial year ended 31st March 2023. Further, applicable Secretarial Standards have been complied with. The management discussion and analysis report, as required by the Listing Regulation and various disclosures required under the Act is also attached and forms part of this report.

20. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has a structured familiarization program for independent Directors of the Company which also extends to other Non-Executive Directors to ensure that Directors are familiarized with their function, role, rights, responsibilities and the nature of the company Business viz., automotive component industry and ZF global business model, etc. The Board of Directors has complete access to the information within the Company. Presentations are made to the Board of Directors at all the Meetings and all Committees of the Board on various matters, where Directors get an opportunity to interact with Senior Management. Presentations, inter alia, cover the Company's strategy, business model, operations, markets, organization structure, product offerings, finance, risk management framework, quarterly and annual results, human resources, technology, quality and such other areas as may arise from time to time.

The Company also issues appointment letters to the Independent Directors which also incorporates their role, duties and responsibilities. Further, regulatory updates on regulatory changes are also periodically placed before the Board. The details of familiarisation programme have been hosted in the web site of the Company under the weblink https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ic.html

21. OTHER PARTICULARS

- The Company has not accepted any deposits from the public within the meaning of Sections 76 of the Companies Act, 2013 for the year ended 31st March 2023.
- There are no significant and material orders passed by regulators or courts or tribunals, which would impact the going concern status of the Company and its future operations.

- The Company does not have any associate or joint venture during the financial year 2022-23, apart from one wholly owned subsidiary.
- The Company has not raised any funds during the year.
- The Company has not taken any loan during the year and neither there are any outstanding loans as on 31st March 2023. Hence there were no instances of any one time settlement nor any valuation done in this regard.
- The Company neither filed an application during the year under review nor there are any proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016 as at March 31, 2023.
- The Company has not transferred any amount to general reserves during the year ended 31st March 2023.
- There are no material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year 31st March 2023 and at the date of this report.
- DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 - The Company has adopted the Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. In compliance with the provisions under Section 4 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, Internal Complaints Committee (ICC) of the Company has been constituted to redress complaints regarding sexual harassment. No complaint was received during the year 2022-23.

Acknowledgement

The directors thank the vehicle manufacturers, distributors, vendors and bankers for their continued support and assistance. The directors gratefully acknowledge the support rendered by ZF Friedrichshafen AG. The directors wish to place on record their appreciation of the excellent work done by employees of the Company at all levels during the year. The directors specially thank the shareholders for the confidence reposed by them in the Company.

For and on behalf of the board

Chennai
24th May 2023

M. LAKSHMINARAYAN
Chairman
DIN: 00064750

A. CONSERVATION OF ENERGY

1. Measures taken

- i). Plasma machine chiller combined for chiller run hours reduction from individual chillers into single, resulted 228K units /annum.
- ii). Electrical Heat pump instead of diesel fuel Steam generator (20 Liters saved/Day) for Canteen operation, resulted 142K units / annum.
- iii). Air Receiver plunger type valve replaced with ball valve electrically operated and additional moisture drain valve provided for LP reservoirs, resulted 40K units / annum.
- iv). Thyristor Drive provided for heaters in 23 locations, resulted 79K units / annum.
- v). Air Blower installed instead of Compressed Air in ultrasonic washing machines in 2 places 38K units / year.
- vi). Providing of capacitor bank near the load side in Main air compressors 2 nos, resulted 41K units / annum.
- vii). Powder coating Phosphating process LPG gas elimination(90kg/day) by providing the electrical, resulted 248K units / annum.
- viii). Installation of part cooling system in Plasma process last stage 2 nos, resulted 79K units /annum.
- ix). Air Compressor Power optimization through VFD, resulted 46K units / annum.
- x). Panel A/C into Air to Air Cooler in CNC machines-10 nos, resulted 82K units /annum.
- xi). HVAC Power Optimization through Duct modification & Air damper control and small cap AC unit during the night hour operations, resulted 61K units/ annum.
- xii). Motor Power Optimization through IE2 to IE3 Motors in 60 applications, resulted 78K units / annum.

These measures resulted in substantial energy savings of about 11.62 lakhs units of power and Cost resulting in ₹ 110.39 lakhs per annum.

2. Measures proposed

- i). Servo Motor for Grinding machine Spindles instead of VFD controlled Induction motors, expected Energy savings 200K units / annum.
- ii). Heat Pump for all washing machines instead of Electrical Heaters, expected Energy savings 72K units / annum.
- iii). Air Compressor Power reduction through Pneumatic Booster Circuit modification, expected Energy saving 90K units/ annum.
- iv). False ceiling based axial fan to improve circulation in assembly areas to reduce chiller working cycle expected saving 10% of HVAC energy.
- v). AHU power optimization through Electronically Commutated Fan, expected Energy Savings 45K units / annum.
- vi). Optimize the Air Conditioning in Vacuum Pump and Wheel Speed Sensor Assembly by 20% through Energy Efficient Duct-able A/C in Ambattur Site.
- vii). System upgradation in conventional CNC machines 4nos to new Energy efficient motor CNC to reduce 400K units per year.
- viii). Replacement of conventional 1000 CFM Dryer unit with upgraded energy efficient motor and Air End by that reduce 10% Air compressor energy.
- ix). CNC machines System upgradation with latest technologies in 4 machines to reduce energy consumption 400K units per year.

These measures are expected to result in substantial energy savings of about 13.54 lakhs units of power & Cost ₹ 128.63 lakhs per annum.

B. Details relating to imported technology: (Technology imported during the last 5 years reckoned from the beginning of the financial year) – NIL

C. Expenditure on R & D

	₹ in lakhs
Capital expenditure	228.75
Recurring expenditure (including salaries)	4,929.33
	5,158.08

D. TECHNOLOGY ABSORPTION

1. Efforts made towards technology absorption

- a. Developed Electronic Stability Control (ESC) – Pneumatic & Hydraulic systems
- b. Developed Pressure Test Connector (PTC)
- c. Developed Advanced Driver Assist system (ADAS)
- d. Developed Collision Mitigation System (CMS) & Fusion
- e. Developed Frontal Collision Warning (FCW)
- f. Developed Electronic Controlled Air Suspension (ECAS)
- g. Developed Ecotronic 9 speed AMT
- h. Developed Manual Slack Adjuster with optimised body
- i. Developed Cloud based FOTA system
- j. Developed Advanced Telematic ECU
- k. Developed Sintered coupling for vacuum pump
- l. Developed Retrofitment solution for door control system
- m. Developed Park Safe PRV for Trailers
- n. Developed Selective grain coarsening for Air Cartridge application
- o. Developed Chromating for improved corrosion resistance of aluminum alloys
- p. Developed NDT technique to understand fabric shift in brake diaphragm

2. Benefits derived

- a. Meeting current and upcoming regulations
- b. Products with improved value to customers
- c. Advanced features to enhance the vehicle safety
- d. Increased market share with localized products with advanced features
- e. Enhanced product performance and durability resulting in competitive advantage
- f. Environment benefit by avoiding surface protection
- g. Indigenous development of test rigs and accessories for advanced products
- i. Improved ride and handling performance
- j. New business and increased market share.
- k. Localized the product for optimized cost

E. FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ in Lakhs
Foreign exchange inflow	139,380.48
Foreign exchange outflow	43,570.21

Annual Report on CSR Activities for the year ended 31st March 2023

1. Brief outline on the Company's CSR policy

The Company focuses on CSR activities as specified in Schedule VII of the Companies Act, 2013 and accordingly the projects have been identified and recommended by the CSR Committee and approved by the Board. The projects have been implemented through the supervision of the internal executive committee, directly executed by the Company except previous years ongoing projects which being executed through WABCO Foundation. The Company has framed the CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

2. Composition of the CSR committee

The CSR committee was constituted as per the provisions of Section 135 of the Companies Act, 2013 read with the Rules made thereunder and comprised the following members during the year:

Sl.No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR committee held during the year	Number of meetings of CSR committee attended during the year
1	Mr. P Kaniappan	Chairman (Managing Director)	Two	Two
2	Mr. M Lakshminarayan	Member (Independent Director)	Two	Two
3	Dr. Lakshmi Venu	Member (Independent Director)	Two	One

3. The web-link where Composition of CSR committee, CSR policy and CSR projects approved by the Board are disclosed on the website of the Company:

https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

4. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

5. a) Average net profit of the Company as per section 135(5): INR 19,220.04 Lakhs
- b) Two percent of the average net profit of the Company as per Section 135(5): INR 384.40 Lakhs
- c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Not Applicable
- d) Amount required to be set off for the financial year, if any: Not Applicable
- e) Total CSR obligation for the financial year (5b+5c-5d): INR 384.40 Lakhs
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): INR 240.99 Lakhs
- (b) Amount spent on administrative overheads: INR 19.22 Lakhs
- (c) Amount spent on impact assessment, if applicable: NIL
- (d) Total amount spent for the financial year (6a+6b+6c): INR 260.21 Lakhs
- (e) CSR amount spent or unspent for the financial year:-

Total amount spent for the financial year	Amount unspent (in INR Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
260.21	124.19	27.04.2023	Not Applicable		

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(i) Details of CSR amount spent against ongoing projects for the financial year (In INR Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No).	Location of the project.	Project duration	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of implementation - Direct (Yes/No)	Mode of implementation - through implementing agency	
										Name	CSR Registration Number
1	Creating and maintaining - greenery by planting trees, - restoration of water bodies, - Installation of solar lights, etc.	Item (iv) Environmental Sustainability	Yes	Chennai	3 Years	105.90	29.53	76.37	Yes	Not applicable	
2	Health care support to Govt hospitals - Supply of medical equipment's and AMC for maintenance of O2 plant	Item (i) - Promoting Health Care including preventive Health Care	Yes	Chengalpattu (MWC Plant) & Barabanki (Lucknow)	3 Years	26.52	-	26.52	Yes	Not applicable	
3	Infrastructure development in Govt School	Item (ii) - Promoting Education	Yes	Barabanki (Lucknow)	3 Years	6.87	4.63	2.24	Yes	Not applicable	
4	Establishing skill development under the skill India Objectives	Item (ii) Employment enhancing Vocational skills	Yes	Jamshedpur & Chennai	3 Years	19.14	0.53	18.61	Yes	Not applicable	
5	Road Safety Training program	Item (ii) promoting education and enhancing Vocational skills	Yes	Pan India	3 Years	4.90	4.46	0.44	Yes	Not applicable	
Total						163.33	39.15	124.18			

(ii) Details of CSR amount spent against other than ongoing projects for the financial year: (In INR Lakhs)

Sl. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project	Amount spent for the projects/ programs	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency	CSR Registration Number
1	Installation of High Mast Solar streetlights	Item (iv) Environmental Sustainability	Yes	Chennai and Tiruvallur	41.06	Yes	Not applicable	
2	Installation of High Mast light.	Item (x) Rural Development	Yes	Barabanki (Lucknow)	5.19	Yes	Not applicable	
3	Road Safety Training program for drivers and technicians	Item (ii) promoting education and employment enhancing vocation skills	Yes	31 locations across India	54.76	Yes	Not applicable	
4	Infrastructure Development at Aanganbadi Center by repair and maintenance	Item (iii) - Empowering women & Setting up of Day care centres	Yes	Barabanki (Lucknow)	13.10	Yes	Not applicable	
5	Basic infrastructure support and Renovation of Toilet at Schools	Item (i) - Promotion of Sanitation & Promoting Health Care including preventive Health Care	Yes	Chennai	34.24	Yes	Not applicable	
6	Construction of Ladies Toilet and drinking water arrangement	Item (i) - Promotion of Sanitation and safe drinking water	Yes	Barabanki (Lucknow)	5.56	Yes	Not applicable	

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Sl. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project	Amount spent for the projects/ programs	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency	CSR Registration Number
7	Setting up a Smart class rooms at Junior high school	Item (ii) promoting education	Yes	Barabanki (Lucknow)	0.69	Yes		Not applicable
8	Establishing vocational training institutes for manufacturing technologies for skill development under the skill India objectives							Not applicable
	a. Skill Development Center & Training	Item (ii) – Vocational skills Training & Education	Yes	Chennai	7.16	Yes		Not applicable
	b. Setting up of Skill Lab and Computer lab at Govt ITI and Govt polytechnic.	Item (ii) – Vocational skills Training & Education	Yes	Barabanki (Lucknow)	16.20	Yes		Not applicable
	c. Skill Lab at ITI, Ambattur	Item (ii) – Vocational skills Training & Education	Yes	Chennai	23.88	Yes		Not applicable
Total					201.84			

(f). Excess amount for set off, if any

Sl.No	Particular	Amount (in INR)
(i)	Two percent of average net profit of the Company as per section 135(5)	384.40 Lakhs
(ii)	Total amount spent for the financial year	260.21 Lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

7. A. Details of unspent CSR amount for the preceding three financial years

1	2	3	4	5	6		7	8
					Amount	Date of transfer		
1	2019-20	NA	NA	NA	NA	NA	NA	Nil
2	2020-21	Rs. 630 Lakhs	Rs. 583.96 Lakhs	Rs. 58.79 Lakhs	NA	NA	Rs. 525.17 Lakhs	Nil
3	2021-22	Rs. 254 Lakhs	Rs. 254 Lakhs	Rs. 226.02 Lakhs	NA	NA	Rs. 27.98 Lakhs	Nil

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

(i) Ongoing Projects of the preceding financial year 2021-22 (In INR Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent for the project at the beginning of the financial year (FY 21-22)	Amount spent on the project in the reporting Year (FY 22-23)	Cumulative amount spent at the end of reporting Year	Status of the project - Completed / Ongoing
1	Health Care support to community hospitals - Create infrastructure at hospitals - Supply medical equipments.	FY 2021-22	3 years	152.58	30.09	122.49	152.58	Completed
2	Preventative Health care & Infrastructure Development Support to the Government School	FY 2021-22	3 years	17.58	-	17.58	17.58	Completed
3	Establishing skill development under the skill India Objectives	FY 2021-22	3 years	14.03	-	14.03	14.03	Completed
4	Creating and maintaining - Green belts, green cover, trees, water bodies etc.	FY 2021-22	3 Years	99.64	-	71.66	71.66	Ongoing
				283.83	30.09	225.76	255.85	

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

(ii) Ongoing Projects of the preceding financial year 2020-21 (In INR Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent for the project at the beginning of the financial year	Amount spent on the project in the reporting Year	Cumulative amount spent at the end of reporting Year	Status of the project - Completed / Ongoing
1	Health Care support to community hospitals - Setting up of oxygen generation plants, create infrastructure at hospitals - Health, hygiene & sanitization awareness programs including vaccination programs COVID related other supports to hospitals local health centers	FY 2020-21	3 years	604	46.04	53.79	99.83	Ongoing
2	Safety training program for Medium & Heavy Commercial Vehicle drivers, mechanics, hazardous goods carriers, including health checkup	FY 2020-21	3 years	14.00	-	-	-	Ongoing
3	Establishing vocational training institutes for manufacturing technologies for skill development under the skill India objectives	FY 2020-21	3 years	7.00	-	-	-	Ongoing
4	Creating and maintaining - green belts, green cover, trees, water bodies etc.	FY 2020-21	3 Years	5.00	-	5.00	5.00	Completed
				630	46.04	58.79	104.83	

Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: NA

Reasons if the Company has failed to spend two per cent of the average net profit as per section 135(5)

As a responsible corporate citizen, the Company engages in social responsibility and community development activities. The Company views CSR as a powerful opportunity to help create a positive impact for the future by working together with communities, Governments and local bodies to deliver qualitative social improvement. The WABCO Foundation, a not-for-profit organization has been set up to implement the CSR initiatives, which identifies appropriate CSR projects in line with the Company's CSR policy and implements them.

The Company is in the process of expanding the scope of CSR activities. The Company had identified various projects towards spending 2% of net profits for the last three years and was in the preliminary stages of implementation. However, due to the nature of projects identified, the Company could not spend 2% of the average net profits of last three years during the year 2022-23 completely. The Company has identified individual projects & vendors for execution of those projects. Scopes of work & POs have been released during FY 2022-23 and the projects are ongoing. The projects would be completed during the next three years. This amount of Rs.124.19 Lakhs on account of ongoing projects has been transferred to a separate unspent CSR account on 27th April, 2023, in compliance with the law and which will be spent as per the CSR Rules.

This year the activities were conducted through internal engagement of employees and resources, primarily focused on activities which would help the needy sections of the society as specified in Schedule VII of the Companies Act, 2013 and the Company's CSR policy with specific focus towards areas surrounding the Company's plant locations.

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

Chennai
24th May 2023

M. LAKSHMINARAYAN
Chairman
DIN: 00064750

P KANIAPPAN
Managing Director & Chairman of CSR Committee
DIN: 02696192

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Annexure - 3

SHARE HOLDING PATTERN AS ON 31ST MARCH 2023

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares
A. Promoters								
Foreign								
Body Corporate	142,25,684	-	142,25,684	75.00%	142,25,684	-	142,25,684	75.00%
Total Shareholding of Promoters	142,25,684	-	142,25,684	75.00%	142,25,684	-	142,25,684	75.00%
B. Public Shareholding								
1. Institution								
a. Mutual Funds	27,78,724	-	27,78,724	14.65%	28,34,729	-	28,34,729	14.95%
b. Alternative Investment Fund	1,13,715	-	1,13,715	0.60%	14,342	-	14,342	0.08%
c. Bank / FI	2	-	2	0.00%	2	-	2	0.00%
d. Insurance Co	2,26,834	-	2,26,834	1.20%	1,93,890	-	1,93,890	1.02%
e. Foreign Portfolio Corporate	1,35,141	-	1,35,141	0.71%	2,51,348	-	2,51,348	1.32%
Sub-Total-B(1)	32,54,416	-	32,54,416	17.16%	32,94,311	-	32,94,311	17.37%
2. Non-Institution								
a. Body Corporate	69,076	1,304	70,380	0.37%	48,087	1,304	49,391	0.26%
b. IEPF Authority	47,207	-	47,207	0.25%	48,931	-	48,931	0.26%
c. Individual								
i. Individual shareholders holding nominal share capital upto Rs.2 lakh	10,65,318	90,835	11,56,153	6.10%	11,03,239	79,083	11,82,322	6.23%
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 Lakh	44,160	-	44,160	0.23%	-	-	-	-
d. NRI (Rep)	17,790	-	17,790	0.09%	16,339	124	16,463	0.09%
e. NRI (Non-Rep)	25,143	124	25,267	0.13%	28,593	-	28,593	0.15%
f. Foreign National	83	-	83	0.00%	83	-	83	0.00%
g. Directors & Relatives	1,575	-	1,575	0.01%	1,575	-	1,575	0.01%
h. Trusts	491	-	491	0.00%	503	-	503	0.00%
i. LLP	1,04,138	-	1,04,138	0.55%	90,330	-	90,330	0.48%
j. HUF	18,230	-	18,230	0.10%	28,421	-	28,421	0.15%
k. Clearing Members	1,881	-	1,881	0.01%	868	-	868	0.00%
l. NBFCs	40	-	40	0.00%	20	-	20	0.00%
m. Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	89	-	89	0.00%	89	-	89	0.00%
Sub-Total-B (2)	13,95,221	92,263	14,87,484	7.84%	13,67,078	80,511	14,47,589	7.63%
Net Total (1+2)	46,49,637	92,263	47,41,900	25.00%	46,61,389	80,511	47,41,900	25.00%
Grand Total (A+B+C)	188,75,321	92,263	189,67,584	100.00%	188,87,073	80,511	189,67,584	100.00%

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Annexure - 4

FORM NO. AOC - 1

Statement containing salient features of the financial statement of subsidiaries / associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A" Subsidiaries (Information in respect of each subsidiary to be presented with amounts ₹ in lakhs)

Name of the subsidiary: M/s ZF CV Control Systems Manufacturing India Private Limited

Sl. No.	Particulars	
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	05/01/2022 to 31/03/2023
2.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA
3.	Share capital	100
4.	Reserves & surplus	1.60
5.	Total assets	529.46
6.	Total liabilities	529.46
7.	Investments	NIL
8.	Turnover	62.98
9.	Profit before taxation	2.60
10.	Provision for taxation	1.00
11.	Profit after taxation	1.60
12.	Proposed Dividend	NIL
13.	% of shareholding*	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations - Nil
 2. Names of subsidiaries which have been liquidated or sold during the year - Nil
- * Holding more than 5% shares in the Company

Part "B" Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1. There is no associate or joint venture which is yet to commence operations
2. There is no associate or joint venture which have been liquidated or sold during the year.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Annexure - 5

Form No. AOC - 2

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

Details of contracts or arrangements or transactions not at arm's length basis: Nil

Details of material contracts or arrangement or transactions at arm's length basis.

(₹ In.Lakhs)

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date of approval by the Shareholders (Postal Ballot)*	Amount (2022-23)
ZF CV Systems Europe BV	Sales of Automotive Components	01.04.2022 to 31.03.2023	Markup on cost of raw materials, conversion cost	15.01.2022	718.34
	Rendering of services	01.04.2022 to 31.03.2023	Mark-up on cost of salary, rent	15.01.2022	-
	Fee for Intellectual property	01.04.2022 to 31.03.2023	Royalty @ 4% p.a. on net sales	15.01.2022	8,737.55
	IT cost	01.04.2022 to 31.03.2023	Actuals	15.01.2022	1,027.22
ZF CV Systems Global GmbH, a fellow subsidiary	Purchase of goods and Property, Plant & Equipment	01.04.2022 to 31.03.2023	Markup on cost of raw materials, conversion cost	15.01.2022	5,082.33
	Sales of Automotive Components	01.04.2022 to 31.03.2023	Markup on cost of raw materials, conversion cost	15.01.2022	37,564.17
	Rendering of Services	01.04.2022 to 31.03.2023	Mark-up on cost of salary, rent	15.01.2022	26,271.83
				Total	79,401.44

*Prior approval of the shareholders was obtained for the material related party transactions as required under regulation 23 of SEBI (LODR) Regulations 2015.

Note: There is no advance amount paid.

Net sales: Total product sales less inter-company sales and inter-company purchases.

Annexure - 6

The details of top ten employees in terms of remuneration drawn during the financial year 2022-23 as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 duly amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 are as follows:-

Sl. No.	Name of the employee	Date of Joining	Designation	Qualification	Age	Experience Years	Remuneration (₹)	Last Employment
1.	P. Kaniappan	20/02/2008	Managing Director	B.Tech, M.Sc, Executive MBA	63	41	5,89,02,593	Sundaram-Clayton Ltd.
2.	M S Ravikumar	20/02/2008	Head of Operations - Region India	A.M.I.E, M.Sc, PGXPM	57	36	2,32,76,230	Sundaram-Clayton Ltd.
3.	R S Rajagopal Sastry	31/08/2015	Chief Financial Officer	B.Com, AICWA, ACS	53	35	2,28,49,458	R Stahl (I) Private Ltd
4.	Ganesamoorthy Arumugam	20/02/2008	Engineering Leader	M.Tech	54	27	2,25,34,056	Sundaram-Clayton Ltd.
5.	V Ramanathan	22/01/2007	VP - OE Sales & Marketing	B.E Mechanical, MBA	54	36	2,07,74,469	Maruti Udyog Ltd.
6.	Ravindra Kumar Dwivedi	18/11/2019	Engineering site leader - TCI	M.Tech	50	31	1,56,86,624	HARMAN
7.	Joseph Jackson Panakkal	04/06/2018	HR Leader - India	MA (PM&IR), MBA (Finance)	48	26	1,35,32,556	Saint Gobain India Pvt. Ltd.
8.	Chelladurai Muruganandam	17/05/2019	Regional Quality Leader India	B.E Mechanical, MBA	48	25	1,29,66,337	Faurecia Emission Control Technology Ltd
9.	Ramachandra Puttanna	24/08/2019	Regional Sales Leader	B.E Mechanical, MBA, PG Diploma	55	32	1,29,38,958	Magneti Marelli Ltd
10.	Simon Leonard	20/02/2008	Global DTC & Change Management Leader - R&D	ME, Design, BE Mechanical	51	28	97,64,322	Sundaram-Clayton Ltd.

Notes:

- Remuneration shown above includes Salary, Allowance, Medical, Leave Travel Assistance, Leave Encashment, Arrears of Salary, Bonus, contribution towards Provident Fund, Gratuity, value of perquisites and Incentives.
- Nature of employment is contractual.
- None of the above employee is related to any director of the Company.
- There are no employees who hold either by himself or along with his family more than 2% of shares in the Company and is drawing remuneration in excess of the Managing Director
- No employees other than the employees mentioned above were in receipt of remuneration during the financial year in excess of rupees one crore and two lakh per year or rupees eight lakh and fifty thousand per month.

For and on behalf of the Board

Chennai
24th May 2023

M. LAKSHMINARAYAN
Chairman

Form No.MR-3**Secretarial Audit Report for the financial year ended 31st March 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly WABCO India Limited)
CIN: L34103TN2004PLC054667
Plot No.3 (SP), III Main Road,
Ambattur Industrial Estate, Chennai – 600 058.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED (“the Company”) during the financial year from 1st April 2022 to 31st March 2023 (“the year”/ “audit period”/ “period under review”).

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company’s corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i). Our verification of the books, papers, minute books and other records maintained by the Company and furnished to us in physical / electronic form, forms / returns filed and compliance related action taken by the Company during the year as well as after 31st March 2023 but before the issue of this audit report;
- (ii). Our observations during our visits to the registered office and the factory in the Special Economic Zone;
- (iii). Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel / senior managerial personnel of the Company and noted by the Board of Directors; and
- (iv). Representations made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2023, the Company:

- (i). has complied with the statutory provisions listed hereunder; and
- (ii). has Board processes and compliance mechanism in place.

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report, along with our letter of even date annexed to this report as Annexure-A.

1. Compliance with specific statutory provisions

We further report that:

- 1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed / disseminated during the year, according to the applicable provisions / clauses of the Acts, Rules, Regulations, Standards and Agreements set-out hereunder.

- 1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2023 but before the issue of this report, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, the Company’s compliance with the said applicable provisions / clauses of the Acts, Rules, Regulations, Standards and Agreements are as set- out hereunder.

- 1.3. The Company has generally complied with the applicable provisions/ clauses/ rules of the following Acts, Rules, Regulations, Standards and Agreements:

- (i). The Companies Act, 2013 and the rules made thereunder (“the Act”);
- (ii). The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder (SCRA);
- (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 (FEMA);
- (v). The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST);
- (vi). The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT);
- (vii). The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR); and the listing agreements entered into with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in relation to listing of its Equity shares (‘Agreements’);
- (viii) The following laws which were specifically applicable to the Company:
 - (a). The Special Economic Zones Act, 2005 and the rules made thereunder (SEZ) (specifically applicable to its units located in a Special Economic Zone); and
 - (b). The Software Technology Parks (STP) Scheme based on Foreign Trade Policy of the Department of Commerce, Government of India (specifically applicable to its unit located in a STP); and
- (ix). Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards) in respect of Meetings of the Board of Directors (SS-1) (to the extent applicable to Board meetings held during the year), and General Meetings (SS-2) (to the extent applicable to the 18th Annual General Meeting held on 27th July 2022 and the 4th Postal ballot process which concluded on 12th March 2023).

- 1.4. The Company was not mandatorily required to comply with the following laws/ regulations/ standards on account of its non-applicability / non-occurrence of any relevant event during the year:

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

- (i). Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Overseas Direct Investment and External Commercial Borrowings;
- (ii). The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with client;
- (iii). The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (iv). The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- (v). The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (vi). The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (vii). The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018; and
- (viii). Secretarial Standards on 'Dividend' (SS-3) and Secretarial Standards on 'Report of the Board of Directors' (SS-4) issued by the Institute of Company Secretaries of India (being non-mandatory).

2. Board processes:

We further report that:

- 2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Act and LODR.
- 2.2 As on 31st March 2023, the Board of Directors comprised of:
 - (i) 1 (one) Executive Director;
 - (ii) 2 (two) Non-Executive Non-Independent Directors; and
 - (iii) 3 (three) Independent Directors, including 1 (one) Independent woman director (constituting more than the required one-third of the total strength of the Board).
- 2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:
 - (i) Re-appointment of the Dr. Christian Oliver Brenneke (DIN:08344547) as a Non-Executive Non-Independent Director, upon his retirement by rotation at the 18th Annual General Meeting held on 27th July 2022; and
 - (ii) Cessation of Mr. Alexander Ignace De Bock (DIN:08745365), Non-Executive Non-Independent Director, with effect from the close of business hours on 30th March 2023 on account of his resignation. The casual vacancy arising due to his resignation has not been filled by the Board till the date of this report.
- 2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings, except for meetings convened at a shorter notice in compliance with the provisions of the Act and SS-1.

- 2.5 In respect of Board meetings held during the year, Notice, Agenda and detailed notes on agenda were sent either 7 (seven) days in advance or at a shorter notice, at all of which meetings atleast 1 (one) Independent Director was present, except for the following items which were either circulated separately or circulated/ presented at the Board meetings:
 - (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
 - (ii) Additional subjects / information /presentations and supplementary notes.
- 2.6 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.7 We are informed that, at the Board meetings held during the year:
 - (i) Majority decisions were carried through; and
 - (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed that were required to be captured and recorded as part of the Minutes.

3. Compliance mechanism

We further report that there are reasonably adequate systems and processes in the Company, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

There is scope for further improvement in the compliance systems and processes to ensure timely filing of forms/ returns/ reports with regulators and other procedural compliances, keeping pace with the increasing statutory requirements.

4. Specific events/ actions

We further report that, during the year, the following events occurred in due compliance with the Acts, Rules and Regulations referred to hereinabove:

- (i) The Company had obtained the prior approval of the shareholders for material related party transactions to be entered into by it with the following related parties during the financial year from 1st April 2023 to 31st March 2024, through the 4th Postal Ballot process on 12th March, 2023.
 - (a) ZF CV Systems Global GmbH upto Rs.1,500 Crores (Rupees One thousand five hundred crores only); and
 - (b) ZF CV Systems North America LLC upto Rs.400 Crores (Rupees Four hundred crores only)

For S. KRISHNAMURTHY & CO.,
Company Secretaries
[Firm Unique Identification No. P1994TN045300]
(Peer Review Certificate No.739/2020)

K SRIRAM
Partner

Membership No: F6312
Certificate of Practice No:2215
UDIN: F006312E000371545

Place: Chennai
Date: 24th May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Annexure – A to Secretarial Audit Report of even date

To,
The Members of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly WABCO India Limited)
CIN: L34103TN2004PLC054667
Plot No.3 (SP), III Main Road,
Ambattur Industrial Estate, Chennai – 600 058.

Our Secretarial Audit Report (in Form MR-3) of even date for the financial year ended 31st March 2023, is to be read along with this letter.

1. Management's Responsibility:

The Company's management is responsible for maintenance of secretarial records, making the statutory/ regulatory disclosures/ filings and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards.

2. Secretarial Auditors' Responsibility:

Our responsibility as a Secretarial Auditor is to express an opinion on the compliance with the applicable laws and maintenance of records based on our audit.

3. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records and the audit was conducted in accordance with applicable auditing standards issued by The Institute of Company Secretaries of India. Those Standards require that the Auditor comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

4. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2023 but before the issue of this report.

5. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion obtained as being in compliance with law.
6. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
7. We have not verified the correctness and appropriateness of financial statements, financial records and books of accounts of the Company.
8. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
9. Our 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.
10. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non compliances may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

For S. KRISHNAMURTHY & CO.,
Company Secretaries
[Firm Unique Identification No. P1994TN045300]
(Peer Review Certificate No.739/2020)

K SRIRAM

Partner

Membership No: F6312
Certificate of Practice No:2215
UDIN: F006312E000371545

Place: Chennai
Date: 24th May 2023

Management Discussion and Analysis Report

The company provides the capability to shape the future of commercial transportation systems. Our technologies and services for commercial vehicles and fleets make them more efficient, safe, connected, intelligent, and automated wherever they operate. We partner with customers to introduce integrated and innovative solutions that positively impact the commercial vehicle's lifecycle, from cradle to grave.

We offer customers access to the broadest range of commercial vehicle solutions in key domains like Automated Driving, Electric Mobility, Shared Transportation and Fleet Operations' Digitalization to enable Next Generation Mobility. NOW. Our local teams and partners are established across the country to offer close customer proximity, wherever they are.

Our technologies help commercial vehicles to see, think and act. We enable real-time communication between trucks and trailers. ZF knows the requirements for e-CVs and our data pool from onboard systems enables real-time information and insights to optimize fleet operations.

I Industry Structure and Development:

i GDP growth and Indian economic outlook:

The government's thrust on capital expenditure coupled with initiatives such as the production-linked incentive (PLI) scheme should bolster private investment activity, amidst improving capacity utilization, deleveraged corporate balance sheets, higher offtake of bank credit, and congenial financial conditions. At the same time, the escalation of the geopolitical situation and the accompanying surge in international crude oil and other commodity prices, tightening of global financial conditions, the persistence of supply-side disruptions, and significantly weaker external demand pose downside risks.

The Purchase Manager's Index manufacturing index was at 56.4 in March 2023 compared to 54.0 in March 2022. Based on data provided by the NSO, on the supply side, real gross value added (GVA) was at 6.4 percent in 2022-23, with its major components, including services, exceeding pre-pandemic levels. Sector-wise, agriculture has remained the silver lining while contract-based services, manufacturing, construction were hit hardest, and have been recovering steadily. Government consumption and net exports have further provided support in the recovery. The Government has announced several fiscal measures to incentivize capital formation attract foreign investment and create employment and the Reserve Bank of India has also stepped in to provide adequate liquidity.

National Statistical Office (NSO) placed India's real gross domestic product (GDP) growth at 7.0 percent in 2022-23 considering private consumption and public investment were the major drivers of growth. The government's thrust on capital expenditure, capacity utilization in manufacturing, double-digit credit growth, and the moderation in commodity prices are expected to bolster manufacturing and investment activity. According to the RBI's surveys, businesses and consumers are optimistic about the outlook. The external demand drag could accentuate, given slowing global trade and output. Protracted geopolitical tensions, tight global financial conditions, and global financial market volatility pose risks to the outlook. Considering all these factors, real GDP growth for 2023-24 is projected at 6.5 percent. (Source: RBI's minutes of Monetary policy committee).

ii. Indian Commercial Vehicle Industry:

Commercial Vehicle (CV) sales are directly linked with economic activities in the country. The global automotive industry demand recovered from COVID-19 pandemic waves and challenges posed by continuous semiconductor shortages, Russia Ukraine War, and raw material inflation. In India, pick-up in infrastructure and construction coupled with increased economic activities have been fuelling truck sales across segments except for light commercial vehicles that have seen some softening in demand. Indian commercial vehicle space saw a growth of 37% over the previous year due to market recovery from COVID-19 and growth led by infrastructure projects and last-mile connectivity. The demand for FY'23-24 looks to be promising due to growth in segments like construction, infrastructure, and logistics.

CV sales were up by ~37% for the year 2022-23 compared to the previous year. Growth in the CV segment is expected with improved fleet utilization, higher replacement, government infrastructure spending, e-commerce expansion, government initiatives to promote electrification and sustainability, and technological advancements.

Some of the trends that will drive the demand for commercial vehicles

- e-commerce will be a key driver for retail sales and is expected that about 25% of new sales will come through online channels (e-Commerce is expected to grow at a CAGR of 21% from 2022 to 2030)
- Connectivity and digitalization will open new opportunities and avenues for the industry
- New business models such as freight aggregators will create demand for commercial vehicles
- Vehicle scrappage policy for Government vehicles and the CESL tenders for electric buses will revive the bus market

A well-thought-out vehicle scrappage policy with incentives will spur demand for commercial vehicles in the short term. The adoption of digital connectivity solutions will make fleets more efficient and cost-effective.

The Government of India's FAME-II scheme and CESL tenders have led to an increase in the adoption of electric buses in the country. Right policies and intervention from the Government to support State Transport Undertakings in procuring buses with alternate fuels like CNG, Biofuel, electric FCEV, H-ICE, etc., would also lead to revival of demand for commercial vehicles.

With more structural reforms underway in a stable economic environment with digital technology, the market is expected to regain the growth path. The market forecast points to an increase in the sale of light and intermediate commercial vehicles, with demand for high-tonnage trucks rising in FY 2023-2024. The production cycle will increase in the coming years owing to export markets seeking budget trucks that are compliant with global emission standards and quality norms. Some of the key technologies that will drive future trends include

- Alternate fuel systems
- Electric vehicles and EV retrofits
- Higher horsepower engines with electronic diesel-controlled system

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- Auxiliary braking systems like electromagnetic retarders, hydraulic retarders, and interarder in automatic transmission
- Speed monitoring and control systems
- Vehicle payload monitoring systems
- eSIM-enabled vehicles, GPRS and GPS-related technologies
- Vehicle alarm system to detect irregular driving patterns
- Engines complying with BS VI emission norms
- Infotainment systems, IT-enabled navigation, vehicle tracking, vehicle productivity analysis
- Advanced transmissions with electronic integrations such as automated manual transmission and other new technologies
- Electronic braking system (EBS)
- Electronic stability program and control (ESP)
- Collision avoidance warning system
- Lane departure warning systems
- Air suspensions for buses and trucks

The commercial vehicle industry is likely to sustain this growth for the next 2 to 3 years. Demand for commercial vehicles, particularly medium and heavy commercial vehicles, is likely to also benefit from various government initiatives to help revive the economy.

II Opportunities & Threats

With the shift from BS IV to BS VI in 2020 and Phase 2 of BS VI RDE (Real Driving emission norms) from 1st April 2023, the auto industry has taken a significant step in the right direction by harmonizing and coming on par with emission norms of the European and American markets. The Stricter BS-VI regime normalizes the playing field for OEMs and the auto component industry alike to participate in the global market through exports, given that the vehicles and the technology in them would be at par with the global standards.

Stricter safety norms provide the company with a unique opportunity to work closely with OEMs to penetrate the Indian market and introduce new technologies for the benefit of the end customers. With the recent implementation of ESC in buses, The Company worked with the OEMs and launched ESC with many customers.

With the Indian government's focus on electrification in the CV industry through FAME II & incentives through CESL tender; the adoption of EVs is gaining momentum, especially in the bus segment. The company worked together with the OEMs and launched e mobility products like electric compressor, electronic braking system successfully.

With improvement in infrastructure and express highways, the need for higher capacity engines and higher gear ratio transmission increases which open up opportunities for automated manual transmission controls in heavy duty segment.

During the year, the company took efforts to sustain and increase revenues through the introduction of new products for OEMs, fleets, and aftermarket thus creating an increase in vehicle content, better technology penetration, and foraying into new domains for commercial vehicle technology.

During the year, the company worked with OEMs as a technological solutions partner to introduce technologies compliant with BS VI norms like hill start aid (HSA), Automatic Traction Control (ATC), Air Disc Brakes (ADB), Electronic Stability Control (ESC), Automated

Manual Transmission (AMT), Fleet Management Solutions (FMS), Tire Pressure Monitoring System (TPMS), Advanced Air Processing Units among other technologies.

As a complete system solution provider, the company now uniquely connects truck, trailer, cargo, drivers, business partners, and fleet operator's real-time to empower the fleets to significantly enhance safety and operational efficiency. The company is today working with several OEMs in the country to reduce the Total Cost of Ownership (TCO) by recommending the right value enhancers and by providing improved uptime for the fleets through its Fleet Management Solutions.

Industry shifts to better emission norms and upgrade of vehicle platforms has created numerous digitalization opportunities in the entire fleet ecosystem with huge potential to mobilize vehicle intelligence thereby providing deep meaningful insights on vehicle performance to the end user/fleet owner. These insights when utilized effectively have the potential to transform user experience to a whole new level.

The company also introduced numerous products through the aftermarket channel to enhance the safety and efficiency of fleets including air suspension with ECAS technology, tandem master cylinder, and clutch master cylinders. The company also increased its market share for Diesel Exhaust Fluid (DEF). The Company looks forward to the following strategic opportunities in the coming years.

- Partner with trailer customers for implementing 100% TABS, penetrating and expansion of Intelligent Trailer Program products and air disc brakes for trailers
- Technical / homologation support for advanced technology products
- Leverage/expand its manufacturing footprint to ensure increased customer centricity
- Penetration road map for newer technologies like Advanced Driver Assistance Systems (ADAS), Reverse Parking Assistance System (RPAS), Driver behaviour monitoring system (DBMS)
- Introduction of new product portfolio - Doors with door control system, air suspension systems, air disc brakes among others

Anticipating evolutionary changes in the traditional aftermarket business models, the Company is striving to introduce new business and revenue models through e-commerce. The Company is also looking at ramping up its sales, service, and distribution network to effectively cater to fleets and mobility users across the country. Leveraging the wave of digitalization, the company is also exploring the use of digital models and other initiatives to be ahead of the curve. The authorized service center network is expanding and currently, the Company has around 280 service centers with a pan-India presence to cater to customer requirements. These initiatives have resulted in improved service practices, and availability of genuine parts, and generated additional revenue for the company. Given the opportunities available in the commercial vehicle segment we expect the activity levels of the competitors to also be on the rise.

III Risks and Concerns

The Company has cash reserves to meet its obligations and does not foresee a need to borrow or raise capital. The company has a strong credit management process and investment vetting

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processes. The Company has met all its financial obligations and would continue to do so. The company is receiving all major dues from its customers albeit with minor delays. The company has been accepting payments through arrangements with the banks the customers have made on a selective basis. The Company does not consider any incremental material recoverability risk. It is expected that the situation would improve going forward. The company has taken all steps to conserve cash during this period, as revenues were hit. The company also has imposed strict cost control measures to reduce and avoid discretionary spending. However, cash and profitability are expected to be impacted due to fluctuations in activity levels.

The Company has a robust ERP system in place and all its locations are well-networked. All reporting systems worked seamlessly without any disruption and ensured adequate controls. Apart from the above, the cyclical nature of the Indian commercial vehicle industry presents its own risk to the business. The operating expenses are likely to rise with the expected increase in prices of key raw materials.

STEEL

Steel Outlook in India

In the past 10–12 years, India's steel sector has expanded significantly. Production has increased by 75% since 2008, while domestic steel demand has increased by almost 80%. The capacity for producing steel has grown concurrently, and the rise has been largely organic.

In FY22, the production of crude steel and finished steel stood at 133.596 MT and 120.01 MT, respectively. The consumption of finished steel stood at 105.751 MT in FY22. In April 2022, India's finished steel consumption stood at 9.072 MT. In April-July 2022, the production of crude steel and finished steel stood at 40.95 MT and 38.55 MT respectively.

In FY22, exports and imports of finished steel stood at 13.49 MT and 4.67 MT, respectively. In FY22, India's export rose by 25.1% YoY, compared with 2021. In FY21, India exported 9.49 MT of finished steel. In July 2022 exports of finished steel stood at 3.80 lakh MT.

The annual production of steel is anticipated to exceed 300 million tonnes by 2030–2031. By 2030–31, crude steel production is projected to reach 255 million tonnes at 85% capacity utilization achieving 230 million tonnes of finished steel production, assuming a 10% yield loss or a 90% conversion ratio for the conversion of raw steel to finished steel. With net exports of 24 million tonnes, consumption is expected to reach 206 million tonnes by the years 2030–2031. As a result, it is anticipated that per-person steel consumption will grow to 160 kg.

The World Steel Association (world steel) considers that global steel demand in 2023 will grow by 1% over 2022 levels (from ~1796.7 million tonnes in 2022 (<https://worldsteel.org>))

Data shows that apart from China, production in other key regions, such as Europe, too declined 10 percent on-year and the US witnessed a decline of 5 percent. On the other hand, India and the Middle East witnessed a year-on-year growth of 5 percent and percent, respectively

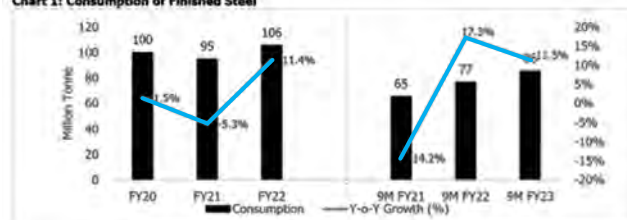
- Domestic steel production and consumption grew by 5.7% and 11.5%, respectively, on a year-on-year (y-o-y) basis during the first nine months of FY23 (April-December).

- Steel exports declined sharply by 54% y-o-y in 9M FY23 due to weak global demand and an export duty of 15% imposed on steel products from May 2022 to November 2022. India became a net importer of steel with a 38% decline in exports y-o-y during Q3FY23. During the same period, imports grew by 70%.
- International steel prices are expected to remain elevated due to high input costs, primarily iron ore and coking coal, and the ongoing geopolitical crisis. Domestic prices are also demonstrating an upward trend in line with global prices supported by healthy domestic demand.
- The domestic steel demand growth will be healthy at 10–12% in FY23, driven by continued thrust on infrastructure development and pick-up in the real estate and construction activities amid an overall economic revival. While the exports declined sharply in 9M FY23, the recent withdrawal of export duty on steel products and iron pellets as well as a reduction in the export duty of iron ore lumps and fines is expected to reverse this trend with the full impact expected by early FY24.

Momentum in Steel Consumption

During 9M FY23 (April-December), the crude steel production and finished steel production had increased by 5% and 5.7%, respectively, on a y-o-y basis. Domestic consumption increased by 11.5% y-o-y to 86 million tonnes during this period. India's steel consumption was at 106 million tonnes in FY22, up from 95 million tonnes in FY21, an increase of 11.4% y-o-y on account of increased consumption by the government on varied infrastructure projects, as well as the resumption of real estate and construction work on a lower-base of FY21.

Chart 1: Consumption of Finished Steel



The Government's thrust toward infrastructure projects is majorly contributing to the rise in steel demand in the domestic market. Improving activities in the construction sector along with an uptick in the real estate and automobile sector is expected to boost the demand for steel products in the industry. With increased government spending towards various infrastructure sectors such as roads, railways, airports, ports, mass transport, waterways, and logistic infra, an increase in capex allocation by 38% y-o-y by central public sector enterprises, and government initiatives to support the steel production will continue to augment the domestic steel demand in the industry.

Steel prices likely to inch up on global demand revival

International steel prices remained high in March 2022 and April 2022, mainly due to the Russia-Ukraine crisis.

The average domestic finished steel prices peaked at Rs 96,079 per tonne in April 2022. After a sharp uptick, it started to witness a downward trend and declined to Rs 69,084 per tonne in December 2022, a decline of 17% on a y-o-y basis. The export duty imposed on a range of finished steel products resulted in lower exports which caused a build-up in domestic inventories. The international

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prices were also on a declining trend on account of weak global demand. Moreover, the prices of iron ore have softened by about 20.6% to Rs. 4,100 per tonne in December 2022 as compared to Rs. 5,964.50 per tonne in May 2022, due to increased domestic supply considering a hike in duty on iron ore exports to 50% since May 2022. These factors in turn resulted in a decline in domestic steel prices.

Chart 4: Domestic Average Finished Steel Prices



Chart 5: Domestic Iron Ore Prices



Following the reduction in export duty on iron ore, domestic prices are expected to increase. In January 2023, NMDC hiked the prices for iron ore lumps and fines to Rs. 4,300 per tonne and Rs. 3,410 per tonne from Rs. 4,100 per tonne and Rs. 2,910 per tonne, respectively. The domestic steel prices are expected to directionally follow the global prices and strengthen due to continued strong domestic demand and increase in input prices.

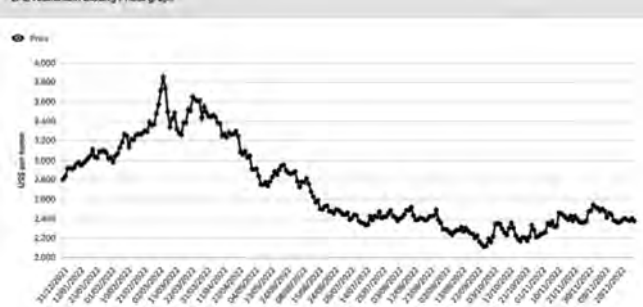
Aluminium

At the end of 2021, market watchers were expecting a deficit in the aluminium sector, with a higher environment for prices.

But after increasing steadily in the first few months of the year, aluminium was unable to hold onto its gains. The London Metal Exchange aluminium price plummeted from a high of US\$ 4,000 per metric ton (MT) in March to a low of US\$ 2,079 in September.

“The impact of the Russia-Ukraine conflict, power shortages in Europe and China, and fears of a recession have dominated price direction.”

LME Aluminium Closing Prices graph



Aluminium’s price performance in 2022. Chart via the London Metal Exchange.

High energy prices have led to numerous production cuts in China and Europe since the start of the war — Europe’s energy crisis paired with hydropower shortages in China have impacted nearly 4.5 million MT per year capacity, as per Wood Mackenzie.

What factors will move the aluminium market in 2023?

As the new year begins, there are a few factors investors interested in the aluminium industry should consider.

Wood Mackenzie anticipates a muted global recovery as improved Chinese demand due to the relaxation of strict COVID-19 restrictions offsets the still-weak demand growth seen elsewhere.

The risk of disruption in Europe remains, with nearly 400,000 MT

of capacity vulnerable to closures if power prices spike again, according to Wood Mackenzie data. Aluminium supply is poised to grow marginally as greenfield projects, expansions, and restarts add to supply in the future.

Panelists recently polled by Focus Economics see aluminium prices remaining around current levels through Q4 2023. They expect prices to average US\$2,395 in Q4 2023 and US\$2,332 in Q4 2024.

“Demand will likely be determined by the rate at which China’s economy rebounds, especially the highly-indebted but aluminium-hungry construction sector,” FocusEconomics states in its latest report.

On supply, lower average energy prices than in 2022 should limit further closures of smelters, while the London Metal Exchange’s November decision not to ban Russian metals has further alleviated supply fears.

Russian metal remains the biggest uncertainty

One potential source of price volatility would be sanctions on Russian material either by the US or the EU. Metals have been mostly spared in the rounds of sanctions imposed on Russia that followed its invasion of Ukraine on 24 February, 2022 but it has been reported that the US is considering an effective ban on Russian imports of the metal. A complete ban on Russian aluminium, increasing tariffs to levels that would effectively act as a ban and sanctioning the company that produces Russian aluminium, Rusal.

The only government to take direct action against Russia’s aluminium sector so far has been Australia, when in March it banned the export of bauxite and alumina into the country, effectively freezing Rusal’s off-take flow from the Queensland Alumina joint venture. In Russia’s other top raw material supplier, Ukraine, the war has closed Rusal’s Nikolaev refinery. The alumina gap has been filled by Chinese producers, which have been increasing their exports to Russia.

However, if the US decides to sanction Rusal, the impact could be severe, bearing in mind the market’s reaction to the sanctions in 2018 when the LME prices jumped to \$ 2,718/t, at the time the highest since 2011 before gradually falling in the following weeks and months. Sanctions were then lifted in January 2019.

If the US decides to go ahead, the move could freeze the Russian producer out of Western markets, depending on the severity of sanctions, which would boost global prices for the metal and distort global aluminium trade flows.

Enterprise Risk Management:

The Company has formulated a detailed risk management policy and adopted an integrated ERM framework as aligned with the ZF Group and is implemented across the Company. ERM framework is developed by incorporating the best practices based on COSO and ISO 31000 and then tailored to suit our unique business requirements and laid down procedures for enterprise risk assessment and mitigation actions. The Board has constituted a Risk Management Committee to review the aspects of risk management periodically, to ensure that executive management reviews and controls risk through means of a properly defined framework. Risks identified and mitigation measures are periodically checked by the internal audit team and are communicated to the Board of Directors.

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During the year 2022-23, the company had a very detailed road map including the creation of risk awareness, adopting the ISO standards in managing and monitoring the risks, and a detailed presentation was made to the risk management committee about risk mitigation in place & future risk mitigation action with timeline and accountable risk owner.

IV Internal control systems and their adequacy:

The Company has proper and adequate systems of internal control including internal financial controls for financial reporting to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition thereof and ensure accurate reporting. All transactions are authorized, recorded, and reported correctly. The internal controls are checked by internal auditors. Observations made by them, management actions, and time frames are reviewed.

V Operations review

A. Manufacturing

During the year 2022-23, new manufacturing lines were set up for Inversion Relay Valves, Trailer Control Valves, Integrated Pedal Units, and Graduated Hand Control Valves creating additional manufacturing capacities including a special focus on realizing self-reliant plants closer to customers. Manufacturing capacities were scaled up for the export of Twin Cylinder Compressors and Air Supply Units to Europe and actuators for the domestic market to capitalize on growth opportunities. New products such as compressors, air supply units, vacuum pumps, actuators, and push-type connectors were successfully launched to international and Indian OEMs. E-compressors were launched in the domestic market for EVs pioneering transformation towards next generation mobility technologies.

Significant gains in productivity & quality were realized through new process technologies such as fully automated crankshaft & flange machining cells and vision-based PDI systems combined with traceability implementation. The company had executed more than 350 projects in the areas of HC Optimization / Loss reduction / Efficiency Improvement / Material flow improvement. To keep pace with digital disruption, the company has leveraged the citizen development framework allowing employees to develop their own apps/reports driving productivity and efficiency in their daily routine. This has improved transparency and better decision-making in the factory floor. Disclosures continued to be filed within the group for indigenously developed process inventions leveraging lean and frugal engineering capabilities.

The company has improved its planning cycle using the S&OP framework, with an effective order management process in ERP, and has implemented a safety stock management process to meet demand uncertainty in the short term. The SI&OP framework ensures proactive capacity planning and drives actions to debottleneck the in-house capacity and meet the ongoing/rapid demand changes we are witnessing from our domestic OE market. Keeping in mind the sustainability targets, the company has invested in additional returnable pallets. We are now a step closer to eliminating expendable packaging usage for OE customers (over 90% of our domestic OE business operates on returnable pallets). Production lines and distribution centers are being optimized closer to customers to reduce their carbon footprint. These measures have also helped to reduce our packing & freight costs by over 10% from the previous year. Plant Compactness

and Layout Efficiency (PCLE) assessment was also done and a roadmap for further optimization of floor space was developed. The company had already realized space productivity of 824.6 sqm during the year.

As part of sustainability initiatives, the energy efficiency program rolled out involving all stakeholders in the operations as well as in other areas where 9% energy reduction resulted by implementing 54 projects across the sites. Renewable energy: we have purchased 2 MW of Solar & 1 MW of Wind energy from third parties in Ambattur and Mahindra city respectively contributing renewable energy coverage of 14% for the company. During the year, the company has also installed roof solar with a capacity of 636 KWP at the Mahindra city plant with average production of 2800 units per day.

Total Employee Involvement (TEI) is the key pillar that engages employees across all sites and functions of ZF Commercial Vehicle Control Systems India Limited. In 2022, we won a total of 39 External awards from all competitions. 14 at the National level, 10 at the Regional level, and 15 at the State level conducted by CII, ACMA, QCFI, and others. Some of the significant awards include: Mahindra City plant participated in Kaizen Hansei Manufacturing Excellence assessment and won Gold Award | Team from Ambattur won First prize in CII National level Lean competition | Team from Mahindra city won First prize in CII State level Kaizen competition | Team from Jamshedpur won First prize in Regional QC competition from ACMA | Team from Mahindra City won first prize in Regional Kaizen competition from ACMA | Team from Jamshedpur won first prize in Regional Kaizen competition from ACMA

B. Quality

The Ideology of quality: ZF DNA of Quality - I am living in zero defect environment.

The quality systems in the company aim at achieving total customer delight through its focus on improving product quality and conforming to world-class standards. This is achieved through the inculcation of ZF DNA of Quality and transformation among employees towards zero PPM. The Company is at 7 PPM for the year 2022-23. Customers continue to expect the industry benchmark of Zero PPM and zero field failures till 1 lakh KM and no unplanned dealer visit. Also, we aim towards zero defect performance and a mindset of zero tolerance for deviations. To meet the ever-evolving customer requirements of the global quality standard with domestic cost, it is necessary to standardize the process, promoting the right quality mindset through ZF DNA of quality methodology, mapping people's competency with the latest development in technologies, operating with right competency/skills of the workforce to consistently supply right quality of products.

Six Sigma tools are used for analysis and projects are rolled out for each customer to meet their requirements and to standardize all critical production lines. Deploying "VDA6.3" and "VDA6.5" process and product requirements, product safety standards, and IATF 16949 helped the company to eliminate defects significantly. Project quality along with product engineering quality achieved 100% customer PPAP "First Time Right" for all critical launches for both domestic and export customer products and ensured 100% green launch. Significant efforts were put in to improve product quality which ensured product reliability improvement, thus resulting in warranty claim reduction.

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Total Quality Management is a way of life at the Company. As part of this, 100% participation in total employee involvement has been successful for the past two decades. Employees across all the plants were involved and have completed 250 quality control circle projects, 194 supervisory improvement team projects, and cross-functional team projects by applying statistical tools, including Six Sigma (DMAIC and DMADV) and Quick Response Quality Control (QRQC) methodology during the year. Over 99268 suggestions have been implemented by all employees throughout all the plants, including trainees. Employee suggestion scheme is in force at all plants and employees implement suggestions under productivity, quality, cost, delivery, safety, and morale categories. To foster employee engagement across all plants, interplant quality circle and six sigma competitions were conducted, and the best teams were recognized.

Quality control circle, cross-functional teams of employees participated in external competitions conducted by industry bodies, Automotive Component Manufacturers Association (ACMA), Confederation of Indian Industry (CII), National Institution for Quality and Reliability (NIQR), Indian Machine Tool Manufacturers Association (IMTMA), Quality Circle Forum of India (QCFI), Indian National Suggestions Schemes' Association (INSSAN) and have won various prizes demonstrating their passion and innovation in various areas of excellence in quality & manufacturing which are given below.

We have won the following customer awards,

1. CVS Mahindra city team won the ZF DNA of Quality Excellence award at the corporate level.
2. CVS Ambattur team was awarded Q Prime certification & Award during the Annual supplier meet by Daimler India Commercial Vehicles Ltd.
3. CVS Pant Nagar team won runner-up award in my supplier concept from Ashok Leyland.
4. CVS Jamshedpur team won the Certificate of Excellence in Quality Month of Tata Motors.
5. CVS Field Quality team won the Excellence award from Switch Mobility.
6. CVS Lucknow won the gold award in Quality Month from Tata Motors.

The team has secured several awards from external competitions which were conducted by various industry bodies

7. CVS Ambattur team won runner-up award in the National ZED competition at CII
8. CVS Jamshedpur team won the gold award in ACMA 2nd Regional competition.
9. CVS Jamshedpur team won runner-up award in the 17th National Quality Circle competition.
10. CVS Mahindra city team won runner-up award in the 7th National Poka yoke competition.
11. CVS Ambattur team won the gold award in CII 24th state-level competition.
12. CVS Ambattur team won the Platinum award in National Institution for Quality and Reliability competition.
13. CVS Ambattur team won runner-up in the 7th ACMA Regional Poka yoke competition.

C. Cost management

The Company continues its focus on upgrading the robustness of cost control mechanisms and capabilities in all activities, especially procurement, operational expenses, and manufacturing. The Company realizes that better cost management is the key differentiating factor in this competitive environment, the prime strategies are value creation through design improvement, localization of inputs and products and conversion cost productivity.

Cross-functional teams are formed with members from various functions like product engineering, manufacturing & sourcing to focus on identified cost-reduction projects. The Company continues to find the best cost suppliers across continents leveraging the global platform in an endeavor to become the best cost supplier to our customers. A key focus area is process improvement through technical collaboration with leading suppliers to continuously keep the costs at optimal levels.

D. Information Technology

The Company continues to accelerate its digital transformation in line with the Global ZF IT strategy.

The Key focus areas in the Global ZF IT strategy cover :

1. Sustainability: Improving sustainability IN and BY IT (Sustainability4IT & IT4Sustainability) by Acting for climate and nature.
2. Digital Fitness: Lay a solid foundation for future digital transformation with a consistent transition to new-age-adapting architecture, using API and transforming to the cloud.
3. Innovation: Invest and foster "Business Outcome Driven" innovation by teaming up with business partners, utilizing new technology to create new business solutions
4. Security: Continuously improve protection against operational threats, disclosure, theft, and manipulation and ensure compliance and availability of systems and data
5. Operational Excellence: Reinvent IT Operation Model by strengthening effectiveness, and efficiency to increase customer value and productivity

IT in the region aligns with the Global ZF IT strategy and framework and works towards addressing the CVS region-specific needs and priorities. All IT Services, Infrastructure, Servers, Networks, and Components align & comply with the Global ZF IT Specifications and are delivered through the standard ZF IT Business Services Catalogue.

Democratization of IT (DoIT) and the development of business teams as citizen developers are also part of the overall strategy. Microsoft Power Platform is used to develop Citizen Developers in the business community. Periodic MS Power BI training is imparted in batches to nominated and interested business users across all business functions enabling them to develop skills to create their analytics and dashboards on their own with minimal dependency on IT. IT provides support in setting up the Data platform.

The Digital Manufacturing Platform roadmap being set up to enable a connected and Smart Factory in all the manufacturing sites. Assessment and Improvement of the Maturity levels of Production IT Security across all sites is part of the roadmap.

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Digital transformation projects are tracked & implemented based on the impact on savings and productivity of the business functions. Six Sigma methodologies are adopted to evaluate ROI, business case, savings realization, etc., for every digital project. The primary focus of all initiatives is to ensure a frugal but very impactful solution implementation. Existing successful digital project implementations in specific sites/plants are extrapolated for implementation across all business sites in India.

Proof of Concepts is planned and implemented in continuously evolving new digital technologies & platforms by leveraging on an ecosystem consisting of internal resources at the ZF IT Centers, centers of excellence, start-up organizations, university collaborations & NASSCOM events.

VI Human Resource Development

The year 2022-23 has been the year of recovery from the post-pandemic scenario wherein the plants were fully operational at all sites and non-manufacturing functions supported business growth by a hybrid working model. In accordance with this, the policies were revisited and revised accordingly to the employee's needs. Great resignation was an unpredicted trend where the attrition rate had crossed 20%, especially in the R&D and IT centers. Suitable retention measures have been initiated to curb attrition by retaining High Potential (HIPO) talents and rolling out mid-term market corrections to stay at par with market offerings. The top priority for the Human Resources function is employee retention, managing the post-pandemic engagement initiatives like employee wellbeing programs and improving the employee experience with benchmark strategies, opening the right communication channels, tools promoting hybrid working, and smooth functioning of plant operations protecting customer interests.

As part R&D footprint in India for CVS a new facility was inaugurated on 4th Nov 2022 at DLF IT park, Manapakkam, Chennai. This is one of the key milestones showing growth prospects and footprint expansion in India for the CVS Division. My HR Suite (MHS) transition for ZF CVS India was completed as part of the ZF transition process with respect to Human Resources Information Systems (HRIS).

Talent Acquisition has been a vital part as we have set up and strengthened the GTA team for Div. CVS India which is operating from Chennai and supporting the R&D and Business functions of CVS India. We have hired over 544 employees across all sites during this period to meet the HC growth for CVS India. On the campus hiring, we have inducted 33 fresh engineers from tier 1 colleges as part of our Campus2Corporate program.

Talent development has always been the key focus for HR where in initiatives like ZF Drona by Great Managers Institute had been kicked off to quantify style, coach, and certify People Managers. There were 27 nominations for CVS India and 16 of them have been certified with Great People Manager certification. Hello ZF team an Employee Engagement survey was rolled out as a pilot for the R&D function at CVS India. There was a participation of 93% and the average engagement index was at 73%. Suitable focus areas and action plans were initiated along with the People Managers and this initiative will be rolled out globally covering all the regions and divisions of ZF.

Engagement events like Annual family day celebrations, Annual family sports day have resumed as usual as a direct event inviting

employees and family members after the 2020 pandemic crisis which was well received overall.

Other programs like virtual learning sessions, women employees connect, family & kids' engagement, health & wellbeing sessions, and engineering quiz competitions were some of the virtual programs conducted which were well received by the employees.

As part of ZF's Diversity, Equity & Inclusion strategy our division has prioritized the initiative and had attracted diverse talents at our sites and will have a progressive increase in giving opportunities to promote underrepresented groups and ensure inclusion in its processes and systems.

The current average recruitment lead time of the lateral talent is around 35 days. The Company successfully blends mid-career recruitments with internally grown talent through a robust globally managed talent management process. The Company's talent retention was very challenging due to great resignation trends however the retention was maintained at 92% while similar industry attrition rates are at an average of 15%.

As part of the collective bargaining process our plant at Mahindra world city has signed a long-term wage settlement valid for 4 years from Sep 2022 onwards with our union associates. The year saw positive and cordial Industrial Relations at all the Companies sites thus maintaining a healthy IR climate.

As of 31st March 2023, the Company had 2181 employees on its rolls.

VII Environment, Health & Safety

Every year the first quarter is focused on EHS themes. This year we focussed on Sustainability initiatives with a focused approach in the key areas, where our operations play a bigger role to improve the climate actions in everyday business. This theme speed our actions towards the ZF's ambitious targets of climate neutrality by 2040 by setting up a strong base to improve upon in our region. Based on the above context, we have taken a theme for this year: GREENCHAMP™ for sustainable manufacturing towards net zero ambition, our main objective is to improve the sustainability initiatives around improving energy efficiency, increasing Renewable energy, moving towards zero waste to landfill and water consumption reduction.

During this quarter, awareness programs were organized across the sites with more than 428 employees getting benefitted. As part of the campaign few competitions like Essay, Drawing, Quiz, and Speech were organized and 346 employees participated, and winners were recognized in the town hall meeting.

At the Ambattur site employee's family members were called to the site. Following a talk on Healthy lifestyle and, first aid various competitions were organized for employees' spouses and kids related to the theme. There was an overwhelming response with participation of approx..450 family members. There was a concurrent health camp organized for the family members.

On March 4th National safety day was celebrated across the sites starting with the pledge taken and a lot of engagement activities were organized

During the year, surveillance audits of ISO 14001(Environment management system) & ISO 45001(Occupational Health and Safety management system) were completed as part of the ZF corporate audit scheme. The plants at Ambattur and Lucknow have completed the surveillance audit for ISO 50001 standards

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for implementing energy management systems and achieving continuous improvement in energy performance.

The Company has taken many initiatives on improving ergonomics on the shop floor by revisiting the Ergo assessment in all sites medium fatigue stations were identified, and the ergonomics were improved achieving low-risk job stations of 99.6%, thereby improving productivity and operator morale.

During this year, mock drills and fire drills were organized in all sites to create awareness and test emergency preparedness.

During the year, Ambattur plant won the auto components sector topper and gold award in the CII EHS Excellence award presented by Thiru Siva V Meyyanathan, Minister to Government, Department of Environment & Climate change, Govt of Tamilnadu for the excellence in implementation of EHS management system.

During this year, the Ambattur plant won the gold award in the QCFI Tamilnadu chapter for the effective implementation of EHS systems and practices.

As part of Sustainability initiatives, the energy efficiency program was rolled out involving all stakeholders in the operations as well as in other areas where 9% energy reduction resulted from implementing 54 projects across the sites.

VIII Community development and social responsibility

As a responsible corporate citizen, the company engages in social responsibility and community development activities. This year the activities were conducted through the internal engagement of employees and resources, primarily focused on activities that would help the needy sections of the society as specified in Schedule VII of the Companies Act, 2013 and the Company's CSR policy with a specific focus towards areas surrounding the company's plant locations.

The Company views CSR as a powerful opportunity to help create a positive impact for the future by working together with communities, Governments, and local bodies to deliver qualitative social improvement. The Company identifies appropriate CSR projects in line with the Company's CSR policy and implements them.

The company had identified various projects towards spending 2% of net profits for the last three years and spent ₹ 260.21 lakhs before 31st March 2023. However, for ongoing projects an amount of ₹ 124.19 Lakhs has been transferred to a separate account. Out of these ongoing projects, projects worth ₹ 73.85 Lakhs have already been executed and the amount has been spent since 1st April 2023 till date. The CSR Activities of the Company for the FY 2022-23 are mentioned in the Annexure - 2 to the director's report. The company has identified four primary areas to focus its CSR activities.

Promoting road safety across India: Improve Road Safety by creating awareness of Road Safety among various stakeholders like Drivers from State Transport Undertaking; Technicians from State Transport Undertaking; Institutional Drivers from various fleets thro' RTO officials; Drivers from various fleets at Transport Nagar across Pan India.

Topics covered like Do and Don'ts while driving, awareness of the safety system available on the vehicle, importance of the maintenance of the key safety system available on the vehicle.

Medical checkups for the targeted participants like eye screening, BP, and blood sugar level

88 Road Safety Awareness refresher events at 61 Cities of India covered 3268 drivers and 1832 technicians and 5100 beneficiaries went through medical checkups.

30 RPAS (Reverse Parking Assistance System) working models handed over to RTOs and STUs Driver Training Center during the course of training

Community Service: Various community services were undertaken including health checks for drivers during their training programs, upgrading the infrastructure facilities of Primary Health Care Centers, Hospital facilities upgradation, Government School building renovations, and toilet renovations of the Government schools and other women welfare-oriented projects, road safety infrastructure in and around the plant locations, etc.

The Trauma & Emergency ward of Chengalpattu Medical College Hospital needed critical equipment like an Ultrasonography machine, ECG, and multichannel monitors, and hence the Company supported them. The Primary Health Centre of Maraimalai Nagar, Chengalpattu district, was supported with equipment like an ECG machine, Vaccine storage refrigerator & freezer, Foetal doppler, and Glucometers. This PHC was also supported with desktop computers, printers, and tabs for the digitalization of patients' data. Also, this PHC is installed with 5kVA Solar Power for green energy.

The Primary Health Centre of Ulandhai, Thiruvallur district was supported with an ECG machine, Defibrillator, Vaccine storage refrigerator, Dressing trolleys, Delivery instrument kits, and Foetal dopplers. The examination room for post-delivery patients was made by room partitions thereby giving privacy to the patients. Also, this PHC is installed with 3kVA Solar Power for green energy.

The Primary Health Centre of Vidayalur (Perumbakkam) was supported with semi-automated biochemical analyzer for blood tests of the patients.

The Government higher secondary school, Athipet, Chennai did not have a proper toilet facility and both the boys and girls of the school were facing hardship for the wash facilities and so the Company renovated the toilet for both the boys and girls and now good sanitation facilities have been provided to the school children.

The Anganwadi school located at Barabanki, Lucknow, was very badly damaged and posed a safety threat to the school children. So the Company demolished the damaged building and constructed a new building for the Anganwadi children.

The Junior high school, located at Barabanki was supported by the renovation of the toilet, furniture for two classrooms, and boundary wire meshing to prevent stray animals' entry.

To support the women's welfare, the Company constructed a new toilet facility along with a drinking water facility at Mahila Thana, Barabanki to support the deprived women society who comes for counseling at Mahila Thana.

Employability & skill enhancement through partnerships with educational institutions :

Centre of Excellence: In line with the recent trends in Industry 4.0, Smart factory initiatives, following CoE were set-up to enhance students' skills and make them better employable

SRM IST: CoE on Smart factory –

3 Batches of training to external employees -Total 60 from May to Nov 2022

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Training on concepts and visit to the CoE for demonstration
Credit course started for SRM students on IoT – made mandatory from the 2023 academic year

Chennai Institute of Technology –

CoE set-up in Electronics hardware and embedded technology.
Summary of activities (Apr 2022 – Mar 2023)

6 Student batches trained on basics of IOT and embedded technology – approx. 1000 students (Apr2022 – Mar 2023)

2 Batches of other colleges also trained – around 500 students

Awareness to 11th and 12th students – around 3000 students (8 hours)

IX Financial Statement

₹ in lakhs

Particulars	Standalone		Consolidated	
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023**	Year ended 31.03.2022*
Revenue from Operations	344,458.60	254,335.39	344,424.53	254,335.39
Other Income	6,701.31	3,752.92	6,698.21	3,752.92
Total Income	351,159.91	258,088.31	351,122.74	258,088.31
Profit before interest depreciation and tax	53,731.74	29,007.64	53,733.88	29,007.64
Finance Costs	566.54	190.18	566.54	190.18
Depreciation	10,476.38	9,243.17	10,477.68	9,243.17
Profit before tax	42,688.82	19,574.29	42,689.66	19,574.29
Provision for taxation (including deferred tax and tax relating to earlier years)	10,921.48	5,366.85	10,922.48	5,366.85
Profit after tax	31,767.34	14,207.44	31,767.18	14,207.44
Other Comprehensive Income / (Loss) for the year net of tax	12.69	(353.58)	12.69	(353.58)
Total Comprehensive Income for the year Net of Tax	31,780.03	13,853.86	31,779.87	13,853.86

* Consolidation of financials for FY 2021-22 was considered for 3 months since incorporation of Wholly owned subsidiary (ZF CV Control Systems Manufacturing India Private Limited) w.e.f. 5th January 2022.

** Consolidation of financials for FY 2022-23 is considered for 15 months audited statements, as first financial year is ending on 31st March 2023 for the Wholly owned subsidiary Company (ZF CV Control Systems Manufacturing India Private Limited).

X Cautionary Statement

Statements in the management discussion and analysis report describing the Company's objectives, projections, estimates, and expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

MESSAGE ON SUSTAINABILITY FROM MD'S DESK

Dear Stakeholders,

I am delighted to share the company's Business Responsibility and Sustainable Report for the FY 2022-23. Sustainability is at the core of ZF CVCS's business conduct and the past year has been an eventful year as we continue with our commitments on working progressively towards achieving the Company's target of 100% clean energy consumption by 2030 and full climate neutrality by 2040. The Company's sustainability motto "Acting Now" goes beyond the spectrum of climate action and environmental protection by extending the focus on creation of positive impacts on people and delivering lasting values.

To align with our group's target and be at the forefront of climate action and the nation's net-zero goal, we have increased our renewable energy consumption from 2% to 14% in the current reporting period through various interventions such as solar rooftop and third-party purchase of solar energy. Moreover, with our continued efforts towards energy efficiency, we have been able to conserve our energy by 8%.

Furthermore, we strive towards optimal utilisation of resources, minimisation of waste, recycling of materials as part of the circular economy approach. Notably, the installation of eco nozzles across our canteens reduced water consumption by 60% during FY 2022-23. Besides, ZF CVCS is proactive in reusing the plastics waste, usage of recycled inputs in its products and follows stringent waste management procedures across the plants and facilities.

ZF CVCS renders high value to stakeholders at large and pioneers in technological advancements by integrating our automotive components through connected systems with digital and electronic applications to enable vehicles to See, Think and Act thereby increasing the Safety and efficiency of our products. ZF CVCS takes pride in delivering safe, efficient, and outstanding products and services, and is determined to take focused steps toward building a sustainable, responsible, and profitable business for our stakeholders.

To accelerate sustainability and our focus towards Climate neutrality, ZF CVCS will adopt key strategic interventions on our material topics in a phased manner.



HIGHLIGHTS

Principle 1- Ethics

100% Board of directors and KMPs have undergone awareness program on the 9 NGRRC principles and Sustainability

0 no. of. monetary / non-monetary fines, penalty and charges

Principle 2- Product Stewardship

LCA - Life cycle assessment (cradle to grave analysis) conducted for Pressure test connector, E compressor, Clutch near cylinder, Air Reservoir, Lift axle quick release valve, Tandem Master Cylinder, Compressor.

Principle 3- Employee Well being

0.0 Lost Time Injury Frequency Rate for employees

0.12 Lost Time Injury Frequency Rate for workers

100% of Employees provided with health insurance, accidental insurance and paternity benefits.

100% of the plants and offices assessed for Health and safety practices

Principle 4- Stakeholder Engagement

Stakeholder survey was conducted across the key stakeholder groups to identify key material topics for ZF CVCS India in the current reporting period.

Principle 5- Human Rights

0 Child labour, Forced/involuntary labour, Sexual harassment, Discrimination at workplace and wages issue

Principle 6- Environment

114746 Giga Joules of energy utilised in FY23

86668 Kilo litres of water consumed in FY23

20851 Metric tonnes of CO2 equivalent of green house gas emitted in FY23

Principle 7- Public Policy Advocacy

0 case filed regarding unfair trade practices and anti-competitive behaviour

9 associations in which ZF CVCS actively participates and engages responsibly for policy advocacies, welfare and development of chemical sector as whole

Principle 8- Community

13% Directly sourced from MSMEs / small producers

54% Sourced directly from within the district and neighboring districts of ZF's operations

Principle 9- Customer relations

0 Forced Recall of product

23% Products carry information about safe and responsible usage

BRSR OVERVIEW:

SECTION A – General disclosures

SECTION B – Management and process disclosures

SECTION C – Principle-wise performance disclosure

Principle 1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders
Principle 5	Businesses should respect and promote human rights
Principle 6	Businesses should respect and make efforts to protect and restore the environment
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
Principle 8	Businesses should promote inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner

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SECTION A: GENERAL DISCLOSURES

Details

1.	Corporate Identity Number (CIN) of the Listed Entity	L34103TN2004PLC054667
2.	Name of the company	ZF Commercial Vehicle Control Systems India Limited ('ZF CVCS')
3.	Year of incorporation	2004
4.	Registered office address	Plot No.3, (SP) III Main Road, Ambattur Industrial Estate, Chennai - 600 058.
5.	Corporate address	Plot No.3, (SP) III Main Road, Ambattur Industrial Estate, Chennai - 600 058.
6.	E-mail	cvcs.info.india@zf.com
7.	Telephone	+91 044 4224 2000
8.	Website	https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html
9.	Financial year for which reporting is being done	2022-2023
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	INR 948.38 Lakhs
12.	Name of contact details of the person who may be contacted in case of any queries on the BRSR Report	M. Muthulakshmi Phone: +91 44 4244 9514 E-mail: muthulakshmi.m@zf.com
13.	Reporting boundary	Standalone (Only for ZF CVCS India Ltd)

Products and Services

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

S. No.	Description of Main Activity	Description of Business Activity	% Of Turnover of the entity
1	Manufacturing of Automotive components	Air assist and full air actuation and accessories systems	78.32%
2	Spares	Spares	12.46%
3	Software services / Research and development / Business services	Software services / Research and development / Business services	8.41%

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

S. No.	Product/Service	NIC Code	% Of total Turnover contributed
1	Automotive components and spares	29301	90.80%

Operations

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

Location	Number of Manufacturing Unit(s)	Number of office(s)	Total
National	5	2	7
International	* ZF CVCS does not have any international locations		

The Company's manufacturing locations are located in:

- i. Chennai: Plot No. 3, (SP) III Main Road, Ambattur Industrial Estate, Chennai 600058
- ii. Jharkhand: Large Sector, Adityapur Industrial Area, Gamharia, Seraikella-Kharsawan District, Jharkhand 832108
- iii. Mahindra World City: Unit - 1 & Unit - 2 at: Plot No. AA8, Central Avenue, Auto Ancillary SEZ, Mahindra World City, Natham Sub-Post, Chengalpet, Kancheepuram District 603002
- iv. Pantnagar: Plot No.11, Sector 4, SIDCUL, IIE Pantnagar, Udham Singh Nagar, Uttarakhand - 263 153
- v. Lucknow: KH 159-162, 164 Village Dhakauli Nawabganj, Barabanki Dewa Road, Somaiya Nagar, Barabanki, Lucknow, Uttar Pradesh 225 123

The Company has its ZF IT Center India and Technology Center Chennai situated at Porur, Chennai

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17. Markets served by the entity:

The company operates in the following markets mentioned below:

a. Number of locations

Locations	Number
National (No. of States)	National- The Company operates across 28 states and 8 union territories
International (No. of Countries)	We export to 12 countries across the Americas, Europe, Asia and Africa

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

32.2%

c. A brief on types of customers

The Company has categories namely Automotive Original Equipment Manufacturer (OEMs), distributors, government agencies and retailers

Apart from conventional vehicles control systems, the company focuses on the fields of electric mobility, autonomous driving, connected solutions, electronics and embedded software.

Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	1724	1467	85%	257	15%
2.	Other than Permanent (E)	0	0	-	0	-
3.	Total employees (D + E)	1724	1467	85%	257	15%
WORKERS						
4.	Permanent (F)	457	451	99%	6	1%
5.	Other than Permanent (G)	3191	2901	91%	290	9%
6.	Total workers (F + G)	3648	3352	92%	296	8%

b. Differently abled Employees and workers:

Differently abled employees						
S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
1.	Permanent (D)	1	0	-	1	100%
2.	Other than Permanent (E)	0	0	-	0	-
3.	Total differently abled employees (D + E)	1	0	-	1	100%
Differently abled workers						
4.	Permanent (F)	0	0	-	0	-
5.	Other than permanent (G)	8	7	88%	1	13%
6.	Total differently abled workers (F + G)	8	7	88%	1	13%

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19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	17%
Key Management Personnel	3	1	33%

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	12%	2%	14%	6.6%	1%	7.6%	4.2%	1%	5.2%
Permanent Workers	1%	0%	1%	2%	0%	2%	2%	0%	2%

Holding, subsidiary and associate companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	ZF Friedrichshafen AG	Ultimate holding company	75%	-No-
2	WABCO Asia Pvt Ltd, Singapore	Holding company	75%	
3	ZF CVCS Manufacturing India Pvt Ltd	Wholly owned subsidiary	100%	

CSR

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes

(ii) Turnover (in Rs.) - INR 3,444.59 Cr.

(iii) Net worth (in Rs.) - INR 2,409.12 Cr.

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

Overview of the entity's material responsible business conduct issues

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Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 23 Current Financial Year			FY 22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	Nil	Nil	-	Nil	Nil	-
Shareholders and Investors	Yes [#]	1	1	All complaints have been duly addressed and resolved	1	1	All complaints have been duly addressed and resolved
Employees and workers	Yes	Nil	Nil	-	Nil	Nil	-
Customers	Yes ^{&}	Nil	Nil	-	Nil	Nil	-
Value Chain Partners	Yes [*]	1	1	-	1	1	-
Other (please specify)	-	-	-	-	-	-	-

Note:

**Whistle blower policy:*

The Whistle blower mechanism provides a platform enabling employees, trainees, directors and Vendors of the Company, to report genuine concerns, unethical behaviour, actual or suspected fraud, violation of Company's Insider Trading Code, any unlawful act or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of the whistle blower and also provides for direct access to the Chairman of the audit committee in appropriate or exceptional cases or chief ethics officer of the Company as the case may be to report any concerns or unethical activities. Further individual policies by and large prescribe grievance redressal mechanisms for the concerned stakeholders.

Weblink: https://www.zf.com/master/media/corporate/m_zf.com/company/bonds_relations/wabco_india_ir/18_policies_and_code_of_conduct/05-WABCO-India-Whistle-Blower-Policy.pdf

[&] Customer satisfaction survey is conducted annually through which customer grievances are taken in the form of feedback.

[#]Mechanism in place such as SEBI SCORES platform, stock exchanges.

https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html

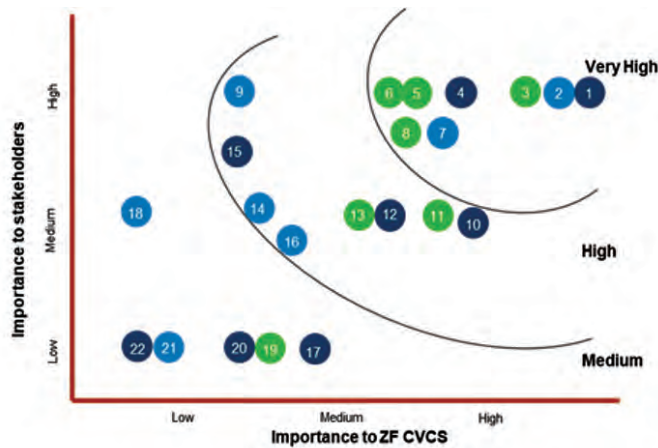
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24. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate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

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Health & Safety	R	As an OEM organization, we accord top priority to Occupational Health and Safety and have zero tolerance towards any incidences related to it. Our goal is to build an accident-free organisation, so that our employees can work comfortably in a safe and healthy environment. The exposure of employees into the risk area makes them vulnerable to adverse incidents.	The organization provides periodic safety trainings to promote employee wellbeing and to ensure safety at the workplace. The Company, as part of EHS management system, has introduced SHE FMEA (Safety, Health & Environment Failure Mode and Effect analysis). SHE FMEA is a methodology that identifies hazard and assess risk and is adopted to cover all activities & processes for the routine and non-routine activities in normal, exceptional & emergency situations and to identify the failure mode with respect to EHS. It also addresses the gaps because it is a quantitative risk assessment methodology.	Negative
2	Ethical Business Practices	O	Ethical business practices form the core of our business. The company's code of conduct clearly states the necessary compliance requirements and guidelines for internal stakeholders to perform the duties with highest standard of integrity and accountability.	<ul style="list-style-type: none"> • Annual employee and director certification with the Code of Conduct • Annual Ethics Training program • Resolution of employee or third party complaints via Ethics Council investigations • FCPA audits are periodically conducted at sites to determine compliance with applicable anti-bribery regulations • Quarterly representations during global financial Audit 	Negative
3	Energy Management	O	Diligent Energy Management in all usage areas will enable reduction in energy costs and helps to conduct business in an efficient and sustainable manner.	Energy mapping in all areas and 8% energy savings in every year can be achieved with implementing the improvements.	Positive
4	Risk Management	O	Risk Management aids in identification, evaluation and mapping the risk based on severity to prevent, control and mitigate through means of properly defined framework.	The Board has constituted a Risk Management Committee to review the aspects of risk management periodically, to ensure that executive management reviews and controls risk through means of a properly defined framework. There are 52 potential risks identified and mitigation measures are periodically checked by the internal audit team and are communicated to the Board of Directors.	Negative

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S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Water Stewardship	O	Water is a critical element in our operations and its seen as an opportunity to judiciously use our water resources and minimize our water costs.	Monitoring of Water consumption and yearly reduction of water consumption by 2%	Negative
6	Emissions Management	O	The organization is committed towards reducing its corporate carbon footprint and aims to achieve this by reduction and substitution. It is currently in the process of evaluating their emissions and works to adhere to the national and international goals of reducing carbon emissions	Energy Efficiency and avoidance of energy consumption are the top priority. A secondary focus is the transformation of energy consumption from fossil fuels to renewable resources, or a corresponding technology shift. city is in pipeline	Positive
7	Labour Practices and D&I	R	Labour Practices and D&I are fundamental to the success of the organization. Unrest in workforce can lead to disruption in the operations creating financial impacts. Additionally, companies infrastructure and other resources are prone to risk as a consequence of sabotage or criminal act.	There are periodic meetings held between the Union members and the site leaders. Weekly call is also arranged between the Site HR team and the Central team involving HR leader for operations. Monthly HR reviews are held which covers labour relations aspects, chaired by the India HR Leader.	Negative
8	Waste Management	R	Improper handling of the hazardous substance can result in deterioration of natural resources and environment. Ethical, reputational and legal risks arise owing to the adverse impacts on the flora and fauna caused by the ecosystem damage. (Check whether this is suitable to be replaced)	All manufacturing sites are ISO 14001 certified (environmental certification) for compliance. Hazardous waste is packed, stored in dedicated area and disposed in safe manner through government authorized agencies	Negative



- Material issues for ZF CVCS**
- Very High**
1. Employee Health & Safety
 2. Ethical Business practices
 3. Energy Management
 4. Risk Management
 5. Water Stewardship
 6. Emissions Management
 7. Labour practices and D&I
 8. Waste Management
- High:**
9. Employee Engagement & talent development
 10. Anti-competitive behavior
 11. Opportunities in clean technology
 12. Policy Influence
 13. Climate change vulnerability
 14. Responsible Sourcing
- Medium:**
15. Supply Chain Management
 16. Customer Privacy
 17. Biodiversity & Land usage
 18. Community Relations
 19. Opportunities in green building
 20. Board structure & management
 21. Responsible Investment
 22. Customer Management

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SECTION B – MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the National Guidelines on Responsible Business Conduct (NGRBC) Principles and Core Elements of administering responsible activity.

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

Principle 1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders
Principle 5	Businesses should respect and promote human rights
Principle 6	Businesses should respect and make efforts to protect and restore the environment
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
Principle 8	Businesses should promote inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Disclosures									
1.									
a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b) Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c) Web Link of the Policies, if available	ZF Friedrichshafen AG Group's Code of conduct policy covers the various principles of the 9 NGRBC's principles. Weblink: Code of Conduct : https://www.zf.com/master/media/corporate/m_zf.com/company/corporate_governance/compliance/coc_all_languages/1_ZF_Compliance_Code_of_Conduct_EN.pdf Business Partner Principles: https://www.zf.com/master/media/corporate/m_zf.com/company/corporate_governance/compliance/zf_bpc_en.pdf ZF CVCS Investor Relations: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#policiesandcodeofconduct_acc_657742_0								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	The Company has installed product safety management systems to ensure the safety characteristics 1 and 2 part of International Automotive Task Force (IATF) 16949 are met. ISO 45001:2018 certified (Occupational Health and Safety): All manufacturing Facilities ISO 14001:2015 certified (Environment Management System): All Manufacturing Facilities ISO 50001:2015 certified (Energy Management System): Manufacturing facilities in Chennai, Jharkhand and Lucknow The Company is also ISO 27001 to safeguard organisation data against security threats								

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5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<ul style="list-style-type: none"> The Company has committed to be carbon neutral by 2040 and use 100% renewable energy by 2030. Zero Accident To achieve carbon neutrality the company will aim to reduce its Scope 1 & 2 emissions by 2% year on year compared to 2020. A focused effort on energy reduction initiatives, increase our renewable energy use by 5% year on year and reduce waste by 5% year on year
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	<p>In the current reporting period, our renewable energy consumption has increased from 2% to 14% as a result of increased solar energy adoption. Further, through our Y-o-Y initiatives around energy efficiency, 8% reduction in energy consumption was achieved. From a perspective of water conservation eco nozzles were installed across canteens that reduce around 60% of water consumption.</p> <p>The Company intends to continuously monitor the performance against specific commitments set out above and report in the forthcoming years against those targets.</p>
Governance Leadership and Oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) Please Refer page 2	
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The Company monitors the implementation of the business responsibility policies through a leadership team chaired by the Managing Director. Regular discussions are conducted to discuss the Environment, Social and Governance aspects
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, the Company has a leadership team responsible for decision making on sustainability related topics. The team periodically discusses, reviews the issues and monitors the action plan. The team is chaired by the Managing Director along with the functional heads. Further the Risk management committee of the company is entrusted with the assessment of ESG risks and opportunities on periodic manner.

Policy and management processes																		
10. Details of Review of NGRBCs by the Company:																		
Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually (A)/ Half yearly(H)/ Quarterly(Q)/ Monthly (M) / Weekly(W))								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	H	A	M	Q	Q	M	A	W	M
Compliance with statutory requirements of relevance to the principles and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	H	A	M	Q	Q	M	A	W	M
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide the name of the agency.																		
<p>The internal audit team at the company conducts periodic reviews of the company policies.</p> <p>Some policies e.g. Health and Safety and Quality are subject to both internal and external audits as a mandate for certification process (ISO 45001, ISO 14001, ISO 50001, etc.) to evaluate the ideal working of the policies.</p> <p>The certification process was carried out by DNV which is an accredited third-party certification body. No independent assessment of policies has been completed as yet.</p>																		

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

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

SECTION C – PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1 – Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable

The Company has earned the recognition and trust of its customers through its responsible corporate governance, compliance, and outstanding products and services. The goal is to continue doing ethical business with integrity and transparency. Regarding employee ethical and responsible behaviour, the ZF Code of Conduct is a key element which provides guidance regarding principles of ethically sound behaviour in day to day activities and with business partners. ZF’s Business Partner Principles require all suppliers and service providers to commit to abiding by law and relevant regulations at all locations worldwide. Suppliers and service providers must ensure that human rights are respected and human dignity is protected, for example, in all business processes.

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of directors	6	<p><i>During the year, the Board of Directors and KMPs of the organisation spent approximately 30 hours on various familiarisation programmes comprising of Policy formation & Policy Deployment, Business, Regulations, Economy and Environmental, Social and Governance parameters.</i></p> <p><i>In addition, a monthly Town Hall Meeting was held with all the board members, KMPs & Employees to share the developments in the business and future goals.</i></p>	100%
Key managerial personnel	3	<p><i>During the year, KMPs of the organisation spent approximately 30 hours on awareness programmes namely Policy formation & Policy Deployment, Business, Regulations, Economy and Environmental, Social and Governance parameters.</i></p> <p><i>There were also part of the monthly Town Hall Meeting with all the board members, KMPs & Employees to share the developments in the business and future goals.</i></p>	100%

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<p>Employees other than BoD and KMPs</p>	<p>75</p>	<p>All employees of the organisation undergo various training programmes throughout the year.</p> <p>The total training man days per employee was 12.</p> <p>Various key trainings were undertaken during the year such as:</p> <ul style="list-style-type: none"> • Prevention of Sexual Harassment at the Workplace, • Code of Conduct, • Emotional Stability & Wellness • ZF Office 5S Training • 7 Step lean Methodology • JH Awareness training • Product Knowledge - Basic and Advanced • Low Cost Automation • LOTO Awareness • SPC • FMEA • OS & QCPC • Internal Auditor Training Program <p>ISO14001 : 2015, ISO45001:2008</p> <ul style="list-style-type: none"> • MSA • Bottleneck Change Management • Training on 7QC Tools • Leadership Initiative Program <p>Other trainings included induction programmes for new recruits, leadership training and modules on soft skills, programmes on mental and physical well-being, amongst several others.</p>	<p>100%</p>
<p>Workers</p>	<p>60</p>	<p>For workmen, On the job training as well as off job trainings were given in various topics such as</p> <ul style="list-style-type: none"> • Product Knowledge • Awareness 5S Audit • Awareness on Quality Defects • Waste Management • QMS • TPM • TQM • PDI Operators Training • Lean Principles (Strengthening Shop Floor Activities) • Awareness on SHE • Awareness on ZF PS • Awareness on Q Prime • 7 QC Tools 	<p>100%</p>

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2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agency/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Settlement	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Compounding fee	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agency/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Settlement	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Compounding fee	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

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

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
<i>Nil</i>	<i>Nil</i>

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

Yes, ZF Group Code of Conduct has covered anti-corruption or anti bribery. Weblink:

https://www.zf.com/master/media/corporate/m_zf_com/company/corporate_governance/compliance/coc_all_languages/1_ZF_Compliance_Code_of_Conduct_EN.pdf

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

	FY 2022-23	FY 2021-22
Directors	<i>Nil</i>	<i>Nil</i>
KMPs	<i>Nil</i>	<i>Nil</i>
Employees	<i>Nil</i>	<i>Nil</i>
Workers	<i>Nil</i>	<i>Nil</i>

There have been no complaints against our BOD, KMPs, Employees and Workers.

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

	FY 2022-23	FY 2021-22
Number of complaints received in relation to issues of Conflict of Interest of the Directors	<i>Nil</i>	<i>Nil</i>
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	<i>Nil</i>	<i>Nil</i>

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

Not applicable

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Leadership Indicators

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

Total number of awareness programmes held	Topics / principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
5	The Company conducts informative sessions for the suppliers on the various general management / quality principles to ensure supply of quality products. Some training topics provided are as follows: Quick response six sigma 8D Analysis 7 Quality Control Tools Pre-Production Approval Process Quality Tools	Suppliers 100%
40	Road awareness training sessions and Training on the product concerning upgradation and use	Customer service team 100%

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

Yes. The Company has processes in place to avoid / manage conflict of interests involving members of the Board. The Code of Conduct policy also has a mention about the actual or potential Conflict of Interest specifically of the Board Members and recommends the Directors or senior management personnel involved in any conflict or potential conflict situations to exclude themselves from any discussion or decision relating thereto.

Further signed declarations and commitment are received from Board of Directors and Senior Management personnel for not engaging with any activities or interests that may create conflict with company's interest.

Principle 2 – Businesses should provide goods and services in a manner that is sustainable and safe.

The Company strives to make a difference by protecting lives and safeguarding the environment and it intends to do so by offering our customers outstanding products and services that improve vehicle safety and efficiency. The Company manufactures and markets conventional braking products, advanced braking systems, and other related air assisted products and systems which contribute to increase in road safety, reduction in environment pollution and savings in energy consumption in Medium & Heavy Commercial vehicles

Essential Indicators

1. Percentage of R&D and capital expenditure (CAPEX) investments in specific technologies to improve product and processes' environmental and social impacts to total R&D and capex investments made by the entity, respectively.

	FY 23 (Current financial year)	FY 22 (Previous financial year)	Details of improvements in environmental and social impacts
R&D	-	-	-
Capex	3.3%	1%	FY23: 5% of requirements in MWC plant through green energy 11.62 lakhs of power saved /year CO2 reduction by 780 tons FY22: 8.94 lakhs of power saved /year CO2 reduction by 706 tons

2.a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) -

Yes. The Organization promotes sustainable sourcing and continually works towards increasing the value of purchases made from such suppliers. To support sustainable sourcing, we encourage

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our suppliers and vendors to adopt suitable practices in their operations. Integrated supply chain operations ensure sustainable and best use of available resources. Further, Business Partner Principles (https://www.zf.com/master/media/corporate/m_zf_com/company/corporate_governance/compliance/zf_bpc_en.pdf) covers specific guidelines that are agreed to by our suppliers as part of terms of business.

b. If yes, what percentage of inputs were sourced sustainably?

31% (by input value material sourced) from the perspective of ZF sustainable sourcing standards.

Note: 99% of our suppliers have QMS coverage (this includes ISO 45001, IATF 16949 ,ISO 9001 etc.). Further, 44% of our suppliers have ISO 140001 certificate in place.

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

The Company has a robust design to increase the recyclability of its products and minimise the risk to the environment. The ZF group's environmental targets consider life cycle aspects of the products during its environmental improvements. The Company evaluates recycling aspects in the product design, to ensure there is efficient recycling of materials that are used in operations.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the EPR plan submitted to Pollution Control Boards?

Extended Producer Responsibility (EPR) is applicable to the Company's activities as the Company uses plastics for packaging purposes. The package of the product is designed with recyclability considerations to support waste reduction plans. Other plastic wastes that are not subject to recyclability considerations are ensured to adhere to the pollution control board norms.

Leadership Indicators

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

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency	Results communicated in public domain	If yes, provide the web-link.
29301	Pressure test connector, E compressor, Clutch master cylinder, Air Reservoir, Lift axle quick release valve, Tandem Master Cylinder, Compressor	25%	Cradle-to-grave	No	No	-

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

Name of Product / Service	Description of the risk / concern	Action Taken
Electric compressor for Electric vehicles	Fuel consumption	Power reduction has been done in the unloading condition to reduce the engine fuel consumption to 3 %
Automatic slack adjuster	Heat treatment - Nitriding	Nitriding heat treatment eliminated

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

Indicate input material	Recycled or re-used input material to total material	
	FY 23(Current financial year)	FY 22 (Previous financial year)
Aluminium	90%	We have set tracking mechanism from FY23 onwards.
Iron Castings	50%	

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

Waste Details	FY 23 (Current financial year)			FY 22 (Previous financial year)		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely disposed
Plastics (including packaging)	40% (Overall India business) 92% (Domestic OE business)	Nil	Nil	40% (Overall India business) 90% (Domestic OE business)	Nil	Nil
E-waste	Nil	Nil	Nil	Nil	Nil	Nil
Hazardous waste	Nil	Nil	Nil	Nil	Nil	Nil
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

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

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Packaging relating to Air assist and full air actuation systems	92% (The Company has shifted from single time use cardboard cartons to collapsible metal-based cartons for packaging. Such collapsible metal-based cartons are reclaimed from the customers.)
Packaging received from suppliers	90% (The Company has shifted from single time use cardboard cartons to collapsible metal-based cartons for packaging. Such collapsible metal-based cartons are reclaimed from the suppliers.)

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

The Company recognizes that helping employees achieve their full potential is crucial for the organization sustainable growth and success. The Company is committed to providing equal i.e., merit based opportunities both at the time of recruitment and during the course of employment irrespective of caste, creed, gender, race, religion, disability etc. At the workplace, the Company is committed to providing a safe and hygienic environment along with fair wages and focused towards zero occupational injuries and ill health. The organization has zero tolerance for any kind of workplace harassment, bullying or intimidation, including sexual, physical, verbal and psychological abuse. It aims to establish an inclusive culture which works for holistic growth of the employee by imparting training for skill upgradation and competency improvement. Through open communication channels, consultation and engagement with employees, the organization looks forward to nurturing a culture of mutual responsibility towards health and safety among colleagues, customers and business partners. The Company has a policy for health and safety and expects its suppliers to adhere to the same rigor. The Company provides subsidized food to its employees, medical insurance coverage including dependents, and has in-house medical centers with qualified medical practitioners. The Company conducts various programs concerning wellbeing of employees and strives to employ and empower women employees and fosters a friendly environment through its policy for prevention of sexual harassment and related grievance redressal mechanisms.

Essential Indicators

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

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	1467	1467	100%	1467	100%	0	-	1467	100%	1467	100%
Female	257	257	100%	257	100%	257	100%	0	-	257	100%
Total	1724	1724	100%	1724	100%	257	15%	1467	85%	1724	100%
Other than Permanent employees											
Male	0	0	-	0	-	0	-	0	-	0	-
Female	0	0	-	0	-	0	-	0	-	0	-
Total	0	0	-	0	-	0	-	0	-	0	-

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

Category	% of workers covered by										
	Total	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
	(A)	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	451	451	100%	451	100%	0	-	451	100%	451	100%
Female	6	6	100%	6	100%	6	100%	0	-	6	100%
Total	457	457	100%	457	100%	6	1%	451	99%	457	100%
Other than Permanent workers											
Male	2901	2901	100%	2344	81%	0	-	0	-	0	-
Female	290	290	100%	168	58%	290	100%	0	-	0	-
Total	3191	3191	100%	2512	79%	290	9%	0	-	0	-

Note: The above data is for permanent employees and workers.

2. Details of retirement benefits.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	40%	Y	100%	36%	Y
ESI	NA	49%	Y	NA	66%	Y
Others – please specify	NA	NA	NA	NA	NA	NA

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Company strongly believes in equal and fair opportunities to disabled persons. Further, the company commits to assessing the requirements and intends to develop the premises/ offices accessible to differently abled employees and workers with modifications/ constructions compliant with safety regulations and emergency response

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

The Company believes that diversity and inclusion enhance our creativity, increase our innovation power, and are key to business success. We foster a culture that celebrates differences and promotes individuality, regardless of gender, age, ethnic background, sexual orientation, or physical and neurodiversity. The Company provides equal opportunities to all its employees and to all eligible applicants for employment in the Company. It does not unfairly discriminate on any ground including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability or any other category protected by applicable law

Weblink: https://www.zf.com/master/media/corporate/m_zf.com/company/corporate_governance/compliance/coc_all_languages/1_ZF_Compliance_Code_of_Conduct_EN.pdf

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

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

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

	(If Yes, then give details of the mechanism in brief)
Permanent workers	Yes, As per Company certified Standing order provides a mechanism to receive and redress grievances. The Company has a hotline through which employees could report their concerns to the management. The Group provides an anonymous grievance mechanism for compliance breaches on labour related topics and human rights. ZF CVCS's whistle blower policy provides a ethics hotline number (now available in regional languages) @ +91-11-71279026 and also at international number @ 0049-30 5892 0101
Other than permanent workers	
Permanent employees	
Other than permanent employees	

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

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees/ workers in the respective category, who are part of the association(s) or Union (B)	% (B/A)	Total employees/ workers in the respective category (C)	No. of employees/ workers in the respective category, who are part of the association(s) or Union (D)	% (D/C)
Permanent Employees						
Male	NA					
Female	NA					
Workers						
Male	451	451	100%	463	463	100%
Female	6	6	100%	6	6	100%
Total	457	457	100%	469	469	100%

* Not applicable to permanent employees as they are not part of Union

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No.(F)	% (F / D)
Employees										
Male	1467	1467	100%	1438	98%	1295	1295	100%	1282	99%
Female	257	257	100%	244	95%	192	192	100%	190	99%
Total	1724	1724	100%	1682	98%	1487	1487	100%	1472	99%
Workers										
Male	451	451	100%	442	98%	463	463	100%	458	99%
Female	6	6	100%	6	100%	6	6	100%	6	100%
Total	457	457	100%	448	98%	469	469	100%	464	99%

Note: The above data is for permanent employees and workers.

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

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	1467	1467	100%	1295	1295	100%
Female	257	257	100%	192	192	100%
Total	1724	1724	100%	1487	1487	100%
Workers						
Male	451	451	100%	463	463	100%
Female	6	6	100%	6	6	100%
Total	457	457	100%	469	469	100%

Note: The above data is for permanent employees and workers.

10. Health and safety management system:

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

Yes, At ZF CVCS, the safety, health and well-being of the employees are core values integral to the corporate culture. As a company we feel responsible for our own employees but also for the people who work with us along the value -added chain safety. The Company has health and safety management systems as per ISO 45001, Occupational Health and safety management for reduction of occupational injuries and promoting physical and mental well-being, across all plants covering Design, Development and manufacturing activities

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

All ZF locations manage their EHS activities in alignment with the global EHA management system. The EHS management system focuses on preventing and minimizing environmental, health and safety risks. Company, as part of EHS management system, has introduced SHE FMEA (Safety, Health & Environment Failure mode and effects analysis). SHE FMEA is a methodology that identifies hazard and assess risk and is adopted to cover all activities & processes for the routine and non-routine activities in normal, abnormal & emergency and to identify the failure mode with respect to EHS. It also addresses the gaps because it is a quantitative risk assessment methodology.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Yes, the Company has the Incident reporting system with 12 steps. The employees are empowered to report potential safety hazards through green fugai tag (safety abnormality tag). The supervisor will upload the green fugai tag (safety abnormality tag) into an online portal and the respective team will address it. Employees also participate in the Safety suggestion scheme, and they are rewarded for the participation. They also participate in the Quality circle to identify the EHS issues and help improve it.

d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

Yes, the Company has in-house Occupational health centres in all plants. There are full time medical officers in Ambattur & Mahindra City site locations and they can avail services and medicines at free of cost.

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

Safety incident/number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person hour worked)	Employees*	0	0
	Workers	0.12	0
Total recordable work-related injuries	Employees	0	0
	Workers	1	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

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12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

All employees engaged in production are mandated to complete 3D safety training, risk assessment (SHE FMEA). This financial year, as a proactive measure, The Company introduced another mandatory EHS induction training to empower employees to report incidents and provide suggestions for improvement through safety kaizens on the shopfloor. Ergonomic improvements with the support of engineering controls were implemented across high and medium risk jobs resulting in improved productivity and operator morale. This was aimed at reducing employee fatigue. For example, medium fatigue stations were identified for 99.5% low risk jobs.

The Company has also implemented ISO 14001 for Environmental Management system and ISO 45001 for Occupational health and safety management to ensure our workplaces are safer and healthy. This was rolled out in a systematic manner with a deep understanding of EMS of the scope and efficiency of the EMS. January to March was dedicated to Safety in an effort to enhance safety systems and raise safety awareness amongst employees. During the year, based on the theme "5S To the next level" as part of ZF integration, the Company also integrated ZF Production system 5S practices into our system and improved 5S in the shopfloor.

Safety & Health awareness programs were organized with the quote 'Safety should start from home' at the Ambattur site for employees and family members to increase awareness on themes like safety at home, happy home and prevention of lifestyle diseases among women & women security.

This was followed by competitions organised for employee spouses and kids related to the theme which received an overwhelming response. Approximately 500 family members participated in this event which was followed by a health camp organised for the family members.

13. Number of complaints on the following made by employees and workers

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	0	0	-	0	0	-
Health & safety	0	0	-	0	0	-

14. Assessments for the year

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

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

No significant risk/concerns were raised by statutory authorities. We also have an internal system to have routine audits on the shop floor and the gaps are addressed.

Leadership Indicators

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

Yes, the extended life insurance is covered both for the employee as well as the workers.

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

The Company has safeguards and checks and balances in place to determine if the statutory dues have been deducted and deposited with respect of value chain partners to the extent applicable.

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

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	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 23 (Current financial year)	FY 22 (Previous financial year)	FY 23 (Current financial year)	FY 22 (Previous financial year)
Employees	1	0	0	0
Workers	0	0	0	0

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

Yes, on case to case basis.

5. Details on assessment of value chain partner:

Details on assessment of value chain partners:	% of Tier 1 Suppliers and Customers (by value of business done with such partners) that were assessed
Health and safety practices	For suppliers: 32% (Overall Approved suppliers PM - 148; ISO 45001 Certificates in place - 48)
Working Conditions	For Customers: 85% (The customers TATA, Ashok Leyland, VECV and DICV with whom we are having 85% of business are ISO 45001 / OHSAS 18001 Certified.

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

None

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

The Company is a part of the Commercial Vehicle Solutions (CVS) division of the ZF Group. The vision of the company is to help shape the future of commercial transport systems in India. By leveraging synergies with ZF group the Company is uniquely positioned to offer the next generation of solutions and services for commercial vehicles and fleets in India and the world over. The Company through its products and services will support to make them more efficient, safe, connected, intelligent and automated. Under the umbrella of ZF's Vision for Next Generation Mobility, the Company leverages its capability to innovate, integrate and advance CV vehicle controls systems and set the pace to address the challenges of the commercial transportation industry in India, thereby creating sustainable value for the customers, employees and stakeholders. By mobilizing commercial vehicle intelligence, the Company contributes to ZF Group's 'Next Generation Mobility' corporate strategy.

Essential Indicators

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

A Core Stakeholder is any individual or group of individuals or institutions that adds value to the business chain of the corporation or is materially affected by entity's decision. The Company is in the business of providing vehicle actuation systems for commercial vehicles and is aware that the products and services directly impact various stakeholders which includes users of commercial vehicles, its vendors, customers, community at large and investors. At present, the given stakeholder groups identified have immediate impact on the operations and working of the company. At ZF CVCS, we recognize stakeholder engagement as an integral part of our operations. We strive to create long-term sustainable value for all our stakeholders including employees, customers, investors, suppliers, and communities. In order to do so, we regularly engage and collaborate with our stakeholders to develop an understanding of their needs and expectations. Thus, the company has programmes to directly interact with the stakeholders and provide value through economic returns and training to improve awareness thereby improving safety on roads and ergonomics

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

Stakeholder group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community meetings, Notice board, Website), Other	Frequency of engagement (Annually/ half-yearly/ quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	<i>Intranet Portal, Senior Leader's Communication / Talks/ Forums, Town Hall briefings, Emails, Regular Employee Communication Forums</i>	Ongoing	<i>Employee engagement activities, Training, awareness and welfare programmes, Brand communication, Health, Safety and Engagement initiatives</i>
Shareholders/ Investors	No	<i>Email, Newspaper, Advertisement, Website, Annual General Meeting, shareholder meets, email, Stock Exchange (SE) intimations, investor / analysts meet / conference calls, Annual report, quarterly results and investor meetings / conferences, media releases, Company website,</i>	Ongoing	<i>Share price appreciation, dividends, profitability and financial stability, robust ESG practices, climate change risks, cyber risks, growth prospects</i>
Customers	No	<i>On a need basis through multiple channels like physical, digital, etc.</i>	Ongoing	<i>Product quality and availability, responsiveness to needs, aftersales service, responsible guidelines / manufacturing, climate change disclosures, life cycle assessment, Business related discussions, Awareness and training programmes, workshops and seminars.</i>
Channel Partners and Key partners	No	<i>On a need basis through multiple channels like physical, digital, etc.</i>	Ongoing	<i>Business related discussions, awareness and training programmes, workshops and seminars.</i>
Communities and NGOs	No	<i>Meets (of community / local authority), community visits and projects, partnership with local charities, volunteerism, seminars / Conferences, Community surveys and consultations, CSR Initiatives, Community Events</i>	Ongoing	<i>Community development, Self-sustainability, Livelihood support, Disaster relief</i>
Suppliers	No	<i>Supplier and Vendor meets, Face-to-face and electronic correspondence , Supplier Audits</i>	Ongoing	<i>Quality, timely delivery and payments, ESG consideration (sustainability, safety checks, compliances, ethical behaviour), ISO and OHSAS standards, collaboration and digitalisation opportunities</i>

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Leadership Indicators

1. Provide the processes for consultation between stakeholders and the board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the board.

The Company regularly interacts with key stakeholders i.e. investors, customers, suppliers, employees, etc. Engagements with the relevant stakeholders by the Company are discussed with the Board on the varying topics of economic, environmental and social issues on a regular basis. Further, various aspects of the risk related to ESG are discussed in our risk management committee.

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

The Company believes in continuous improvement in its objective to achieve sustainability under the environment, social and governance aspects. The Company conducted a stakeholder surveys to identify material issues covering the aspects of environmental, social and governance. Based on the inputs, the Company identified key material topics as focus areas from ESG perspective to improves and revises the policies and activities to better address the key developments across the identified topic.

3. Provide details of instances of engagement with, and actions are taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

The Company promotes equal opportunities to the vulnerable / marginalised stakeholder groups. The Company conducts training and development camps for drivers, to promote awareness on road safety. The Company also facilitates health check-ups and supplies medical equipment to hospitals to provide health care support to marginalised communities. The Company also engages in infrastructure development for schools to upgrade the basic facilities to help enhance skill development for the vulnerable groups.

Principle 5: Businesses should respect and promote human rights

The Company ensures to act in accordance with human rights regulations. As part of the ZF group, the Company strongly believes in fostering human dignity and equality, mutual respect, trust, tolerance and fairness. We focus our efforts to create a climate between our employees and our business partners that is characterized by mutual respect, trust, tolerance, and fairness. Upholding human rights is our social responsibility through compliance with the laws and regulations.

Essential Indicators

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

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	1467	1467	100%	1295	1295	100%
Other than permanent	257	257	100%	192	192	100%
Total employees	1724	1724	100%	1487	1487	100%
Workers						
Permanent	451	451	100%	463	463	100%
Other than permanent	6	6	100%	6	6	100%
Total workers	457	457	100%	469	469	100%

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2. Details of minimum wages paid to employees and workers

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	1724	-	-	1724	100%	1487	-	-	1487	100%
Other than permanent	-	-	-	-	-	-	-	-	-	-
Total employees	1724	-	-	1724	100%	1487	-	-	1487	100%
Workers										
Permanent	457	-	-	457	100%	469	-	-	469	100%
Other than permanent	3191	-	-	3191	100%	4163	-	-	4163	100%
Total workers	3648	-	-	3648	100%	4632	-	-	4632	100%

3. Details of remuneration/salary/wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	5	3,820,000	1	2,680,000
Key managerial personnel*	2	40,876,025	1	2,843,220
Employees other than BoD and KMP	1467	1,595,000	245	1,595,000
Workers	451	402,382	6	251,386

MD is included in BoD also.

4. Do you have a focal point (individual/ committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Company has a very detailed human rights self assessment undertaken by all the sites including GBS & TCI and the output of the assessment is certified by the respective Site HR and plant Head. The Internal Committee is there to oversee and address the human rights impacts or issues.

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

The Company has set in place a certified standing order which states the procedures to redress grievances related to human rights.

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

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

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

ZF CVCS strives to maintain a healthy, safe and productive work environment that is free from discrimination or any form of harassment for all internal and external stakeholders. Further our Code of Conduct and the mechanism under the Prevention of Sexual Harassment Act ensures that any discrimination and harassments are avoided. As part of Whistle blower Policy and POSH Act, the Company ensures that the identity of the complainant is not divulged. All such matters are dealt in strict confidence

The company provides an anonymous grievance mechanism for breaches such as, labor related topics, human rights and other values. All submissions made in good faith can be done so without fear of retaliation.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the Company's code of conduct, ethics and policies contain aspects of human rights. All existing and new suppliers sign the Company's Supplier Code of Conduct. Further the business partner principles applies to our value chain

9. Assessments of the year

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

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

There were no audit concerns in the above areas from assessments in FY 2022-23.

Leadership Indicators

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

No business processes have been modified due to Human Rights as there were no grievances in the reporting period.

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

Due diligence is conducted as part of the statutory audit every month.

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

Yes, the premise is accessible to differently abled visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	100%
Discrimination at Workplace	100%
Child Labour	100%
Forced Labour/Involuntary Labour	100%
Wages	100%
Others – please specify	-

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No assessment has been carried out.

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

The Company operates responsibly as a business and manufacturer of products by constantly striving to comply with legal requirements and internal standards on a global scale. In the context of environmental management, compliance is a core issue. Due to various local requirements, legal developments are pursued and evaluated and - where necessary - measures are implemented at all locations

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A) MJ	96,541,168	94,723,220
Total fuel consumption (B) MJ	18,775,014	22,706,415
Energy consumption through other sources (C) MJ	-	-
Total energy consumption (A+B+C) MJ	115,316,182	117,429,635
Energy intensity per rupee of turnover KJ/Rupess (Total energy consumption/ turnover in rupees)	3.3	4

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

No, independent assessment/ evaluation/assurance has been carried out.

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

Not applicable.

There are no sites/facilities that have been identified as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

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

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	19796	10745
(iii) Third-party water (municipal water supplies)	66872	52611
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	86668	63356
Total volume of water consumption (in kilolitres)	86668	63356
Water intensity per rupee of turnover (water consumed / turnover) KL/ Cr. INR	25.1	24.9

4. Has the entity implemented a mechanism for zero liquid discharge? If yes, provide details of its coverage and implementation.

Yes. The Company has installed wastewater treatment systems in three sites in which waste water is generated and then it is taken into an Effluent Treatment Plant (ETP), for treatment and reuse. Rejected water that does not meet applicable reclaimed water standards after treatment is sent for evaporation. The Company also treats its Domestic wastewater (water used inside the Company's office premises) which is reused for gardening and toilet flushing purposes. Water release after treatment has increased by 5.26% from the previous FY, 2021. The Company also ensures that no untreated water is being let into ground and drain to ensure Zero Liquid Discharge (ZLD).

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

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	MT	0.819	0.77
SOx	MT	BDL	BDL
Particulate matter (PM)	MT	0.012	0.015
Persistent organic pollutants (POP)	MT	0	0
Volatile organic compounds (VOC)	MT	0	0
Hazardous air pollutants (HAP)	MT	0	0
Others – ozone-depleting substances (HCFC - 22 or R-22)	MT	0	0

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1503.42	1668.81
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	19348.54	21221.1
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent/ Cr. Rupees	6	9

7. Does the entity have any project related to reducing greenhouse gas emission? If Yes, then provide details.

The core of ZF's Climate strategy is the commitment to reduce its corporate carbon footprint until 2030 by an absolute figure of 80% regarding Scope 1 and Scope 2 and by 40% related to sales with regard to Scope 3 emissions. Energy Efficiency and avoidance of energy consumption are the top priority. A secondary focus is the transformation of energy consumption from fossil fuels to renewable resources, or a corresponding technology shift. Regarding Scope 3 emissions, the strategy focuses on improving product design, material selection, electrification and supply chain structures. The company's path towards climate neutrality is defined considering the UN Sustainable Development Goals (SDG's) and in accordance with the requirements of the SBTi (Science Based Targets initiative), the CDP (formerly the Carbon Disclosure Program) and the TCFD (Taskforce on Climate-related Financial Disclosures)

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

Parameter	FY 2022-23	FY 2021-22
Total waste generated (in metric tonnes)		
Plastic waste (A)	119.17	72.67
E-waste (B)	6.4	2.6
Bio-medical waste (C)	0.05066	0.045
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	48.6	47.76
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	4175.8	4326.2
Total (A+B + C + D + E + F + G + H)	4350.10	4449.3
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	4301.45	4401.51

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Parameter	FY 2022-23	FY 2021-22
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	4301.45	4401.51
For each category of waste generated, total waste disposed of by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	29.3	13.23
(ii) Landfilling	15.467	17.60
(iii) Other disposal operations	<i>Recyclers (Aluminium, paper, GI, Plastics)</i>	<i>Recyclers (Aluminium, paper, GI, Plastics)</i>
Total	44.767	30.83

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

The Company has adopted a strong waste management system that supports the operations of the company to properly segregate the waste at source & adopt recycling, with an increase in recycling by 13%. Since the previous financial year, the Company collects waste from the source, segregates it and stores it in the dedicated places allotted for waste management, which includes the disposal of hazardous waste. The disposal of the hazardous waste is done to pollution control board's authorised vendors. The other waste reduction measures adopted by the Company includes converting carton packages into reusable packings for our product packaging.

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

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
<i>No locations in operation near ecological sensitive areas</i>			

11. Details of Environmental Impact Assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (yes/ no)	Relevant Web link
<i>Not applicable</i>					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (prevention and control of pollution) Act, Air (prevention and control of pollution) Act, Environment Protection Act, and rules there under (Y/N). If not, provide details of all such non-compliances:

Sr. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
<i>None</i>				

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Leadership Indicators

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

	Unit	FY23	FY22
From renewable sources			
Total electricity consumption (A)	MJ	14,594,400	4,845,600
Total fuel consumption (B)	MJ	-	-
Energy consumption through other sources (C)	MJ	-	-
Total energy consumed from renewable sources (A+B+C)	MJ	14,594,400	4,845,600
From non-renewable sources			
Total electricity consumption (D)	MJ	81,946,768	89,877,600
Total fuel consumption (E)	MJ	18,775,014	22,706,415
Energy consumption through other sources (F)	MJ	-	-
Total energy consumed from non-renewable sources (D+E+F)	MJ	100,721,782	112,584,015
Total P+R (MJ)	MJ	115,316,182	117,429,615

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

No, independent assessment/ evaluation/assurance has been carried out.

2. Provide the following details related to water discharged:

	FY23	FY22
Water discharge by destination and level of treatment (in kilolitres)	0	0
(i) To Surface water	0	0
No treatment	0	0
With treatment – please specify level of treatment	27,339	38,529
(ii) To Groundwater	0	0
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iii) To Seawater	0	0
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties	0	0
No treatment	0	0
With treatment – please specify level of treatment	20,687	13,549
(v) Others	0	0
No treatment	0	0
With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	48,026	52,078

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

No, independent assessment/ evaluation/assurance has been carried out.

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3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

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

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

(ii) Name of the area: Lucknow, Jamshedpur, Chennai and Chengalpet

(iii) Nature of operations: Manufacturing of automotive components and accessories

	FY23	FY22
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater	18407	10745
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)	18407	10745
Total volume of water consumption (in kilolitres)	18407	10745
Water intensity per rupee of turnover (Water consumed / turnover)	5.3	4.2
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
No treatment		
With treatment – please specify level of treatment	11398	13284
(ii) Into Groundwater		
No treatment		
With treatment – please specify level of treatment		
(iii) Into Seawater		
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)	-	-

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

No assessment by external agency is being carried out

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4. Please provide details of total Scope 3 emissions & their intensity:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	We are in the process of assessing our scope 3. We plan to report the Scope 3 figures from the next financial year (FY24).	
Total Scope 3 emissions per rupee of turnover	tCO ₂ e/INR		
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

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

No assessment by external agency has been carried out

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

We have ecologically sensitive areas near our manufacturing area, R&D centre and offices. No impact assessment is being carried out at this point

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

S.No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Energy efficiency improvements	50 projects are identified to improve energy efficiency across the sites in few area like compressed air, motor efficiency, improving power factor, Thyrositer & VFD	9% achieved
2.	Installing roof solar	Installing 636KwP solar panel in Mahindra city site in the month of Feb 2023, to reduce the carbon emission and moving towards to goal 100% renewable energy by 2025	Feb '2023 producing energy and feed into line, 2800 units /day production

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, The Company has Risk Assessment Process and defines risk as any externally or internally occurring event or development that may result in a negative deviation from the business plan. committee comprises of site leadership team with the process owner being the Integrated Supply Chain (ISC) leader. The operating procedures involves identifying the existing processes, identify risk/ opportunities factor, analyse what are the potential effect for risk/ opportunities factor, evaluate severity, occurrence and risk number and then decide on the action to be taken and the frequency of review.

The Company conducts an annual review of the complete risk assessment process.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No significant impact have been identified in the current reporting period. Various measures like CO₂ reduction target, green electricity, Product Carbon Footprint calculation (PCF) are being implemented to prevent any adverse impact on the environment.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Sustainability assessment during supplier selection and periodic EHS assessment are carried out.

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

ZF CVCS is a part of several industry and trade associations and actively contributes to these forums to enable sharing of best practices, represent industry concerns and support in implementing measures to foster growth of industry and larger communities. We pursue our policy advocacy work by collaborating with various trade and industry associations, government bodies, as well as other comparable collective platforms, and we drive efforts to ensure policy advocacy positions support ethical business practices, environmental stewardship, social well-being, and respect for human rights.

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Essential Indicators

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

ZF CVCS is affiliated to the following 9 industry chambers and associations.

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

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industries (CII)	National
2	Automotive Components Manufacturers Association (ACCA)	National
3	Society of Automobile Engineers (SAE)	International
4	Madras Management Association (MMA)	State
5	Madras Chamber of Commerce and Industry (MCCI)	State
6	Indo-German Chamber of Commerce	International
7	Indo-American Chamber of Commerce	International
8	Quality circle forum of India	National
9	National Institute of quality & reliability	National

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

Name of authority	Brief of the case	Corrective action taken
<i>No case was filed by any stakeholder against ZF CVCS regarding unfair trade practices and anti-competitive behaviour during the Financial years.</i>		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of review by board (Annually/ half yearly/ quarterly / others – please specify)	Web-link, if available
1	<i>ABS for Commercial Vehicles (2013)</i>	<i>Public event, Technology Demonstration at Test Track</i>	<i>No</i>	<i>NA</i>	<i>PressReader.com - Digital Newspaper & Magazine Subscriptions</i>
2	<i>Electronic Stability Control (ESC) - 2017</i>	<i>Public event, Technology launch at Test Track</i>	<i>No</i>	<i>NA</i>	<i>WABCO INDIA Showcases Control Electronic Stability Control (globenewswire.com)</i>
3	<i>Intelligent Trailer Program (ITP) - 2018 (to promote trailer ABS)</i>	<i>Public event, Technology launch at Test Track</i>	<i>No</i>	<i>NA</i>	<i>Intelligent trailer program: Wabco launches Intelligent Trailer Program in India, Auto News, ET Auto (indiatimes.com)</i>

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S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of review by board (Annually/ half yearly/ quarterly / others – please specify)	Web-link, if available
4	<i>Advanced Driver Assistance Systems like Lane Departure Warning, Collision Mitigation system ,Collision Avoidance System ,etc.</i>	<i>Representing ZF Group in AISC (Automotive Industry Standards Committee), CMVR TSC (Central Motor Vehicle Rules Technical Standing Committee), TED (Transport Engineering Department) to share technical know how for preparing various standards suitable for India</i>	Yes	NA	NA
5	<i>Technology Road Maps for India</i>	<i>Representing ZF Group at TSR Committee (Technical, Safety and Regulations committee) of Automotive Components Manufacturers Association (ACMA) to define and align technology roadmaps</i>	Yes	NA	NA

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

As a responsible corporate entity, ZF believes in fulfilling its responsibility towards the community and society through its socio-economic activities for the benefit of the underprivileged sections. The company aims to leverage its position and resources to make a difference for local communities to elevate their quality of life.

Essential Indicators

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

Name and brief details of project	SIA notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
-	-	-	-	-	-

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

S No.	Name of project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable						

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

The Company undertakes various CSR activities that address the needs of the community in and around the factory premises. The Company reaches out to the communities, especially the vulnerable groups and addresses their grievances by implementing required CSR activities.

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

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	13%	11%
Sourced directly from within the district and neighbouring districts	54%	53%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
<i>Not Applicable</i>	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No.	State	Aspirational District	Amount spent (In INR)
-	-	-	-
-	-	-	-

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) – *No, The Company follows a standardised procurement policy across all suppliers and vendors*

(b) From which marginalized /vulnerable groups do you procure? - *Not Applicable*

(c) What percentage of total procurement (by value) does it constitute? - *Not Applicable*

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Nil

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
<i>Not applicable as there were no adverse orders in intellectual property related disputes</i>	-	-

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

6. Details of beneficiaries of CSR projects:

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Aanganbadi Centre- Building repair and maintenance at Barabanki	120 students benefitted	-
2	High Mast Solar light in KD Singh Churaha at Women Police Station, Barabanki	-	-
3	Provision of High mast solar LED lights at Casa Grand Junction ,Athipet	-	-
4	Greenery development in ITI,ITI Ambattur	-	-
5	Rainwater harvesting collection with pit provision - 42 Nos, in and around Ambattur	-	-
6	Driver Training through' RTO	5100 drivers/ technicians are getting benefitted by this training program	-
7	Driver Training at STUs		
8	Technician Training at STUs		
9	Driver Training at Transportnagar		
10	Skill development training to Women's Polytechnic students	200 students benefitted	-
11	Skill Development Center - Phase 1 &2	500 Students benefitted	-
12	Skill Lab set up at ITI institute , Barabanki	400 Students benefitted	-
13	Smart class at Junior high school Dhakauli, Barabanki	40 Students benefitted	-
14	Computer lab to be set up Govt Polytechnic	240 students benefitted	-
15	Tree saplings 8000 nos across Chennai and other manufacturing locations	-	-
16	Basic infrastructure (boundary fencing with wire mesh, toilet and furniture's for 2 class rooms)	60 students benefitted by the furniture and 168 students benefitted with the toilet and furniture.	-
17	Renovation of Toilet	472 students benefitted	-
18	Provision of High mast solar street lights in the streets & junctions as below- 7nos a. Chennai, Ambattur estate, telephone exchange junction – 2nos b. Chennai, Kalaivanar nagar junction , vanagram – 1 nos c. Tiruvallur, Alinchivalkam main road junction – 1nos d. Chennai ,Avadi main road close to bus stop–2nos	-	-
19	Provision of 30 nos of solar street lights in the Avadi main road near bus stop	-	-
20	Solar based traffic lights in Ambattur	-	-
21	Smart Class room at Govt ITI Ambattur Industrial estate.	Per month 50 teachers are getting trained	-

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Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
22	Ladies Toilet facility and drinking water arrangement at Mahila Thana, Barabanki	Per day 40 to 50 victims of domestic abuse and socially deprived women are getting benefitted by drinking water facility and toilet facility	-
23	Rejuvenation of Vaipur Lake near our Oragadam Plant		-
24	ECO Park		-
25	COE for Analytics at Rajalakshmi Institute of Technology	300 students studying in the institute	-

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

The Company has earned the recognition and trust of its customers through its responsible corporate governance, compliance, and outstanding products and services. The aim is to maintain the company's commitment and the high esteem it has earned in the future as well. The Company considers customers as partners or marketplace team members - essential to the growth and success of the Company.

Essential Indicators

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

The Company conducts a customer satisfaction survey annually to capture both complaints and feedback. The responses are then grouped into attributes like Supplier relationship management, logistics, quality, innovation, competitiveness and programme projects to analyse the responses and score the performance. This analysis is then used for identifying the reasons for the deterioration of scores, if any, and to address the correct course of action. Apart from this we have regular Interaction meeting with the Customers with various stakeholders and get feedback on the progress and performance in QCD and New Product Development activities.

2. Turnover of products and/or services as a percentage of turnover from all products/services that carry information about:

	As a % to total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	23%
Recycling and/or safe disposal	-

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

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Receive during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil			Nil		
Advertising	Nil			Nil		
Cyber-security	Nil			Nil		
Delivery of essential services	Nil			Nil		
Restrictive trade practices	Nil			Nil		
Unfair trade practices	Nil			Nil		
Other						

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

	Number	Reasons for Recall
Voluntary Recalls	0	N/A
Forced Recalls	0	N/A

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? If available, provide a web link to the policy.

Yes, ZF CVCS has a global framework and policy on cyber security. This policy covers Corporate Security Incident & Emergency Management, Cyber Security Crisis Response Process, Crisis management, Information security management policy, etc. In addition RM policy includes the periodic review of RM policy

Link to Policy:

https://www.zf.com/master/media/en/corporate/m_zf_com/meta/eu_data_protection/zf_eu_notice_for_customers_and_business_partners_de.pdf

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

Not applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed.

Details could be found as follows:

Website: <https://www.zf.com/products/en/cv/home/cv.html>

LinkedIn: <https://www.linkedin.com/showcase/cv-at-zf/>

Customer Helpline (AM): 1800 - 102 – 4770

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

The Company has maintained its position as a trusted partner in the value chain due to its focus on quality delivery of customer services as prime positioning. The Company conducts 40 road awareness training sessions each month on road safety across Authorised Service Centres, Wholesale Distributors, State Transport Undertaking offices, fleet operators, army workshop / office on the products and services. The Company ensures timely communication with the customers on any risk of disruption / discontinuation of essential services.

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

Not applicable

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

As per regulations, The Company adheres to displaying the mandatory legal information across its products. This is approved by the Customers during the development process. The Company also provides weblinks to its aftermarket products and parts finder. Online Product Catalog - Aftermarket: <https://aftermarket.zf.com/en/aftermarket-portal/services-and-support/catalog/#/>

Parts Finder (Retailers can place orders through Wholesale Distributors):

https://www.wabco-customercentre.com/catalog/en_IN?cclcl=en_IN

5. Provide the following information relating to data breaches:

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

ZF CVCS reported zero data breaches for FY 21-22 and FY 22-23

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

Nil

Report on Corporate Governance

1. Company's philosophy on code of governance

The Company as a good corporate citizen believes in transparency, professionalism, and accountability, which are the basic principles of Corporate Governance. The Company constantly endeavors to improve on these aspects thereby paving the way for excellence.

Our corporate governance is reinforced through the Company's Code of Conduct and Ethics, corporate governance guidelines and committee charters. Our Board and Management processes, audits and internal control systems reflect the corporate governance framework principles. This report gives a comprehensive look at how our governance adheres to the governance framework.

Company follows the Policy and guidelines for Corporate governance as established by the Board of the Company. These are framed in conjunction with the Company's Memorandum & Articles of Association, the charters of the committees of the Board and applicable laws / regulations / guidelines in force in India and these guidelines can be accessed on our website, at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html. These guidelines ensure that the Board has the necessary authority and processes to review and evaluate our operations as and when required.

2. Board of directors

2.1 Composition and category of directors:

As on 31st March 2023, the Board of Directors (the Board) comprised of 6 Directors as follows:-

Mr. M Lakshminarayan, Non-Executive & Independent Director as Chairman

Mr. P Kaniappan, Managing Director

Mr. Mahesh Chhabria, Independent Director

Dr. Lakshmi Venu, Independent Director

Dr. Christian Brenneke, Non-Executive Non-Independent Director

Mr. Philippe Colpron, Non-Executive Non-Independent Director

Since, the Board has a regular Non-Executive & Independent Director as Chairperson, the composition of Independent Directors must be one third of the total strength of the Board, as per Regulation 17(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulation). As on 31st March 2023, the Independent Directors' comprises of 50 percent of the Board's total strength and includes one woman Independent Director. Thus, the Company meets with the requirements of composition of the board as per SEBI Listing Regulation and Section 149 of the Companies Act, 2013 ("Act"), read with the relevant rules made thereunder.

2.2 Board Meetings:

The Company, in consultation with the Directors, prepares and circulates a tentative annual calendar for the meetings of the committees/Board to assist the Directors for planning their schedules to participate in the meetings. During the year 2022-23, the Board met 6 times on 20th May 2022, 27th July 2022, 4th November 2022, 16th November 2022, 3rd January 2023 and 1st February 2023 and the gap between two meetings did not exceed 120 days.

2.3 Attendance and other directorships:

Attendance of the Directors at the Board meetings held during the year, and at the last Annual General Meeting held on 27th July 2022 and also the number of other Directorships, Committee membership's and chairmanships as on 31st March 2023 are as follows:

Name of Director	DIN	Attendance Particulars		No. of Directorship in other Cos. *	Membership of Committees in other Cos. incl. ZF CVCS **	Chairmanship of Committees in other Cos. incl. ZF CVCS!
		Board Meetings	Last AGM			
M. Lakshminarayan	00064750	6	Yes	10	7	2
P. Kaniappan	02696192	6	Yes	4	2	-
Mahesh Chhabria	00166049	6	Yes	9	6	2
Dr. Lakshmi Venu \$	02702020	4	No	10	2	-
Philippe Colpron \$	08344534	2	Yes	1	-	-
Dr. Christian Brenneke	08344547	4	Yes	Nil	-	-
Alexander De Bock (upto 30.03.2023)	08745365	5	Yes	2	2	-

* : includes private companies.

** : includes committees where the director is also chairman.

\$: includes directorship in foreign companies.

! : Memberships and chairmanship of Audit and Stakeholders relationship committee.

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Names of other listed entities where the above directors hold directorships:

Director	Name of the Listed Company	Designation
M Lakshminarayan	TVS Electronics Limited	Independent Director
	Wendt India Limited	Independent Director
	ASM Technologies Limited	Independent Director
	Sansera Engineering Limited	Independent Director
	Suprajit Engineering Limited	Independent Director
Mahesh Chhabria	Kirloskar Oil Engines Limited	Director
	Kirloskar Industries Limited	Managing Director
	Kirloskar Ferrous Industries Limited	Director
	Kirloskar Pneumatic Company Limited	Director
	Shoppers Stop Limited	Independent Director
Dr. Lakshmi Venu	TVS Motor Company Limited	Non-Executive Director
	Sundaram - Clayton Limited	Managing Director

None of the Directors is a member in more than 10 board level committees or Chairman of more than 5 such committees of listed companies, as specified under Regulation 26 of the Listing Regulation.

2.4 Inter-se relationship between directors:

None of the directors are related to each other.

2.5 Access to information and updation to directors:

The board reviews all information provided periodically for discussion and consideration at its meetings in terms of Listing Regulation including minimum information to be placed at each Meeting. Functional heads are present at the Meeting at regular intervals and appraised the Board about the developments. Apart from this, the observations of audit carried out by the internal auditors is placed at the audit committee of the Board. The Board also reviews the declarations made by the Managing Director, Company Secretary, General Manager - Tax and Legal Officer of the Company regarding compliance of all applicable laws on quarterly basis.

2.6 Code of Business Conduct and Ethics for Board and Senior management personnel

The Company has in place the Code of Business Conduct and Ethics for Board and Senior Management personnel (the Code) as approved by the Board. The Code has been communicated to Directors and the members of the senior management. The Code has also been displayed on the Company's website: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html.

All the Directors and Senior management personnel have affirmed compliance with the Code for the year ended 31st March 2023. The annual report contains a declaration to this effect signed by the Managing Director and Company Secretary of the Company as compliance officer for the Code.

2.7 Appointment of directors:

In terms of Regulation 36(3) of the Listing Regulation, a brief resume of directors, proposed to be re-appointed, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and their relationships with other directors are provided in the notice convening the ensuing annual general meeting of the Company.

2.8 Criteria Of Independence

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors fulfill the criteria of independence as specified in the Companies Act, 2013, the rules notified thereunder as well as SEBI (LODR) and are independent of the Management.

2.9 Details of Familiarization Programmes

All new Non-Executive Independent directors inducted to the Board are introduced to our Company culture through orientation sessions. The details of the familiarization program are also available on the Company's website, at https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html.

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2.10 Skills / expertise / competencies of the Board of Directors

The list of core skills/expertise/competencies required are available with the Board and names of Directors as on date who have such skills/expertise/competencies in the context of the business of the Company for its effective functioning is as follows:

	Key Skills/ competencies/ Expertise	M Lakshminarayan	Mahesh Chhabria	Dr. Lakshmi Venu	Dr Christian Brenneke	Philippe Colpron	Alexander De Bock*	P Kaniappan
A	Technical							
1	Finance	√	√	√			√	√
2	Law		√				√	
3	Management	√	√	√	√	√	√	√
4	Sales & Marketing	√	√	√		√		√
5	Manufacturing & Operations	√	√	√	√	√	√	√
6	Research & Development				√			
7	Human Resources	√	√	√				√
B	Industry experience							
1	Economy	√	√	√			√	√
2	Industry	√	√	√	√	√	√	√
3	Business Sector	√	√	√	√	√	√	√
C	Governance experience							
1	Compliance	√	√				√	
2	Statutory Laws		√				√	√
3	Risk Management	√	√	√	√	√	√	√
4	Strategic Planning	√	√	√	√	√	√	√
D	Other Skills							
1	Communication & Interpersonal	√	√	√	√	√	√	√
2	Public Relations	√	√	√	√	√	√	√
3	Corporate Restructuring	√	√		√	√		

*Mr. Alexander De Bock resigned from the Board effect from close of business hours on March 30, 2023.

3. Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

1. To recommend for appointment, remuneration and terms of appointment of auditors of the company;
2. To approve payment to statutory auditors for any other services rendered by the statutory auditors;
3. To review and monitor the auditor's independence and performance, and effectiveness of audit process;
4. To examine the financial statement and the auditors' report thereon;
5. To approve transactions of the company with related parties and modifications thereof including those for which the omnibus approval is provided;
6. To scrutinize intercorporate loans and investments;
7. To undertake valuation of undertakings or assets of the Company, wherever it is necessary;
8. To evaluate internal financial controls and risk management systems;
9. To monitor the end use of funds raised through public offers and related matters.
10. To review the utilization of loans and / or advances to or investments in subsidiaries, if any,
11. To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may discuss any related issues with the internal and statutory auditors and the management of the company.

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12. To investigate any activity within its terms of reference of the Companies Act, 2013 or referred to it by the Board and for its purpose, shall have full access to information contained in the records of the Company and external professional, legal or other advice, if necessary;
 13. To seek information from any employee;
 14. To secure attendance of outsiders with relevant expertise, if it considers necessary;
 15. To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 16. To review, with the management, the annual financial statements and auditor's report thereon before Submission to the board for approval, with particular reference to:
 - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - 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; and
 - g. modified opinion(s) in the draft audit report.
 17. To review, with the management, the quarterly financial statements before submission to the board for approval;
 18. To review, 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;
 19. To review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 20. To review 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, structure coverage and frequency of internal audit;
 21. To discuss with internal auditors any significant findings and follow up there on;
 22. To review 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;
 23. To discuss 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;
 24. To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors;
 25. To review the functioning of the Whistle Blower mechanism;
 26. To approve appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 27. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee from time to time. The auditors of the Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.
 28. To review the utilization of loans and/ or advances / investment by the company in the subsidiary.
 29. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- 3.1 Composition, name of members and the chairman of the Audit Committee:

Name of the directors - Messrs	Status
Mahesh Chhabria	Non-executive, Independent director
M Lakshminarayan	Non-executive, Independent director
Dr. Lakshmi Venu	Non-executive, Independent director
Alexander De Bock @	Non-executive, Non-Independent director

@ Mr. Alexander De Bock ceased to be a Member of this Committee consequent to his resignation as Director of the Company effect from close of business hours on March 30, 2023.

Mr. Mahesh Chhabria, Independent Director, is the Chairman of the Audit Committee. Ms. Muthulakshmi M, Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee was present at the time of the Annual General Meeting held on 27th July 2022. Composition of the committee is in accordance with the requirements of Regulation 18 of the Listing Regulation and Section 177 of the Companies Act, 2013. The particulars of meetings and attendance by the members of the committee during the year under review are given in the table below:

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S. No.	Date of the Meeting	Mahesh Chhabria	M Lakshminarayan	Dr. Lakshmi Venu	Alexander De Bock
1	20 th May 2022	✓	✓		✓
2	27 th July 2022	✓	✓		✓
3	4 th November 2022	✓	✓		✓
4	16 th November 2022	✓	✓	✓	✓
5	3 rd January 2023	✓	✓	✓	
6	1 st February 2023	✓	✓	✓	✓

The statutory financial statements of the Company and the Auditors' report for the financial year 2022-23 received from both the statutory auditor and secretarial auditor does not contain any qualification, reservation or adverse remark or disclaimer.

4. Nomination and Remuneration Committee:

The Board has constituted a Nomination and Remuneration Committee in terms of Section 178 of the Companies Act, 2013 and composition, name of members and the chairperson of the Committee are as follows:

Name of the directors - Messrs	Status
Dr. Lakshmi Venu	Non-executive, Independent director
M Lakshminarayan	Non-executive, Independent director
Mahesh Chhabria	Non-executive, Independent director
Dr. Christian Brenneke	Non-executive, Non-Independent director

Dr. Lakshmi Venu, Independent Director, is the Chairman of the Nomination and Remuneration Committee. Ms. Muthulakshmi M, Company Secretary of the Company acts as the Secretary of the Nomination and Remuneration Committee. The particulars of meetings and attendance by the members of the committee during the year under review are given in the table below:

S. No.	Date of the Meeting	Dr Lakshmi Venu	M Lakshminarayan	Mahesh Chhabria	Dr. Christian Brenneke
1	20 th May 2022		✓	✓	✓
2	1 st February 2023	✓	✓	✓	✓

4.1 Brief description of the Terms of reference:

The Nomination & remuneration committee is entrusted with the following responsibilities.

- 1) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and/or removal and ensure that succession plans for board and senior management personnel are in place.
- 2) To carry out evaluation of every director's performance.
- 3) 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.
- 4) To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on his performance.
- 5) To recommend to the Board, all remuneration, in whatever form, payable to Directors, key managerial personnel and senior management.
- 6) To determine 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.
- 7) To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and to identify suitable candidates for appointment as independent director.
- 8) To devise a policy on diversity of board of directors;

4.2 Nomination and Remuneration Policy:

As required under Section 178(3) of the Companies Act, 2013 and the Company's Nomination and Remuneration Policy is hosted in the website: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html.

- 4.3 Remuneration to Non-Executive Directors: Remuneration by way of sitting fee for attending the meetings of Board and committees and commission on profit not exceeding the limit specified in the Companies Act, 2013 is paid to independent directors of the Company. No remuneration including sitting fee and commission on profit is paid to non-executive and non-independent directors of the Company. There is no separate provision for payment of severance fees. The notice period is mutually agreed between these Directors and the Board. The tenure of office of Executive Directors is for five years from their respective dates of appointment / reappointment.

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4.4 Particulars of remuneration paid to the Managing Director during the financial year 2022-23

(Rs. in lakhs)

Name of the Director - Mr.	Salary	Contribution to PF and other funds	Perquisites & Allowances	Performance Bonus	Total
P Kaniappan	239.81	13.20	-	336.01	589.02

4.5 Particulars of sitting fees and commission paid/payable to non-executive independent directors and directors during the financial year 2022-23.

Name of the directors - Messrs	Sitting fees (₹)	Commission (₹)@	Total ₹
M Lakshminarayan	4,00,000	30,00,000	34,00,000
Dr. Lakshmi Venu	1,80,000	25,00,000	26,80,000
Mahesh Chhabria	3,20,000	35,00,000	38,20,000
TOTAL	9,00,000	90,00,000	99,00,000

@will be paid after adoption of accounts at the ensuing annual general meeting.

As approved by the shareholders through special resolution at the Annual General Meeting held on 14th August 2019, non-executive independent directors are being paid commission not exceeding 1% of the net profits of the Company.

The Board at its meeting dated 24th May 2023, has considered and approved the commission payable to non-executive independent directors amounting to Rs. 30 Lakhs to Mr. M. Lakshminarayan, Rs. 35 Lakhs to Mr. Mahesh Chhabria and Rs. 25 Lakhs to Dr. Lakshmi Venu respectively. Other non-executive directors, Mr. Philippe Colpron, Dr. Christian Brenneke and Mr. Alexander De Bock have waived the sitting fees payable to them.

Mr. M Lakshminarayan holds 100 shares through himself and his relatives. Mr. Mahesh Chhabria along with his relatives and HUF wherein he is a member holds 1,475 shares in the Company.

None of the other directors hold any share in the Company. There are no other material pecuniary relationships or transactions of the non-executive directors' vis-à-vis of the Company.

4.6 Performance evaluation criteria for independent directors: Refer to section 12 in Board's Report.

5. Stakeholders Relationship Committee:

The Board constituted a Stakeholder Relationship Committee in terms of Section 178 of the Companies Act, 2013.

5.1 Composition, name of members and the chairman of the Stakeholders Relationship Committee:

Name of the directors - Messrs	Status
M Lakshminarayan	Non-executive, Independent director
P Kaniappan	Executive-Non-Independent director
Alexander De Bock@	Non-executive, Non-Independent director
Philippe Colpron#	Non-executive, Non-Independent director

@ Mr. Alexander De Bock ceased to be a Member of this Committee consequent to his resignation as Director of the Company effect from close of business hours on March 30, 2023.

Mr. Philippe Colpron was inducted in the Committee as a member effective from 28th April 2023.

Mr. M Lakshminarayan, is the Chairperson of the Stakeholders Relationship Committee. As required by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulation) 2015, Ms. Muthulakshmi M has been appointed as Compliance Officer. For any clarifications/ complaints, the shareholders may contact Ms. Muthulakshmi M, Company Secretary of the Company at muthulakshmi.m@zf.com. The particulars of meetings and attendance by the members of the committee during the year under review are given in the table below:

S. No.	Date of the Meeting	M Lakshminarayan	P Kaniappan	Alexander De Bock
1	20 th May 2022	✓	✓	✓
2	27 th July 2022	✓	✓	✓
3	4 th November 2022	✓	✓	✓
4	1 st February 2023	✓	✓	✓

The Committee oversees and reviews all matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The committee also looks into the redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, nonreceipt of declared dividends, etc. The Company, as a matter of policy, disposes investor services complaints within

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a stipulated time period. Complaints received and redressed during the year 2022-23

No. of Complaints received during the year	1
No. of complaints resolved during the year	1
No. of complaints pending unresolved as on 31.03.2023	-

5.2 All the complaints were resolved and, as on 31st March 2023, no complaint was pending.

6. Risk Management Committee

6.1 Composition, name of members and the chairman of the Risk Management Committee:

Name of the directors - Messrs	Status
Dr. Christian Brenneke	Non-executive, Non-Independent Director
Philippe Colpron	Non-executive, Non-Independent director
Mahesh Chhabria	Non-executive, Independent director
P Kaniappan	Managing Director
R S Rajagopal Sastry	Chief Financial Officer
V Ramanathan	Leader-OE Sales & Marketing

Dr. Christian Brenneke, is the Chairman of the Risk Management Committee. Ms. Muthulakshmi M Company Secretary of the Company acts as the Secretary of the Risk Management Committee. The particulars of meetings and attendance by the members of the committee during the year under review are given in the table below:

S. No.	Date of the Meeting	Christian Brenneke	Mahesh Chhabria	P Kaniappan	Philippe Colpron	R S Rajagopal Sastry	V Ramanathan
1	27 th June 2022			✓		✓	✓
2	4 th November 2022	✓	✓	✓		✓	✓
3	29 th March 2023	✓	✓	✓		✓	✓

6.2 Brief description of the Terms of reference:

1. Monitor / review the Risk Management Plan developed by the management and to ensure that they are comprehensive and well developed.
2. To review the Annual Risk Management Framework Document (including the actions planned for the year in relating to existing and anticipated emerging risks)
3. To monitor / review cyber security.
4. To review the progress of implementation of the actions planned in the Annual Risk Framework Document.
5. To periodically review the process for systematic identification and assessment of the business risks
6. Periodic monitoring of the critical risk exposures by specialised analysis and quality reviews and report to the Board the details of any significant developments relating to these and the action taken to manage the exposures.
7. To develop and recommend the Company's Risk Management Policy to the Board for approval and periodically review and approve any revisions thereto;
8. Identify and make recommendations to the Board, to the extent necessary on resources and staffing required for effective Risk Management.
9. To carry out any other function or activity as may be considered in order to ensure that an effective risk management system is in place.
10. The Committee shall meet at least twice in a year.
11. Additional meetings may be held, if required, in order to discharge the functions of the committee. The Chairman may convene a meeting if need arises.
12. Two members of the Committee shall be present to constitute a quorum.
13. The Company Secretary shall be responsible for drawing up the Agenda and circulating it, supported by explanatory documentation, to the Committee members prior to each meeting. He / She will act as the Secretary to the Committee.
14. The issues arising at the Risk Management Committee meetings shall be considered resolved only by the unanimous decision of both the members.
15. The minutes of the Risk Management Committee meetings, which the Company Secretary shall also be responsible for keeping, shall be tabled at Board meetings in a timely manner.
16. To carry out such other functions as the Board may deem fit.
17. This shall be broadly governed by the provisions of Companies Act, 2013 (the Act), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), any other applicable laws as applicable and amended from time to time, besides additional responsibilities, if any, imposed by the Board of Directors and Articles of Association.

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7. Corporate Social Responsibility Committee (CSR Committee)

The Board constituted a Corporate Social Responsibility Committee in terms of Section 135 of the Companies Act, 2013. Composition, name of members and the chairman of the Committee, as on the March 31, 2023 as follows:-

Name of the directors - Messrs	Status
P Kaniappan	Managing Director
M Lakshminarayan	Non-executive, Independent director
Dr. Lakshmi Venu	Non-executive, Independent director

Mr. P Kaniappan, Managing Director, is the Chairman of the CSR Committee. Ms. Muthulakshmi M, Company Secretary of the Company acts as the Secretary of the CSR Committee. The particulars of meetings and attendance by the members of the committee during the year under review are given in the table below:

S. No.	Date of the Meeting	P Kaniappan	M Lakshminarayan	Dr Lakshmi Venu
1	20 th May 2022	✓	✓	
2	30 th March 2023	✓	✓	✓

Details of CSR report and activities carried out by the Company as required under Section 135 of the Companies Act, 2013 are given in annexure to the Directors report.

8. Separate Meeting of Independent Directors

As required under Regulation 25 (3) of SEBI (LODR) Regulations 2015 separate meeting of Independent Directors of the company was held on 6th March, 2023.

9. Reconciliation of Share Capital Audit Report

A qualified practicing company secretary has carried out reconciliation of share capital audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and placed the report for perusal of the Board. The audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of shares in dematerialized form held with NSDL and CDSL.

10. General body meeting:

10.1 Location and time where the Annual General Meetings (AGM) were held during the last three years.

Year	Location	Date	Time
2019-20	AGM Through Video	25.09.2020	02.00 P.M.
2020-21	Conferencing (VC) /	24.09.2021	02.00 P.M.
2021-22	Other Audio Visual Means (OAVM)	27.07.2022	03.00 P.M.

10.2 Special resolutions passed in the previous three annual general meetings:

AGM Date	Item of Business
25.09.2020	Nil
24.09.2021	1. Re-appointment of Dr. Lakshmi Venu (DIN: 02702020), as a Non-Executive and Independent Director for a term of five consecutive years from 19 th May, 2021 to 18 th May, 2026, pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, on such remuneration including sitting fees and profit-related commission as may be decided by the Board of Directors from time to time.
	2. Pursuant to the provisions of Section 185 of the Companies Act, 2013 and other applicable provisions, approval of members be and is hereby accorded to the Board of Directors of the Company to provide Inter-Corporate Loans / Deposits, lending through a Cash pooling arrangement, through any bank to ZF India Private Limited, WABCO Digital Solutions Private Limited and ZF Wind Power Coimbatore Pvt. Ltd. notwithstanding that the entire lending under this arrangement put together at any point in time shall not exceed Rs.100 Crores on such terms and conditions as the Board of Directors may deem fit, provided that the said transaction(s) so carried out shall be at arm's length basis, in the ordinary course of business and in the interest of the Company. The Board is further authorised to finalise the terms and conditions as may be considered necessary, expedient or desirable and execute such agreements, documents and writings to give effect to the above resolution and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution which the Board can delegate to any one or more of director(s) / officers of the Company.
27.07.2022	Nil

10.3 No Special resolution was passed through postal ballot during the year under review.

11. Unclaimed Shares

Pursuant to Regulation 39 of the Listing Regulation, equity shares aggregating to 693 shares of Rs.5/- each held by 14 equity shareholders were laying unclaimed (hereinafter referred to as "unclaimed shares") as required under the SEBI Regulations. Those shareholders who do not possess original share certificate

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with them, are requested to contact the Share Transfer Agent, M/s. Integrated Registry Management Services Private Limited to obtain their shares either in dematerialized form or physical form as desired by the shareholder.

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Details of Unclaimed suspense account	No. of Shareholders	No. of Shares
No. of shares in Unclaimed Suspense Account at the beginning of the year as on 01/04/2022.	30	1,472
No. of shareholders who approached listed entity for transfer of shares from suspense account during the year	1	82
No. of shareholders to whom shares were transferred from suspense account during the year ended 31/3/2023	1	82
Shares transferred to the IEPF Authority account during the year ended 31/3/2023.	15	697
Aggregate number of shareholders and the outstanding shares lying in the suspense account on 31/03/2023.	14	693

12. Investor Education Protection Fund (IEPF) & Transfer of Shares to IEPF Authority

Pursuant to Section 124 and the rules thereunder of the Companies Act, 2013, equity shares which were laying unclaimed and for which the dividend was also unclaimed for a continuous period of 7 years were dematerialized and transferred to IEPF Authority on behalf of the shareholders after providing due reminders and a public announcement in newspapers before transferring.

Those shareholders who do not possess original share certificate with them, are requested to contact the Share Transfer Agent, M/s Integrated Registry Management Services Private Limited to obtain their shares only by dematerialized form by the shareholder (Vide Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2022/8). The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Details of IEPF Authority Account	No. of Shareholders	No. of Shares
No. of shares in the IEPF Authority Account at the beginning of the year as on 01/04/2022.	752	47,207

No. of shareholders who approached listed entity for transfer of shares from IEPF Authority Account during the year	15	1658
No. of shareholders of whose shares were transferred from unclaimed Suspense Account to the IEPF Authority Account during the year	15	697
No. of shareholders whose shares were transferred to the IEPF Authority Account during the year	35	1987
No. of shares transferred from the IEPF Authority Account during the year to the shareholders	8	960
Aggregate number of shareholders and the outstanding shares lying in the IEPF Authority Account as on 31/03/2023	793	48,931

13. Means of communication

13.1 Quarterly results:

The Quarterly, Half Yearly and Annual Results are regularly submitted to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) as well as uploaded on the Company's website and are published in newspapers.

13.2 Newspapers wherein results normally published:

The results are normally being published in any one of the English newspapers, namely "Business Standard", and the Tamil version in "Makkal Kural".

13.3 Website:

The Company has in place a functional web site addressed as https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html.

The unaudited results, quarterly compliance report on corporate governance and the quarterly shareholding pattern as filed with the Stock Exchanges are published in Company website. The Company makes use of its website for publishing official news releases and presentations, if any, made to institutional investors / analysts.

14. General shareholder information

14.1 Annual General Meeting:

Date and time/Venue : 27th July 2023 at 15.00 hrs. (IST) through Video Conferencing (VC)/ Other Audio Visuals Means (OAVM)

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14.2 Financial year	: 1 st April to 31 st March	lakhs and subject to the approval of the shareholders in the ensuing annual general meeting. This dividend will be paid on or before 25 th August 2023 to the shareholders as on record date.
Financial calendar 2023-24 (Tentative)		
Financial reporting for the quarter ending	: Financial calendar	14.4 Listing on Stock Exchanges:
30 th June 2023	: on or before 14 th August 2023	Name of the stock exchange Stock code
30 th September 2023	: on or before 14 th November 2023	BSE Ltd. (BSE) 533023
31 st December 2023	: on or before 14 th February 2024	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
31 st March 2024	: on or before 30 th May 2024	National Stock Exchange of India Ltd. (NSE) Exchange Plaza, C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051 ZFCVINDIA
Annual General Meeting	: July / August / September 2024 (next year)	ISIN allotted by depositories INE342J01019 (Company ID Number)

14.3 Particulars of dividend payment

The Board of Directors had recommended a dividend of ₹ 13/- per share for the year 2022-23, absorbing a sum of ₹ 2,465.79/-

(Note: Annual listing fees for the year 2023-24 have been duly paid to the above stock exchanges).

14.5 Market Price Data:

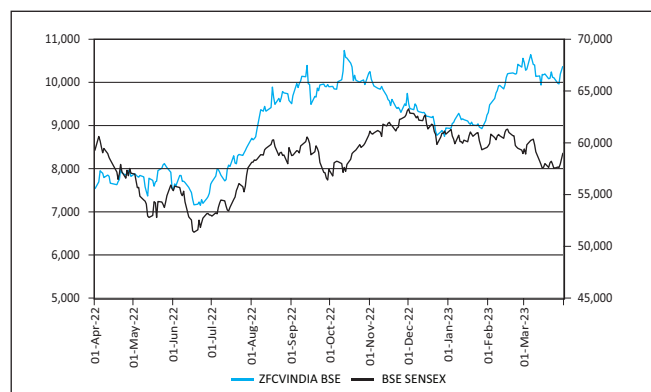
(Amount in ₹)

Month	National Stock Exchange of India Limited		BSE Limited	
	Share Price		Share Price	
	High	Low	High	Low
April - 2022	8,093.95	7,452.00	8,100.00	7,516.00
May - 2022	8,199.90	7,300.00	8,200.00	7,305.75
June - 2022	8,400.00	6,876.50	8,377.55	6,893.25
July - 2022	8,599.90	7,525.30	8,599.75	7,608.05
August - 2022	9,974.90	8,525.15	9,979.15	8,494.25
September - 2022	10,424.00	9,351.55	10,421.00	9,335.75
October - 2022	10,924.05	9,781.05	10,927.75	9,505.00
November - 2022	10,494.65	9,248.15	10,599.85	9,255.35
December - 2022	9,845.00	8,638.55	9,735.00	8,592.05
January - 2023	9,390.00	8,755.30	9,372.10	8,781.65
February - 2023	10,687.65	9,108.10	10,689.85	9,138.40
March - 2023	10,798.10	9,860.00	10,800.00	9,873.00

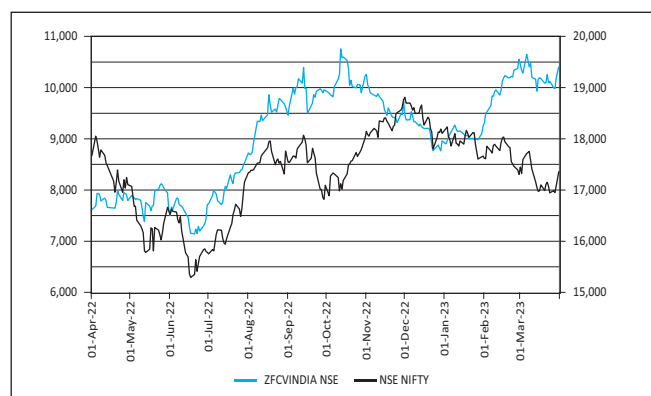
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

14.6 Performance of ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED (Formerly known as WABCO INDIA Limited) shares against the Performance of BSE Sensex and NSE CNX Nifty

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED Vs BSE Sensex performance



ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED Vs NSE CNX Nifty performance



14.7 Share Transfer Agents (STA) and Share Transfer System:

a) For share related matters, Members are requested to correspond with the Company's Registrar and Transfer Agents – M/s. Integrated Registry Management Services Private Limited as the Registrars & Share Transfer Agents (STA). Integrated Registry Management Services Private Limited is registered with SEBI as the Share Transfer Agent(STA) in Category II.

b) All matters connected with the share transfer, both physical and electronic, dividends and other matters are handled by the STA located at the address mentioned elsewhere in this report. Hence, all requests for transfer and/or dematerialisation of securities held in physical form, should be lodged with the office of the Company's Registrar & Share Transfer Agent or at the registered office of the Company for dematerialisation.

c) All requests for dematerialization of securities are processed and the confirmations are given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences on change of address, mandates etc., are processed by the STA within the time stipulated by SEBI.

d) Shareholders are requested to note that SEBI has mandated that the Company cannot process any request for transfer of shares received in physical mode. Adequate communications in this regard have been sent to all shareholders holding shares in physical mode. Hence it is requested that all shareholders holding shares in physical mode shall demat their shares to avoid any issues in future.

e) Pursuant to Regulation 40(9) of the Listing Regulation, certificates, on yearly basis, is issued by a Company Secretary in practice for due compliance of share transfer formalities by the Company.

f) Pursuant to Regulations 76 of SEBI (Depositories and Participants) Regulations, 2018, certificates from a Company Secretary in practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company is obtained.

g) The Company, as required under Listing Regulation, has designated the following e-mail IDs, namely srirams@integratedindia.com (share transfer agent)/ muthulakshmi.m@zf.com (compliance officer) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

h) Shareholders are, therefore, requested to correspond with the STA at the address mentioned elsewhere in this report for any change of names and queries pertaining to the shareholding and dividends etc.

14.8 Shareholding Pattern as on 31st March 2023 is available in annexure 3 forming part of the Directors Report.

14.9 Distribution of Shareholding as on 31st March 2023:

Shareholding (Range)	No. of Shares	%	No. of Members	%
Upto 5000	13,40,805	7.07	26,209	99.72
5,001 - 10,000	182,404	0.96	25	0.10
10,001 - 20,000	245,965	1.30	17	0.06
20,001 - 50,000	538,130	2.84	16	0.06
50,001 - 1,00,000	447,369	2.36	6	0.02
1,00,001 & above	16,212,911	85.48	10	0.04
Total	18,967,584	100.00	26,283	100.00

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

14.10 Dematerialization of shares and liquidity:

The entire promoter shareholding is in dematerialised form. As on 31st March 2023, out of 47,41,900 shares held by persons other than promoters, 46,61,389 shares have been dematerialized and dematerialized shareholding of Public as on 31st March 2023 accounts for 98.30%.

14.11 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

14.12 Details regarding plant locations is available in Corporate Information section / Business Responsibility and Sustainability Report.

14.13 Address for investors Correspondence:

- (i) For transfer / dematerialisation Integrated Registry of shares, payment of dividend Management Services on shares and any other query Private Limited 2nd Floor, relating to the shares of the Kences Towers No.1 Company. Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017
- (ii) for any query on non-receipt of annual report; and Tel : 044 2814 0801 044 2814 0803 Fax : 044 2814 2479
- (iii) for investors grievance & Email : srirams@integratedindia.in general correspondence cvc.info.india@zf.com

15. Other Disclosures

15.1 The materially significant related party transactions entered into during the year as disclosed elsewhere in the report did not have potential conflict with the interests of company at large.

15.2 There were no instances of non-compliances by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the last three years.

15.3 The Company has a Whistle Blower Policy in place and no personnel is denied the access to the audit committee.

15.4 Commodity price risks / foreign exchange risk and hedging activities: The Company has not entered into any commodity hedging transactions during the year 2022-2023.

15.4 Disclosure by senior management personnel: The senior management personnel have made disclosures to the board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the company at large.

15.5 The Managing Director (CEO) and Chief Financial Officer (CFO) of the company have certified to the board on financial and other matters in accordance with the Regulation 17(8) of the Listing Regulation pertaining to CEO/CFO certification for the financial year ended 31st March 2023.

15.6 The following policies approved by the Board of Directors of the Company were uploaded and are available in the Company's website at the web link: https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html.

- Code of Business conduct and ethics by the Board Members & Senior Management
- Corporate Social Responsibility Policy
- Related Party Transaction Policy
- Nomination and Remuneration Policy
- Whistle Blower Policy
- Policy for Prohibition of Insider Trading
- Policy on Criteria for Determining Materiality of Events
- Dividend Distribution Policy
- Corporate Governance Policy
- Policy on Familiarisation of Independent Directors and Other Programs
- Material subsidiary Policy

15.7 The Auditors were paid an amount of ₹ 48.60 lakhs as remuneration for the year 2022-23 including its wholly owned subsidiary and reimbursement of expenses. Details are provided in note to the financial statements.

15.8 Compliance with mandatory / non-mandatory requirements: The Company has complied with all applicable mandatory requirements in terms of Listing Regulation. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

The Company has complied with all the mandatory requirements of Corporate Governance as specified in sub paragraph (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations and disclosures on compliance with corporate governance requirements specified in Regulations 17 to 27 have been included in the relevant sections of this report.

15.9 Certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is disclosed.

15.10 The Board has accepted all the recommendation of its committees which is mandatorily required, in the relevant financial year.

15.11. Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has established an appropriate mechanism for dealing with complaints in relation to Sexual Harassment of Women at Workplace, in accordance with its Policy on Prevention of Sexual Harassment at Workplace ('POSH'). For disclosure regarding the number of complaints filed, disposed of and pending, please refer to the Board's Report and also in Business Responsibility and Sustainability Report.

15.12 Disclosure by listed entity and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: NIL

15.13 Material Subsidiaries: The Company has no material subsidiaries as on report date.

16. Request to shareholders

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to serve them efficiently and avoid risks while dealing in securities of the Company.

a. Demat of Shares:

Shareholders are requested to convert their physical holding to demat / electronic form through any of the depository participants (DPs) to avoid any possibility of loss, mutilation etc. of physical share certificates and also to ensure safe and speedy transaction in securities. Registration of Electronic Clearing Service (ECS) Mandate: ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs. Vide Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8, SEBI has mandated the issue of securities in dematerialized form only (Gazette Notification no. SEBI/ LAD-NRO/GN/2022/66 dated January 24, 2022) while processing the service requests such as Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, Renewal / Exchange of securities certificate, Endorsement, Sub-division / Splitting of securities certificate, Consolidation of securities certificates/folios, Transmission and Transposition.

b. Consolidation of Multiple Folios:

Shareholders, who have multiple folios in identical names are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

c. Registration of Nominations:

Nomination in respect of shares - Section 72 of the Companies Act, 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Pursuant to Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 issued by SEBI on March 16th 2023, It shall be mandatory for all the physical shareholders to furnish the details of Nomination in the prescribed form. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will etc. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13 to the Company or STA. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.

d. Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through the STA to receive all communications promptly. Shareholders, holding shares in electronic form are requested to deal only with their depository participant (DP) in respect of change of address and furnishing bank account number, etc and it shall be mandatory for all the Physical shares holders to furnish Postal address with PIN, Mobile number E-mail address with RTA (Vide Circular. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37)

e. KYC Details

SEBI Vide Circular. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 made it mandatory for all holders of physical securities in listed company to furnish PAN, KYC details and Nomination. Shareholders, holding shares in physical form shall furnish PAN, KYC details and Nomination to RTAs.

f. SMS Alerts:

Shareholders are requested to note that National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository participants (DPs). No charge will be levied by NSDL / CDSL on DPs providing this facility to shareholders. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com, respectively.

g. Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing their right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund (IEPF). As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons. Shareholders who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March, 2016 and for any financial year thereafter may contact the Company and surrender their warrants for payment. Shareholders are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment shall be transferred to IEPF under Section 125 of the Companies Act, 2013. Shareholders are also requested to note that as per the Companies Act, 2013, unclaimed shares pertaining to unclaimed dividends for continuous period of seven years would be transferred to the IEPF Authority account.

h. Web based applications - SEBI / NSE / BSE In line with the circular No. CIR/OIAE/2/2011 dated 3rd June 2011 from SEBI, the investors' complaints are now centrally monitored through web-based complaints redressal system called SCORES. The Company processes the investor complaints through this system and updates status periodically. In line with the circular No. NSE/LIST/C/2011 dated 29th September 2011 from the National Stock Exchange of India Ltd. (NSE) the Company now uploads its quarterly shareholding pattern, corporate governance report, financial results, corporate announcements through a web-based application designed for corporates by NSE called as NEAPS and BSE called as BSE filing center. Information in respect of unclaimed dividends due for remittance into IEPF is given below:

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

17. PARTICULARS OF UNCLAIMED DIVIDEND

Financial year	Date of Declaration	Date of transfer to Unclaimed Dividend account	Due Date of transfer to IEPF
2015-16	29.07.2016	29.08.2016	28.09.2023
2016-17	18.09.2017	18.10.2017	17.11.2024
2017-18	27.07.2018	27.08.2018	26.09.2025
2018-19	14.08.2019	13.09.2019	13.10.2026
2019-20 (I)	19.03.2020	18.04.2020	18.05.2027
2020-21	24.09.2021	28.10.2021	27.11.2028
2021-22	27.07.2022	29.08.2022	28.09.2029

Declaration pursuant to clause D of Schedule V and 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding adherence to the Code of Business Conduct and Ethics by board of directors and senior management.

To

The Shareholders of ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED (Formerly known as WABCO INDIA Limited)

On the basis of the written representations received from Members of the Board and Senior Management Personnel in terms of the clause D of Schedule V and 34(3) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that both the members of the board and the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board of directors for the year ended 31st March 2023.

For and on behalf of the Board

Chennai
24th May, 2023

P KANIAPPAN
Managing Director
DIN: 02696192

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Certificate on non-disqualification of Directors

(Pursuant to Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED (formerly WABCO India Limited)

[CIN: L34103TN2004PLC054667]

Plot No.3 (SP), III Main Road, Ambattur Industrial Estate, Chennai – 600058

We hereby certify that, in our opinion, none of the below named Directors who are on the Board of Directors of ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED (“the Company”)

as on 31st March 2023 have been debarred or disqualified from being appointed or continuing as directors of companies, by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

Sl. No.	Name of the Director	Nature of Directorship	Director's Identification Number
1.	Muthuswami Lakshminarayan	Chairman, Non-executive, Independent	00064750
2.	Periakaruppa Nadar Kaniappan	Managing Director	02696192
3.	Lakshmi Venu	Non-Executive, Independent	02702020
4.	Philippe Colpron	Non-Executive, Non-Independent	08344534
5.	Christian Oliver Brenneke	Non-Executive, Non-Independent	08344547
6.	Mahesh Ramchand Chhabria	Non-Executive, Independent	00166049

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Information relating to the directors available in the official web site of MCA;
2. Disclosures / declarations / confirmations provided by the said directors to the Company;
3. Registers, records, forms and returns filed/ maintained by the Company; and
4. Information, explanation and representations provided by the Company, its officers and agents.

Management's responsibility

The management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company.

Our responsibility

Our responsibility is to express an opinion on this, based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the process followed by the management of the Company with regard to appointment / continuation of a person as a Director of the Company.

For S. KRISHNAMURTHY & CO.,

Company Secretaries

[Firm Unique Identification No. P1994TN045300]

(Peer Review Certificate No.739/2020)

K SRIRAM

Partner

Membership No: F6312

Certificate of Practice No:2215

UDIN: F006312E000371591

Place: Chennai

Date: 24th May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (Listing Obligations and Disclosure Requirements) REGULATIONS, 2015

TO THE MEMBERS OF ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited)

1. This certificate is issued in accordance with the terms of our engagement letter dated 25 July 2022.
2. We have examined the compliance of conditions of Corporate Governance by ZF Commercial Vehicle Control Systems India Limited ("the Company"), for the year ended March 31, 2023, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities 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 Stock Exchanges.

Management's Responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2023.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

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

Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and 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 **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Place: Chennai
Date: 24 May 2023

K Sudhakar
Partner
Membership No: 214150
UDIN: 23214150BGXPGI2494

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Independent Auditor's Report

To

The Members of ZF Commercial Vehicle Control Systems India Limited
(formerly known as WABCO India Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

See Note 2.2(c) and 18 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company's revenue is derived primarily from sale of goods. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer. The Company uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised at a time which is different from transfer of control especially for sales transactions occurring on and around the year end. Therefore, ascertainment of timing of the revenue recognition has been identified as a key audit matter.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") including adequacy of disclosures. • Obtained an understanding and evaluated the Company's sales process including design and implementation of key controls and tested the operating effectiveness of such controls in relation to the timing of revenue recognition on a sample basis, with special reference to controls over revenue cut offs at period end. • Performed detailed testing of the sales transactions on a sample basis to test that the revenues and trade receivables are recorded appropriately, in the period in which the control is transferred, taking into consideration the terms and conditions of the customer orders, including the shipping terms.

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	<ul style="list-style-type: none"> • Tested, on a sample basis, whether revenue transactions near to the reporting date have been recognised in the appropriate period by verifying the transactions selected with relevant underlying documentation (customer order, transporter document, customer portal, etc). • Performed analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and to identify unusual transactions. • Obtained independent confirmations from the Company's customers on sample basis.
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Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's reports thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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, except that the back-up on a daily basis of the books of account and other relevant books and papers in electronic mode has not been kept on servers physically located in India considering that such back-ups on a daily basis are kept on servers outside India.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the maintenance of accounts and other matters connected therewith refer to our remarks in paragraph 2(A) (b) above
 - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

- a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 35(A) to the standalone financial statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d. (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 43(iv) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 43(v) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- As stated in Note 44 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The subsidiary has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

K Sudhakar
Partner
Membership No.: 214150
ICAI UDIN:23214150BGXPGE8192

Place : Chennai
Date : 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2023

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit has been physically verified by the management during the year. For goods-in-transit, subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in companies or any other parties, in respect of which the requisite information is as below. The Company has not made any investments in firms or limited liability partnership.
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. Accordingly, reporting under clause 3(iii)(a) is not applicable to the Company.
 - (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are, prima facie, not prejudicial to the interest of the Company. There are no guarantees provided, security given or granted any loans and advances in the nature of loans or security to any party during the year
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. Accordingly, reporting under clause 3(iii)(c) is not applicable to the Company.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. Accordingly, reporting under clause 3(iii)(d) is not applicable to the Company.
 - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. Accordingly, reporting under clause 3(iii)(e) is not applicable to the Company.
 - (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. Accordingly, reporting under clause 3(iii)(f) is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
 - (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
 - (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
 - (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax ('GST'), Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been generally regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute, except as set out in Appendix I.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
 - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
 - (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act. The Company does not hold any investment in any associate or joint venture as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary as defined under the Act. The Company does not hold any investment in any associate or joint venture as defined under the Act.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
(b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, 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 Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Place : Chennai
Date : 24 May 2023

K Sudhakar
Partner
Membership No.: 214150
ICAI UDIN:23214150BGXPGE8192

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Appendix I as referred to under para (vii)(b) of Annexure A to the Independent Auditor's Report to the members of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2023

Name of the statute	Nature of the dues	Amount (INR in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income taxes	1,885.67	2012-13, 2013-14, 2016-17 and 2017-18	Commissioner of Income tax (Appeals), Chennai
Income Tax Act, 1961	Income taxes	55.12	2011-12 and 2013-14	Income Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Income taxes	590.25	2011-12 and 2015-16	Assessing Officer, Chennai
Tamil Nadu Value Added Tax Act, 2006	Value Added Taxes	18.51	2009-10 to 2015-16	Appellate Deputy Commissioner (Chennai - I)
Central Excise Act, 1944	Excise Duty	160.79	2015-16 and 2016-17	Joint Commissioner of Central Excise, Chennai
Central Excise Act, 1944	Excise duty	52.15	2012-13 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Central Sales Tax Act, 1956	Sales Tax	8.56	2016-17	Assistant Commissioner, (Commercial Taxes), Chennai
The Finance Act, 1994	Service Tax	0.88	2008-09	Commissioner of Central Excise (Appeals), Chennai
The Central Sales Tax Act, 1956	Sales Tax	2.53	2016-17	Commissioner (Commercial Taxes) Jharkhand
Goods and Services Tax, 2017	Goods and service Tax	17.24	2016-17	Joint Commissioner of CGST, Uttarakhand

* net of amount paid under protest, wherever applicable

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Annexure B to the Independent Auditor's Report on the standalone financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

Opinion

We have audited the internal financial controls with reference to financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note")

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Place : Chennai
Date : 24 May 2023

K Sudhakar
Partner
Membership No.: 214150
ICAI UDIN:23214150BGXPGE8192

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Standalone Balance Sheet as at 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	43,158.30	44,087.25
Capital work-in-progress	3.2	7,682.79	2,026.10
Right of use assets	3.1	14,238.82	8,530.48
Intangible assets	3.1	1,155.01	948.36
Financial assets			
(i) Investments	4.1	100.00	100.00
(ii) Other financial assets	4.2	1,839.52	1,916.56
Deferred tax asset (net)	6.1	2,204.40	1,846.40
Non-current tax assets (net)	6.2	3,965.27	4,504.08
Other non-current assets	5	3,961.76	4,240.32
Total non-current assets		78,305.87	68,199.55
Current assets			
Inventories	7	15,520.54	14,477.26
Financial assets			
(i) Investments	4.1	10,013.88	39,810.73
(ii) Trade receivables	8	75,786.19	66,638.33
(iii) Cash and cash equivalents	9	8,577.33	8,824.63
(iv) Bank balances other than (iii) above	9.1	108,292.53	58,085.26
(v) Other financial assets	4.2	225.09	-
Other current assets	5	5,260.27	7,631.94
Total current assets		223,675.83	195,468.15
Total assets		301,981.70	263,667.70
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	948.38	948.38
Other equity	11	239,963.30	210,459.38
Total equity		240,911.68	211,407.76
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	12	6,172.59	26.72
Provisions	13	1,576.79	2,387.03
Total non-current liabilities		7,749.38	2,413.75
Current liabilities			
Financial liabilities			
(i) Lease liabilities	12	361.92	361.91
(ii) Trade payables	14		
- total outstanding dues of micro enterprises and small enterprises		1,540.88	1,840.74
- total outstanding dues of creditors other than micro enterprises and small enterprises		34,327.53	32,779.67
(iii) Other financial liabilities	15	7,771.10	4,853.38
Other current liabilities	16	6,238.44	6,161.00
Provisions	13	2,004.98	2,399.47
Current tax liabilities (net)	17	1,075.79	1,450.02
Total current liabilities		53,320.64	49,846.19
Total equity and liabilities		301,981.70	263,667.70

Significant accounting policies.

2.2

Notes to the standalone financial statements are an integral part of the standalone financial statements

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

P KANIAPPAN
Managing Director
DIN:02696192

M MUTHULAKSHMI
Company Secretary

R S RAJA GOPAL SASTRY
Chief Financial Officer

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Standalone Statement of Profit & Loss for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	18	344,458.60	254,335.39
Other income	19	6,701.31	3,752.92
Total income		351,159.91	258,088.31
Expenses			
Cost of materials consumed	20	219,676.11	164,934.31
Changes in inventories of finished goods and work-in-progress	21	29.86	(601.96)
Employee benefits expense	22	37,670.83	32,868.58
Finance costs	23	566.54	190.18
Depreciation and amortisation expense	24	10,476.38	9,243.17
Other expenses	25	40,051.37	31,879.74
Total expenses		308,471.09	238,514.02
Profit before tax		42,688.82	19,574.29
Tax expense	28		
- Current tax		11,282.67	6,434.31
- Deferred tax		(361.19)	(1,067.46)
		10,921.48	5,366.85
Profit for the year		31,767.34	14,207.44
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability / (asset)	29	15.88	(472.50)
Income tax relating to items that will not be reclassified to profit or loss	28	(3.19)	118.92
Other comprehensive income/(loss) for the year, net of tax		12.69	(353.58)
Total comprehensive income for the year, net of tax		31,780.03	13,853.86
Earnings per equity share of INR 5 each			
Basic earnings per share (INR)	30	167.48	74.90
Diluted earnings per share (INR)	30	167.48	74.90
Significant accounting policies.	2.2		

Notes to the standalone financial statements are an integral part of the standalone financial statements

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

M MUTHULAKSHMI
Company Secretary

Place: Chennai
Date: 24 May 2023

P KANIAPPAN
Managing Director
DIN:02696192

R S RAJA GOPAL SASTRY
Chief Financial Officer

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Standalone Statement of Cash Flows for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Particulars	Notes	31 March 2023	31 March 2022
A. Cash flow from/(used) in operating activities:			
Profit before tax		42,688.82	19,574.29
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation expense	24	10,476.38	9,243.17
(Profit)/ loss on sale of financial instruments (net)	19	(549.26)	(1,881.56)
Impairment allowance / reversal for bad and doubtful debts / advances	25	689.43	258.74
Interest income	19	(5,251.64)	(1,867.64)
Finance costs	23	566.54	190.18
Net gain on sale of property, plant and equipment	19	(21.80)	-
Net foreign exchange differences (unrealised)		(42.87)	(177.03)
Operating profit before working capital changes		48,555.60	25,340.15
Adjustments for :			
(Increase)/ decrease in inventories		(1,043.28)	(3,105.66)
(Increase)/ decrease in trade receivables		(10,092.44)	(7,991.40)
(Increase)/ decrease in other financial assets		(431.07)	(455.60)
(Increase)/ decrease in other assets		2,260.80	3,584.35
Increase / (decrease) in provisions and other liabilities		(1,111.31)	1,563.71
Increase/ (decrease) in financial liabilities		1,568.92	566.43
Increase/ (decrease) in trade payables		1,285.48	1,310.65
Cash generated from operations		40,992.70	20,812.63
Income tax paid		(11,118.09)	(7,004.68)
Net cash flow from/(used) in operating activities		29,874.61	13,807.95
B. Cash flow from/(used) in investing activities:			
Purchase of property, plant, equipment and intangible assets (including capital work in progress, capital advances and capital creditors)		(12,781.64)	(10,072.13)
Proceeds from sale of property, plant and equipment		25.86	-
Payment for acquiring right of use assets		-	(7,559.20)
Purchase of mutual fund units		(42,997.85)	(215,789.20)
Proceeds from sale of mutual fund units		73,343.96	241,856.82
Investment in subsidiary		-	(100.00)
Investment in equity instruments pending allotment		(175.00)	-
(Purchase of) / proceeds from maturity of bank deposits		(48,333.58)	(27,752.62)
Interest income		3,813.84	1,581.64
Net cash flows from/(used) in investing activities		(27,104.41)	(17,834.69)

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Standalone Statement of Cash Flows for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Particulars	Notes	31 March 2023	31 March 2022
C. Cash flow from/(used) in financing activities:			
Dividends paid		(2,276.11)	(2,086.44)
Payment of lease liabilities		(409.92)	(713.80)
Interest on lease liabilities		(420.94)	(44.80)
Net cash flows from/(used) in financing activities		<u>(3,106.97)</u>	<u>(2,845.04)</u>
Net decrease in cash and cash equivalents [A+B+C]		<u>(336.77)</u>	<u>(6,871.78)</u>
Cash and cash equivalents at the beginning of the year		8,824.63	15,678.77
Effect of movements in exchange rates on cash held		89.47	17.64
Cash and cash equivalents as at end of the year		8,577.33	8,824.63
Components of cash and cash equivalents			
i) Cash on hand		0.02	9.61
ii) On current accounts		8,577.31	8,815.02
Cash and cash equivalents as per balance sheet (refer note 9)		<u>8,577.33</u>	<u>8,824.63</u>

Significant accounting policies (note 2.2)

Notes to the standalone financial statements are an integral part of the standalone financial statements.

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

M MUTHULAKSHMI
Company Secretary

Place: Chennai
Date: 24 May 2023

P KANIAPPAN
Managing Director
DIN:02696192

R S RAJA GOPAL SASTRY
Chief Financial Officer

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Standalone Statement of Changes in Equity for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

a. Equity share capital

	No. of shares	Amount
Equity shares of INR 5 each issued, subscribed and fully paid		
Balance as at 1 April 2021	18,967,584	948.38
Changes in equity share capital during the year	-	-
Balance as at 31 March 2022	18,967,584	948.38
Changes in equity share capital during the year	-	-
Balance as at 31 March 2023	18,967,584	948.38

b. Other equity

For the year ended 31 March 2023

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
Balance as at 1 April 2022	24,776.38	5.00	185,678.00	-	210,459.38
Profit for the year	-	-	31,767.34	12.69	31,780.03
Other comprehensive income (Note 29)	-	-	12.69	(12.69)	-
Total	24,776.38	5.00	217,458.03	-	242,239.41
Dividend	-	-	(2,276.11)	-	(2,276.11)
Balance as at 31 March 2023	24,776.38	5.00	215,181.92	-	239,963.30

For the year ended 31 March 2022

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
Balance as at 1 April 2021	24,776.38	5.00	173,910.58	-	198,691.96
Profit for the year	-	-	14,207.44	(353.58)	13,853.86
Other comprehensive income (Note 29)	-	-	(353.58)	353.58	-
Total	24,776.38	5.00	187,764.44	-	212,545.82
Dividend	-	-	(2,086.44)	-	(2,086.44)
Balance as at 31 March 2022	24,776.38	5.00	185,678.00	-	210,459.38

Significant accounting policies (Note 2.2)

Notes to the standalone financial statements are an integral part of the standalone financial statements

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

M MUTHULAKSHMI
Company Secretary

Place: Chennai
Date: 24 May 2023

P KANIAPPAN
Managing Director
DIN:02696192

R S RAJA GOPAL SASTRY
Chief Financial Officer

As per our report of even date
For B S R & Co. LLP
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Firm's Registration no. 101248W/W-100022

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

1. CORPORATE INFORMATION

ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) ("Company", "ZF CVCS India") was incorporated originally on November 18, 2004. The Company is a public limited company domiciled in India and has its securities listed on BSE Limited and National Stock Exchange of India Limited in India. The registered office of the Company is located at Plant 1, Plot No.3, (SP), III Main Road, Ambattur Industrial Estate, Chennai - 600 058, India. The Company's holding company is WABCO Asia Private Limited and ultimate holding company is ZF Friedrichshafen AG

Effective from 7 March 2022, the name of the Company has been changed from WABCO India Limited to ZF Commercial Vehicle Control Systems India Limited.

The Company is primarily engaged in the manufacture of air brake actuation systems for commercial vehicles. The Company is also engaged in rendering of software development and other services.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of directors at the meeting held on 24 May 2023.

2.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Sec 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

The standalone financial statements have been prepared on a historical cost basis, except for certain financial assets, financial liabilities and defined benefit plan assets measured in accordance with Ind AS 19 (refer accounting policy on the same).

The standalone financial statements are presented in INR (the functional currency of the Company) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

2.2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied for all the years presented, unless otherwise stated.

(a) Current vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use of selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market price in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as investments and deposits measured at fair value, and for non-recurring measurement.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes to the standalone financial statements.

(c) Revenue recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Goods and Service Tax (GST) is the tax collected on the commodities sold by the Company on behalf of the government, accordingly, it is excluded from revenue. Revenue recognised by the Company is net of price revision and claims. The specific revenue recognition criteria described below, must also be met before revenue is recognised.

a. Sale of products / goods

Revenue from sale of goods is recognised when control of the goods is transferred to the Customers. The normal credit term is in the range of 15 to 90 days upon delivery except for some customers who are on advance payment term. Revenue from the sale of goods is measured at the transaction price, net of returns and allowances, trade discounts and volume rebates.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange

Notes to the Standalone Financial Statement for the year ended 31 March 2023

for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume rebates / discounts

Arrangements with most Original Equipment Manufacturer ('OEM') customers include a provision for volume rebates / discounts. In those instances where there is a valid expectation from the customers to receive a discount, the amount of variable consideration which is included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the arrangement will not occur in a future period. The Company applies the most likely amount method for determining the discount.

b. Revenue from sale / rendering of services

- Revenue from software services

Revenue from sale of services is recognized as and when related costs are incurred and services are performed in accordance with the terms of specific contracts.

- Revenue from research and development services

Revenue relating to research & development services are recognized on a fixed hourly basis when the services are rendered.

- Revenue from business support services and other service income

Revenue from sale of services is recognized as related costs are incurred and services are performed in accordance with the terms of specific contracts. Revenue from test track usage income is recognised as and when the services are performed in accordance with contractual terms.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(ii) Interest income

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(d) Foreign currency transactions and balances

The Company's standalone financial statements are presented in INR which is also the functional currency of the Company. Transactions in foreign currencies are initially recorded in the functional currency using the spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary item are recognised in standalone statement of profit or loss.

(e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes cost incurred in bringing each product to its present location, condition and are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work-in-progress: Cost includes cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.

Stores and spare parts: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(f) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the standalone statement of profit and loss net of any reimbursement. 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 recognised as a finance cost.

Warranty

Provisions for warranty related costs are recognized as and when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty related costs is reviewed annually. A provision is recognized for expected warranty claims on products sold, based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about returns. The Company generally offers 12 - 24 months of warranty for its products.

(g) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. It includes a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. It also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

(h) Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, is recognised as income in equal amounts over the expected useful life of the related asset.

(i) Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company

Notes to the Standalone Financial Statement for the year ended 31 March 2023

operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside standalone statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(k) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost of an item of property, plant and equipment comprises its purchase price, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. The cost of property, plant and equipment not ready for intended use before such date is disclosed under capital work-in-progress. Freehold land is carried at historical cost less any accumulated impairment losses.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied and the same is depreciated based on their specific useful lives. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure, are charged to the standalone statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the standalone statement of profit and loss when the asset is derecognized.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the life of the principal asset.

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule II of the Companies Act, 2013. The useful life estimate for major classes of assets is as follows:

Asset block	Useful life of the asset (years)
Buildings	10-30
Plant and machinery	10-21
Tools, Dies & Jigs	3-5
Computers	3
Office & other equipments	5-13
Furniture and fixtures	10
Vehicles	6

The Company, based on assessment made by technical expert and management estimate, depreciates certain items of building, plant and machinery over estimated useful lives and residual value which are different from the useful life and residual values prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets

Intangible assets with finite useful lives that are acquired separately, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Costs incurred towards purchase of computer software and licenses are amortised using the straight-line method over a period based on management's estimate of useful lives of such computer software and licenses being 2 / 3 years, or over the license period of the software, whichever is shorter.

Derecognition of intangible assets

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

Impairment of property, plant & equipment and intangible assets carried at cost

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets or cash-generating units (CGU) recoverable value and its value in use. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending only for change in assumptions or internal/external factors. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(m) Leases

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

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term.

(n) Retirement and other employee benefits

i. Defined benefit plan

- Provident Fund

Eligible employees of Company received benefits from a provident fund, which was a defined benefit plan. Under the plan, both the eligible employee and the Company made monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributed a portion to the WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') and a remaining portion was contributed to the government administered pension fund. The Provident Fund Trust invested funds available in specific designated instruments as permitted by extant Indian laws and regulations. The rate at which the annual interest is payable to the beneficiaries by the provident fund trust was administered by the government. The Company had an obligation to make good the shortfall, if any, between the return from the investments of the Provident fund Trust and the notified interest rate.

During the year ended 31 March 2023, the Company has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') to Employees' Provident Fund Organisation ('EPFO') based on the Company's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

• Gratuity and Pension

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on separation at 15 days of last drawn basic salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The Company also operates a pension plan for select employees, the eligibility and the terms and conditions of payment are at the discretion of the Company. Gratuity and pension liabilities are defined benefit obligations and are provided for on the basis of an actuarial valuation done as per the projected unit credit method as at the end of each financial year.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

ii. Other employment benefits

• Compensated absence

Short term compensated absences are provided for based on estimates. Long term compensated absences in the nature of defined benefit plan are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. Re-measurement gain or loss is taken to the standalone statement of profit and loss and are not deferred. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the changes in the net defined benefit obligation as an expense in the standalone statement of profit and loss as service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

iii. Defined contribution plan.

Defined contribution plan includes contribution to employee state insurance scheme, employee provident fund (from the period of surrender of the Trust as mentioned above) and employee pension scheme. The Company has no obligation other than the contribution payable under the above schemes. The Company recognises the contribution payable to the above schemes as an expenditure when the employee renders related service. If the contribution payable to the schemes for services received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If on the other hand the contribution already paid exceeds the contribution due for the services received before the Balance Sheet date, then the excess is recognised as an asset to the extent that the prepayment will lead to reduction in future payment or cash refund.

iv. Termination benefits - Voluntary retirement

The Company has a scheme of voluntary retirement applicable to certain employees. The amount payable under such scheme is recognised earlier of when the employee accepts the offer or when a restriction of the entity's ability to accept the offer takes effect.

(o) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL.

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Notes to the Standalone Financial Statement for the year ended 31 March 2023

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Notes to the Standalone Financial Statement for the year ended 31 March 2023

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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Notes to the Standalone Financial Statement for the year ended 31 March 2023

(p) Dividend to shareholders

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the Company in the Annual General Meeting. Interim dividend is recognised when approved by the Board of Directors at the Board Meeting. Both final dividend and interim dividend are recognised in the Statement of Changes in Equity.

(q) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

(r) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April 2023, as below:

Ind AS 1 – Presentation of financial statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose standalone financial statements. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in standalone financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in standalone financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

3.1 Property plant and equipment, Right of use assets and Intangible assets

Reconciliation of carrying amount	Property, plant and equipment						Right of use assets			Intangible Assets		
	Freehold Land	Buildings	Plant and Machinery, Tools, Dies & Jigs	Furniture and fixtures	Office and other equipments	Vehicles	Total	Leasehold land	Buildings	Total	Computer software and licenses	Total
Cost												
Balance as at 1 April 2021	1,829.06	9,625.25	61,626.01	491.44	5,666.03	529.13	79,766.92	698.80	1,993.59	2,692.39	2,335.67	2,335.67
Add: Additions	-	220.05	8,416.85	102.71	2,172.38	55.04	10,967.03	7,559.20	-	7,559.20	1,058.54	1,058.54
Less: Disposals / Derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	1,829.06	9,845.30	70,042.86	594.15	7,838.41	584.17	90,733.95	8,258.00	1,993.59	10,251.59	3,394.21	3,394.21
Balance as at 1 April 2022	1,829.06	9,845.30	70,042.86	594.15	7,838.41	584.17	90,733.95	8,258.00	1,993.59	10,251.59	3,394.21	3,394.21
Add: Additions	-	-	5,005.67	1,304.33	1,587.39	-	7,897.39	-	6,577.93	6,577.93	991.16	991.16
Less: Disposals / Derecognition	-	-	245.15	0.42	10.09	65.63	321.29	-	1,782.23	1,782.23	-	-
Balance as at 31 March 2023	1,829.06	9,845.30	74,803.38	1,898.06	9,415.71	518.54	98,310.05	8,258.00	6,789.29	15,047.29	4,385.37	4,385.37

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Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Reconciliation of carrying amount	Property, plant and equipment						Right of use assets			Intangible Assets		
	Freehold Land	Buildings	Plant and Machinery, Tools, Dies & Jigs	Furniture and fixtures	Office and other equipments	Vehicles	Total	Leasehold land	Buildings	Total	Computer software and licenses	Total
Accumulated depreciation and impairment losses												
Balance as at 1 April 2021	-	2,687.07	31,913.46	198.37	3,254.65	224.44	38,277.99	22.64	1,263.61	1,286.25	2,006.25	2,006.25
Add: Charge for the year	-	461.25	6,372.65	96.54	1,379.96	58.31	8,368.71	63.66	371.20	434.86	439.60	439.60
Less: Disposals / Derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	3,148.32	38,286.11	294.91	4,634.61	282.75	46,646.70	86.30	1,634.81	1,721.11	2,445.85	2,445.85
Balance as at 1 April 2022	-	3,148.32	38,286.11	294.91	4,634.61	282.75	46,646.70	86.30	1,634.81	1,721.11	2,445.85	2,445.85
Add: Charge for the year	-	470.87	6,345.94	121.59	1,786.88	97.00	8,822.28	72.91	796.68	869.59	784.51	784.51
Less: Disposals / Derecognition	-	-	245.15	0.13	9.60	62.35	317.23	-	1,782.23	1,782.23	-	-
Balance as at 31 March 2023	-	3,619.19	44,386.90	416.37	6,411.89	317.40	55,151.75	159.21	649.26	808.47	3,230.36	3,230.36
Carrying amounts												
As at 31 March 2022	1,829.06	6,696.98	31,756.75	299.24	3,203.80	301.42	44,087.25	8,171.70	358.78	8,530.48	948.36	948.36
As at 31 March 2023	1,829.06	6,226.11	30,416.48	1,481.69	3,003.82	201.14	43,158.30	8,098.79	6,140.03	14,238.82	1,155.01	1,155.01

Note: All the title deeds of immovable properties are held in the name of the Company. The Company has not revalued its property, plant and equipment, intangible assets and right of use assets.

3.2 Capital work-in-progress

Capital Work In Progress ('CWIP') comprises expenditure for the plants and buildings in various stages of installation.

	31 March 2023	31 March 2022
Opening balance	2,026.10	4,973.67
Additions	13,596.53	8,019.46
Capitalisation / adjustments	(7,939.84)	(10,967.03)
Closing balance	7,682.79	2,026.10

Ageing schedule

	As at 31 March 2023					As at 31 March 2022				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
	Projects in progress	7,313.00	328.90	29.31	11.58	7,682.79	1,129.84	258.17	638.09	-
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	7,313.00	328.90	29.31	11.58	7,682.79	1,129.84	258.17	638.09	-	2,026.10

Note: The Company does not have any capital work in progress which is overdue or has exceeded its cost compared to its original plan and hence, capital work in progress completion schedule is not applicable.

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Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
4.1 Investments		
Non-Current - unquoted		
Investment in subsidiary - measured at cost		
1,000,000 (previous year: 1,000,000) equity shares of INR 10 each fully paid up in ZF CV Control Systems Manufacturing India Private Limited	100.00	100.00
	<u>100.00</u>	<u>100.00</u>
Current - unquoted		
Investments at fair value through profit or loss (fully paid)		
Investments in Mutual Funds	10,013.88	39,810.73
	<u>10,013.88</u>	<u>39,810.73</u>
Aggregate value of unquoted investments	10,113.88	39,910.73
Aggregate amount of impairment in value of investments	-	-
4.2 Other financial assets		
Non-Current		
Non-current bank balances (refer note below)	274.52	732.54
Security deposits	1,565.00	1,184.02
	<u>1,839.52</u>	<u>1,916.56</u>
Current		
Investment in equity instruments pending allotment		
- Enerparc Solar Power 3 Private Limited	175.00	-
Others *	50.09	-
	<u>225.09</u>	<u>-</u>
Note: Represents deposits placed with banks as margin money towards guarantees provided by the banks on behalf of the Company.		
* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 37.		
5 Other assets		
Non-Current		
Capital advances (Unsecured considered good) *	1,190.54	1,606.80
Capital advances (Unsecured considered doubtful)	98.26	96.91
Less: Provision for doubtful advances	<u>(98.26)</u>	<u>(96.91)</u>
	1,190.54	1,606.80
Amount paid under protest	1,842.81	1,842.81
Net defined benefit asset – pension plan (refer note 33)	928.41	790.71
	<u>3,961.76</u>	<u>4,240.32</u>
Current		
Advances to vendors (Unsecured considered good) *	1,987.93	1,972.31
Advances to vendors (Unsecured considered doubtful)	621.08	685.56
Less: Provision for doubtful advances	<u>(621.08)</u>	<u>(685.56)</u>
	1,987.93	1,972.31
Grant receivable (export incentive)	455.95	4,528.36
Prepaid expenses	1,097.20	880.65
Balance with government authorities	1,719.19	250.62
	<u>5,260.27</u>	<u>7,631.94</u>
* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 37.		

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

6.1 Deferred tax assets (net)

Nature - (Liability) / Asset	Balance Sheet		Statement of Profit and Loss	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Deferred tax assets				
Provision for doubtful trade receivables and advances	690.59	529.07	161.52	90.03
Provision for employee benefits and others	1,106.66	1,461.53	(354.87)	862.99
Provision for warranty	402.31	462.51	(60.20)	163.41
Others	215.54	225.31	(9.77)	(342.07)
Total (A)	2,415.10	2,678.42	(263.32)	774.36
Deferred tax liabilities				
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	210.70	760.04	(549.34)	(484.00)
Others	-	71.98	(71.98)	71.98
Total (B)	210.70	832.02	(621.32)	(412.02)
Deferred tax expenses / (income) (B-A)			(358.00)	(1,186.38)
Net deferred tax (liabilities) / assets (A-B)	2,204.40	1,846.40		

	31 March 2023	31 March 2022
Reconciliation of deferred tax assets / (liabilities) - (net)		
As on 1 April	1,846.40	660.02
Tax income/(expense) during the period recognised in profit and loss	361.19	1,067.46
Tax income/(expense) during the period recognised in OCI	(3.19)	118.92
As on 31 March	<u>2,204.40</u>	<u>1,846.40</u>

6.2 Non-current tax assets (net)

Advance income tax (net of provision for tax)	3,965.27	4,504.08
	<u>3,965.27</u>	<u>4,504.08</u>

7 Inventories

(lower of cost and net realisable value)		
Raw materials *	11,270.09	10,527.95
Work-in-progress	564.21	299.13
Finished goods	2,667.61	2,962.55
Stores and spare parts	1,018.63	687.63
	<u>15,520.54</u>	<u>14,477.26</u>
*includes goods in transit	2,311.67	1,888.26

During the year ended 31 March 2023: INR 25.18 lakhs (31 March 2022: INR 26.15 lakhs) was recognised as an expense for inventories carried at net realisable value.

8 Trade receivables

Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	77,530.78	67,668.02
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	<u>77,530.78</u>	<u>67,668.02</u>
Less: Loss allowance (expected credit loss allowance)	(1,744.59)	(1,029.69)
	<u>75,786.19</u>	<u>66,638.33</u>

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Trade receivables Ageing schedule

As at 31 March 2023

	Not due	Outstanding for following periods from due date of payment				Total	
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years More than 3 years		
Undisputed Trade Receivables - considered good	68,081.67	7,328.12	925.11	507.62	116.43	571.83	77,530.78
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	68,081.67	7,328.12	925.11	507.62	116.43	571.83	77,530.78

As at 31 March 2022

	Not due	Outstanding for following periods from due date of payment				Total	
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years More than 3 years		
Undisputed Trade Receivables - considered good	58,996.27	6,985.44	887.87	159.38	218.17	420.89	67,668.02
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	58,996.27	6,985.44	887.87	159.38	218.17	420.89	67,668.02

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. For amount outstanding from related parties and the terms and conditions relating to that, refer Note 37. Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days depending on the type of the customer.

9 Cash and cash equivalents

	31 March 2023	31 March 2022
Cash on hand	0.02	9.61
Balances with banks:		
- On current accounts	<u>8,577.31</u>	<u>8,815.02</u>
	8,577.33	8,824.63

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

i) Cash on hand	0.02	9.61
ii) On current accounts	<u>8,577.31</u>	<u>8,815.02</u>
	8,577.33	8,824.63

9.1 Other bank balances

Deposits with banks with original maturity of more than three months but less than twelve months	107,699.13	57,458.33
Earmarked balances with banks	<u>593.40</u>	<u>626.93</u>
	108,292.53	58,085.26

Earmarked balances with banks primarily relate to unclaimed dividends and unspent corporate social responsibility amount

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
Break up of financial assets carried at amortised cost		
Trade receivables (note 8)	75,786.19	66,638.33
Cash and cash equivalents (note 9)	8,577.33	8,824.63
Bank balances other than cash and cash equivalents (note 9.1)	108,292.53	58,085.26
Other financial assets (note 4.2)	2,064.61	1,916.56
Total financial assets at amortised cost	194,720.66	135,464.78
10 Equity share capital		
Authorised capital		
20,000,000 equity shares of INR 5 each (31 March 2022 : 20,000,000)	1,000.00	1,000.00
	1,000.00	1,000.00
Issued, subscribed and fully paid-up capital		
18,967,584 (31 March 2022: 18,967,584) equity shares of INR 5 each	948.38	948.38
	948.38	948.38

Terms / rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared from time to time, subject to preferential right of preference shareholders to payment of dividend. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	Number of shares	Amount
At 1 April 2021	18,967,584	948.38
Issued during the year	-	-
At 31 March 2022	18,967,584	948.38
Issued during the year	-	-
At 31 March 2023	18,967,584	948.38

Shares held by holding company or their subsidiaries or associates

Out of equity shares issued by the Company, shares held by its holding Company or their subsidiaries or associates are as below:

Name of the Shareholder	31 March 2023		31 March 2022	
	Number of shares	Amount	Number of shares	Amount
WABCO Asia Private Limited, Singapore	14,225,684	711.28	14,225,684	711.28

Apart from the above, there are no shares held by the Ultimate Holding Company, or their subsidiaries or associates.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31 March 2023		31 March 2022	
	In numbers	% holding in the class	In numbers	% holding in the class
Equity shares of INR 5 each fully paid				
WABCO Asia Private Limited, Singapore	14,225,684	75.00%	14,225,684	75.00%
SBI Large & Midcap Fund	1,710,909	9.02%	-	-
SBI Retirement Benefit - Conservative Plan	-	-	1,732,405	9.13%

As per records of the Company, including its register of members, the above shareholding represents both legal and beneficial ownerships of shares.

Details of shares held by promoters

	As at 31 March 2023		As at 31 March 2022		% of change during the year
	No. of shares	% of total of shares	No. of shares	% of total of shares	
WABCO Asia Private Limited, Singapore	14,225,684	75.00%	14,225,684	75.00%	0.00%
	14,225,684	75.00%	14,225,684	75.00%	0.00%

	As at 31 March 2022		As at 31 March 2021		% of change during the year
	No. of shares	% of total of shares	No. of shares	% of total of shares	
WABCO Asia Private Limited, Singapore	14,225,684	75.00%	14,225,684	75.00%	0.00%
ZF International UK Limited, United Kingdom	-	0.00%	1,030,432	5.43%	100.00%
	14,225,684	75.00%	15,256,116	80.43%	100.00%

There are no bonus shares or buy-back of shares or shares issued for consideration other than cash during a period of five years immediately preceding financial year ended March 31, 2023.

11 Other equity

	31 March 2023	31 March 2022
General reserve	24,776.38	24,776.38
Other reserves		
Capital reorganisation reserve	5.00	5.00
Retained earnings	215,181.92	185,678.00
	239,963.30	210,459.38

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Capital reorganisation reserve - Amount represents a reserve created during the demerger of brakes division from Sundaram Clayton Limited.

Retained Earnings - The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013.

11.1 Dividends

The following dividends were declared and paid by the Company during the year:

INR 12 per equity share (31 March 2021: INR 11)	2,276.11	2,086.44
	2,276.11	2,086.44

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities.

	31 March 2023	31 March 2022
INR 13 per equity share (31 March 2022: INR 12)	2,465.79	2,276.11
	2,465.79	2,276.11

12 Lease liabilities

Non - Current Lease liabilities	6,172.59	26.72
	6,172.59	26.72
Current Lease liabilities	361.92	361.91
	361.92	361.91

13 Provisions

Non-current

Provision for employee benefits

Provision for provident fund (refer note 33.2)	-	1,076.77
Provision for compensated absences	871.91	841.15

Other provisions

Provision for warranties	704.88	469.11
Total	1,576.79	2,387.03

Current

Provision for employee benefits

Provision for compensated absences	199.52	289.93
Provision for gratuity (net of fair value of plan assets)	911.86	740.74

Other provisions

Provision for warranties	893.60	1,368.80
Total	2,004.98	2,399.47

Provision for warranties

At the beginning of the year	1,837.91	1,188.41
Created during the year	1,118.98	1,278.55
Utilized / reversed during the year	(1,358.41)	(629.05)
At the end of the year	1,598.48	1,837.91

The estimated provision for warranty obligations is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is the balance unexpired period of the respective warranties on the various products which range from 12 to 24 months.

14 Trade payables

Trade Payables

- Total outstanding dues of micro enterprises and small enterprises ('MSME')	1,540.88	1,840.74
- Total outstanding dues of creditors other than micro enterprises and small enterprises	34,327.53	32,779.67
	35,868.41	34,620.41

For amount outstanding to related parties and the terms and conditions relating to that, refer Note 37

Refer note 36 for details of dues to Micro and small enterprises.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Trade payables Ageing Schedule

As at 31 March 2023

	Unbilled dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	1,528.85	9.35	0.17	0.14	2.37	1,540.88
Others	4,614.93	22,069.90	6,656.48	340.12	151.62	494.48	34,327.53
Disputed - MSME	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
	4,614.93	23,598.75	6,665.83	340.29	151.76	496.85	35,868.41

As at 31 March 2022

	Unbilled dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	1,618.75	174.22	40.74	2.40	4.63	1,840.74
Others	5,821.13	20,873.71	5,056.24	332.67	296.88	399.04	32,779.67
Disputed - MSME	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
	5,821.13	22,492.46	5,230.46	373.41	299.28	403.67	34,620.41

15 Other financial liabilities

	31 March 2023	31 March 2022
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises ('MSME')	84.24	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,913.64	649.19
Price adjustments (refer note below)	5,741.88	4,170.26
Unpaid dividends	31.34	33.93
	7,771.10	4,853.38

Refer note 36 for details of dues to Micro and small enterprises.

Note: Price adjustments is recognised when there is a reasonable certainty that the amounts will be settled. The estimate takes into account the expected claim and the historical information regarding settlement of such claims. The outstanding liability represents the amounts that are yet to be settled in relation to the products that were sold.

Break up of financial liabilities carried at amortised cost

Trade payables (note 14)	35,868.41	34,620.41
Lease liabilities (note 12)	6,534.51	388.63
Other financial liabilities (note 15)	7,771.10	4,853.38
	50,174.02	39,862.42

16 Other current liabilities

Advance from customers *	442.31	665.55
Statutory dues payable	1,492.22	932.06
Liability towards corporate social responsibility	677.34	835.54
Employee payables	3,626.57	3,727.85
	6,238.44	6,161.00

* For amount outstanding to related parties and the terms and conditions relating to that, refer Note 37

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
17 Current tax liabilities (net)		
Provision for taxation (net of advance income tax)	1,075.79	1,450.02
	<u>1,075.79</u>	<u>1,450.02</u>
18 Revenue from operations		
(i) Revenue from contract with customers		
Sale of products (A)		
Air assist and full air actuation systems	269,782.89	197,540.87
Spares	42,916.88	33,393.56
	<u>312,699.77</u>	<u>230,934.43</u>
Sale/rendering of services (B)		
Software services	17,303.42	11,523.28
Research and development services	3,328.00	2,645.76
Business support services	5,815.79	5,622.68
Other service income	2,507.53	1,476.31
	<u>28,954.74</u>	<u>21,268.03</u>
(ii) Other operating revenue (C)		
Scrap sales	1,618.04	1,249.28
Government grant (Export incentives - Refer note below)	384.79	367.15
Test track usage income	801.26	516.50
	<u>2,804.09</u>	<u>2,132.93</u>
Total (A+B+C)	<u>344,458.60</u>	<u>254,335.39</u>
Note - Government grants represent export incentives that the Company is eligible for. There are no unfulfilled conditions or contingencies attached to these grants.		
Disaggregated information		
Timing of revenue recognition		
Goods / services transferred at a point in time	315,119.07	232,700.21
Services transferred over time	28,954.74	21,268.03
	<u>344,073.81</u>	<u>253,968.24</u>
Contract balances		
Trade receivables (refer note 8)	75,786.19	66,638.33
Contract liabilities (refer note 16)	442.31	665.55

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.

Contract assets are recognized over time based on the progress of completion of the service as per the terms of the contract, as the customer simultaneously receives and consumes the benefits provided by the Company. Upon completion and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contract price	349,180.34	257,700.35
Adjustments		
Discounts and price adjustments	(5,106.53)	(3,732.11)
Revenue from contract with customers	<u>344,073.81</u>	<u>253,968.24</u>
19 Other income		
Gain on sale of investments (net)	549.26	1,881.56
Gain on foreign currency transactions	875.51	-
Interest income	5,251.64	1,867.64
Net gain on sale of property, plant and equipment	21.80	-
Others	3.10	3.72
	<u>6,701.31</u>	<u>3,752.92</u>
20 Cost of materials consumed		
Inventories at the beginning of the year	10,527.95	8,121.37
Add: Purchases	220,418.25	167,340.89
Less: Inventories at the end of the year	11,270.09	10,527.95
Cost of raw material and components consumed	<u>219,676.11</u>	<u>164,934.31</u>
21 Changes in inventories of finished goods and work-in-progress		
Opening stock		
Work-in-progress	299.13	190.14
Finished goods	2,962.55	2,469.58
	<u>3,261.68</u>	<u>2,659.72</u>
Closing Stock		
Work-in-progress	564.21	299.13
Finished goods	2,667.61	2,962.55
	<u>3,231.82</u>	<u>3,261.68</u>
	<u>29.86</u>	<u>(601.96)</u>
22 Employee benefits expense		
Salaries, wages and bonus	33,061.07	28,533.12
Contribution to provident and other funds	1,634.25	2,053.96
Staff welfare expenses	2,975.51	2,281.50
	<u>37,670.83</u>	<u>32,868.58</u>
23 Finance costs		
Interest expense on lease liabilities	420.94	44.80
Interest on others	145.60	145.38
	<u>566.54</u>	<u>190.18</u>
24 Depreciation and amortization expense		
Depreciation of property, plant and equipment (note 3.1)	8,822.28	8,368.71
Depreciation on right of use assets (note 3.1)	869.59	434.86
Amortization of intangible assets (note 3.1)	784.51	439.60
	<u>10,476.38</u>	<u>9,243.17</u>

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
25 Other expenses		
Consumption of stores and spares	5,235.54	4,564.74
Power and fuel	2,492.75	1,908.03
Rent	843.40	746.34
Repairs to buildings	325.78	273.20
Repairs to machinery	1,124.49	1,179.72
Repairs others	17.75	12.52
Insurance	181.95	156.58
Rates and taxes	231.98	410.01
Professional fees (refer note (a) below for payment to auditors)	5,966.73	4,344.84
Travelling and conveyance	1,261.05	784.09
Freight, delivery and shipping charges	7,615.69	6,200.47
Research and development expenses	618.86	401.18
Impairment allowance / reversal for bad and doubtful debts / advances	689.43	258.74
Directors' sitting fees	17.53	9.06
Information technology expenses	2,021.88	1,702.38
Expenditure on corporate social responsibility (refer note 26)	384.40	558.44
Royalty	8,891.41	5,945.49
Net loss on foreign currency transactions	-	429.56
Warranty	930.79	1,105.91
Other expenses (including commission to independent directors)	1,199.96	888.44
	<u>40,051.37</u>	<u>31,879.74</u>
(a) Auditor's remuneration* (included in professional fees)		
As auditor:		
Statutory audit #	39.60	53.50
Tax audit fee	2.00	2.00
Limited review of quarterly results	3.00	3.00
Certification	1.00	1.00
In other capacity:		
Taxation matters	-	5.50
Reimbursement of expenses	1.50	1.50
	<u>47.10</u>	<u>66.50</u>

* Excludes Goods and Service Tax

Audit fee in the previous year includes INR 17.50 lakhs towards one-time additional efforts.

26 CSR expenditure

Details of CSR expenditure:

a) Amount required to be spent by the Company during the year	384.40	528.44
b) Amount spent during the year (in cash):		
(i) Construction / acquisition of asset	-	-
(ii) On purposes other than (i) above	260.21	274.68
c) Shortfall at the end of the year	124.19	253.76
d) Total of previous years shortfall	-	-
e) Reason for shortfall		

The Company is in the process of identifying suitable projects towards which the shortfall of the expenditure could be spent.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

f) Details of related party transactions

Refer note below Refer note below

g) The movements in the provision for unspent CSR (relating to ongoing project) is as follows:

Particulars	31 March 2023		31 March 2022	
	With Company	In Separate CSR Unspent account	With Company	In Separate CSR Unspent account
Opening balance	253.76	581.78	627.82	-
Amount required to be spent during the year	384.40	-	528.44	-
Transfers	(253.76)	253.76	(627.82)	627.82
Amount spent during the year	(260.21)	(282.39)	(274.68)	(46.04)
Closing balance	124.19	553.15	253.76	581.78

Note: (i) The above expenditure includes contribution to Wabco Foundation of INR Nil lakhs (31 March 2022: INR 274.68 lakhs) (also refer note 37)

(ii) The expenditure incurred has been approved by the Board of Directors.

27 Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate INR. 4,929.33 lakhs (31 March 2022 : INR. 4,136.86 lakhs, 31 March 2021 : INR 3,297.02 lakhs, 31 March 2020 : INR 3,362.21 lakhs, 31 March 2019 : INR 2,809.30 lakhs). The capital expenditure incurred during the year for research and development purposes aggregate INR. 228.75 lakhs (31 March 2022 : INR. 219.87 lakhs, 31 March 2021 : INR 362.12 lakhs, 31 March 2020 : INR 249.49 lakhs, 31 March 2019 : INR 387.33 lakhs).

28 Income tax expense

A. Amounts recognised in profit or loss

Current Tax:

Current year

11,282.67 6,434.31

Deferred Tax:

Relating to the origination and reversal of temporary differences

(361.19) (1,067.46)

Tax expense

10,921.48 5,366.85

B. Amounts recognised in other comprehensive income

Items that will not be reclassified to profit or loss

Remeasurements of defined benefit liability (asset)

3.19 (118.92)

3.19 (118.92)

C. Reconciliation of effective tax rate

Profit before tax

42,688.82 19,574.29

Company's domestic tax rate

25.168% 25.168%

Tax using the Company's domestic tax rate

10,743.92 4,926.46

Tax effect of:

- Non deductible expenses

111.74 436.96

- Overseas taxes

- 255.36

- Others

65.82 (251.93)

10,921.48 5,366.85

29 Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	FVTOCI	Total
During the year ended 31 March 2023		
Re-measurement gains (losses) on defined benefit plans	12.69	12.69
	<u>12.69</u>	<u>12.69</u>
During the year ended 31 March 2022		
Re-measurement gains (losses) on defined benefit plans	(353.58)	(353.58)
	<u>(353.58)</u>	<u>(353.58)</u>

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

30 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	31 March 2023	31 March 2022
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit after tax	31,767.34	14,207.44
Weighted average number of shares		
- Basic	18,967,584	18,967,584
- Diluted	18,967,584	18,967,584
Earning per share of INR 5 each		
- Basic	167.48	74.90
- Diluted	167.48	74.90

31 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key Judgements estimates and assumptions

In the process of applying the Company's accounting policies, management has made the following key judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the standalone financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in standalone financial statements. Loss contingencies that are considered possible are not provided for but disclosed as contingent liabilities in the standalone financial statements. Contingencies the likelihood of which is remote are not disclosed in the standalone financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable. The management estimates likely outcome of any pending cases and other contingencies based upon the Company's / expert's interpretation of applicable tax laws, relevant judicial pronouncements.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in note 33.

Allowance for inventories

An allowance for inventory is recognised where the realisable value is estimated to be lower than the inventory carrying value. The inventory allowance is estimated taking into account various factors and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate allowance in the books.

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

32 Employee Benefits Obligation

Defined Benefit Plan

a. Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('Act'). Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as company take on uncertain long term obligations to make future benefit payments.

1) Liability risks

i) Asset-Liability Mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

ii) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

iii) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

b. Provident Fund

In respect of employees covered under Company's Employees Provident Fund Trust contributions to the Company's Employee Provident Fund Trust are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government. In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation, determined based on an actuarial valuation, as an expense. The details of the defined benefit plan based on actuarial valuation report are as follows:

Liability risks:

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

During the year ended 31 March 2023, the Company has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') to Employees' Provident Fund Organisation ('EPFO') based on the Company's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO. Hence, there is no liability risk existing as on 31 March 2023.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

33 Defined Benefit Plan

	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Current service cost	467.40	393.43	-	-	224.59	995.63
Net interest expense / (income)	53.67	48.42	(53.72)	(45.67)	(307.90)	15.96
Components of defined benefit cost recognised in profit or loss	521.07	441.85	(53.72)	(45.67)	(83.31)	1,011.59
Re-measurement on the net defined benefit liability comprising:						
Actuarial (gains)/losses changes arising from changes in demographic assumptions	-	(23.44)	-	114.01	-	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	(425.15)	(149.29)	(108.28)	(77.23)	-	(328.42)
Actuarial (gains)/losses changes arising from experience adjustments	454.14	325.54	24.30	(67.69)	-	833.75
Return on plan assets (excluding amounts included in net interest expense)	70.87	68.44	-	-	-	(223.17)
Components of defined benefit cost recognised in other comprehensive income	99.86	221.25	(83.98)	(30.91)	-	282.16
	620.93	663.10	(137.70)	(76.58)	(83.31)	1,293.75

The current service cost and the net interest expense for the year are included in the 'employee benefit expense' in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the financial position arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	3,270.09	2,943.73	2,128.37	2,176.72	-	15,636.19
Fair value of plan assets	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42
Net assets/(liabilities) from defined benefit obligation	(911.86)	(740.74)	928.41	790.71	-	(1,076.77)

Movements in the present value of the defined benefit obligation were as follows:

Opening defined benefit obligation	2,943.73	2,569.49	2,176.72	2,180.46	15,636.19	12,874.18
Current service cost	467.40	393.43	-	-	224.59	995.63
Employee contributions	-	-	-	-	330.68	1,683.28
Transfers	-	-	-	-	(15,652.91)	842.01
Interest cost	213.27	173.32	147.91	139.44	-	891.98
Actuarial (gains)/losses changes arising from changes in demographic assumptions	-	(23.44)	-	114.01	-	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	(425.15)	(149.29)	(108.28)	(77.23)	-	(328.42)
Actuarial (gains)/losses changes arising from experience adjustments	454.14	325.54	24.30	(67.69)	-	833.75
Benefits paid	(383.30)	(345.32)	(112.28)	(112.27)	(538.55)	(2,156.22)
Closing defined benefit obligation	3,270.09	2,943.73	2,128.37	2,176.72	-	15,636.19

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Movements in the fair value of the plan assets were as follows:

Opening fair value of plan assets	2,202.99	1,851.77	2,967.43	2,894.59	14,559.42	12,493.23
Investment / Interest Income	159.60	124.90	201.63	185.11	307.90	876.02
Employer's Contributions	449.81	640.08	-	-	418.72	970.08
Employee's Contributions	-	-	-	-	330.68	1,683.28
Return on plan assets (excluding amounts included in net interest expense)	(70.87)	(68.44)	-	-	-	223.17
Transfers	-	-	-	-	(15,078.17)	469.87
Benefits paid	(383.30)	(345.32)	(112.28)	(112.27)	(538.55)	(2,156.23)
Closing fair value of plan assets	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42

33.1 The major categories of plan assets of the fair value of the total plan assets are as follows:

Investments details:	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March	31 March	31 March	31 March	31 March	31 March
	2023	2022	2023	2022	2023	2022
Investment with insurer / others	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42
Total	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	Gratuity		Pension Plan		Provident Fund Plan (refer note 33.2)	
	31 March	31 March	31 March	31 March	31 March	31 March
	2023	2022	2023	2022	2023	2022
Discount rate	7.50%	7.25%	7.35%	6.80%	NA	6.98%
Future salary increases	5.00%	6.00%	NA	NA	NA	NA
Attrition rate	5.00%	5.00%	NA	NA	NA	NA
Mortality rate	100% of IALM 2012- 14	100% of IALM 2012- 14	NA	NA	NA	NA

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Gratuity plan:

	31 March 2023		31 March 2022	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(141.09)	164.91	(139.69)	165.03
Future salary increases	167.44	(145.48)	165.45	(142.44)
Attrition rate	1.50	(1.55)	0.56	(0.84)
Mortality rate	0.10	(0.10)	0.09	(0.09)

Provident Fund plan (refer note 33.2):

	31 March 2023		31 March 2022	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	NA	NA	(11.26)	11.57

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Pension:	31 March 2023		31 March 2022	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(81.19)	93.46	(87.52)	101.44

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity		Pension	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Within the next 12 months (next annual reporting period)	364.11	293.53	189.34	189.24
Between 2 and 5 years	991.74	802.79	736.23	738.33
Beyond 5 years	6,632.05	6,482.85	3,367.48	3,442.50
Total expected payments	7,987.90	7,579.17	4,293.05	4,370.07

The average duration of the defined benefit plan obligation at the end of the reporting period for gratuity plan is 10.00 years (31 March 2022: 11.00 years) and pension plan is 7.00 years (31 March 2022: 8.00 years).

- 33.2 During the year ended 31 March 2023, the Company has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust (Provident Fund Trust) to Employees' Provident Fund Organisation (EPFO) based on the Company's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO. Consequent to this surrender, the liability of the Company is restricted to the monthly contributions paid by the Company to EPFO. Accordingly, there was no actuarial valuation exercise carried out as on 31 March 2023.

34 Leases

The Company has taken various premises including offices, warehouses and other assets under lease for which lease period is 3-10 years and are renewable by mutual consent on agreed upon terms.

Lease liabilities

	31 March 2023	31 March 2022
Maturity analysis - contractual undiscounted cash flows		
Not later than one year	876.66	421.65
Later than one year and not later than five years	3,683.32	27.31
More than five years	4,466.70	-

The depreciation charge for right of use assets, interest expenses on lease liabilities, expenses relating to short term leases and low-value assets and current and non-current classification of lease liability are included in note 24, 23, 25 and 12 respectively. Cash flows on payment of lease liabilities including interest on lease liabilities are disclosed in the standalone cash flow statements.

35 Commitment and Contingencies

A) Contingent Liabilities

In respect of all the matters mentioned below, based on the legal advice obtained, the management is of the view that the claims are not tenable and the same can be successfully contested. Hence, no provision has been considered necessary in the standalone financial statements.

In respect of CENVAT and service tax matters	0.88	0.88
In respect of income tax matters	67.78	67.78
In respect of property tax matters	32.40	32.40
In respect of sales tax matters *	1,198.86	1,199.96
In respect of labour law disputes	7.67	7.67
In respect of property matters	6.09	6.09

*excludes penalty of INR 563.41 Lakhs (31 March 2022: 563.41 Lakhs)

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The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

The Supreme Court had passed judgement on 28 February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. As a matter of prudence, the Group has made a provision on a prospective basis from the date of the Supreme court order. The Group will update its provision, on receiving further clarity on the subject.

B) Commitments

a) Capital commitments not provided for

31 March 2023	31 March 2022
5,596.47	3,122.90

36 Dues to micro and small enterprises - As per Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED' Act).

This information has been determined to the extent such parties have been identified on the basis of information available with the Company

(a) Principal amount remaining unpaid to any supplier as at the end of the year.	1,625.12	1,840.74
Interest due thereon remaining unpaid to any supplier as at the end of the year.	1.55	6.71
(b) Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	55.90	11.97
(d) The amount of interest accrued and remaining unpaid at the end of the year;	168.55	111.10
(e) The amount of further interest remaining due and payable even in the succeeding year accrued in the current year, 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 MSMED Act 2006.	57.45	18.68

37 Related Party Transactions

37.1 List of related parties and nature of relationship

1) Where control exists

a) Ultimate holding company	ZF Friedrichshafen AG
b) Holding company	WABCO Asia Private Limited, Singapore
c) Associate of holding company	ZF International UK Limited, United kingdom
d) Wholly owned Subsidiary company	ZF CV Control Systems Manufacturing India Private Limited

2) Related parties with whom transactions have taken place during the year

Ultimate holding company

ZF Friedrichshafen AG

Holding company

WABCO Asia Private Limited, Singapore

Fellow Subsidiary companies

Guang Dong WABCO Fuwa Vehicle Brakes Co Limited

WABCO (Thailand) Limited

WABCO Automotive South Africa

WABCO Compressor Manufacturing Co. USA

WABCO Europe Neunkirchen

WABCO Holdings Inc., USA

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Notes to the Standalone financial statements for the year ended 31 March 2023

WABCO IP Holdings LLC, USA
WABCO Korea Ltd, Korea
WABCO Middle East and Africa FZCO, Dubai
WABCO Radbremsen GmbH, Germany
WABCO Reman Solutions
WABCO USA LLC, USA (formerly Meritor WABCO Vehicle Control Systems, USA)
WABCO Vehicle Control Systems, Poland
WABCO Vostok LLC, Russia
ZF (Shanghai) Management Co.,
ZF Active Safety and Electronics US LLC, USA
ZF Automotive Brasil LTDA, Brazil
ZF Automotive Systems (Shanghai) Co Ltd., China
ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China (formerly Shandong WABCO Automotive Products Co. Ltd, China)
ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China (formerly WABCO China Co. Ltd, China)
ZF CV Distribution Germany GmbH & Co. KG, Germany (formerly WABCO Vertriebs, GmbH & Co., Germany)
ZF CV Logistics Germany GmbH, Germany (formerly WABCO Logistik GmbH, Germany)
ZF CV Solutions Japan, Inc., Japan (formerly known as WABCO Japan Inc., Japan)
ZF CV Systems Brasil Ltda, Brazil (formerly WABCO do Brasil Industria e Comercio de Freios Ltda, Brazil)
ZF CV Systems Europe BV, Belgium (formerly WABCO Europe BVBA, Belgium)
ZF CV Systems Global GmbH, Switzerland (formerly WABCO Global GmbH, Switzerland)
ZF CV Systems Hannover GmbH, Germany (formerly WABCO GmbH, Germany)
ZF CV Systems North America LLC, USA (formerly known as WABCO North America LLC, USA)
ZF CV Systems Poland Sp. z o.o., Poland (formerly WABCO Polska Sp. z o.o. Poland)
ZF CVS Turkey Fren Sistemleri (formerly known as WABCO Arac Kontrol Sis.Des.Paz.Ltd.)
ZF Digital Solutions India Private Limited (formerly WABCO Digital Solutions Private Limited)
ZF Do Brasil LTDA, Brazil
ZF India Private Limited
ZF Rane Automotive India Private Limited

Others

Trichur Sundaram Santhanam & Family Private Limited
TVS Automobile Solutions Private Limited
TVS Mobility Private Limited
WABCO Foundation
WABCO India Limited Employees' Provident Fund Trust

Key Management Personnel

Mr. P Kaniappan - Managing Director
Mr. R S Raja Gopal Sastry - Chief Financial Officer
Mrs. M Muthulakshmi, Company Secretary
Dr. Christian Brenneke - Non-executive Director
Mr. Philippe Colpron - Non-executive Director
Mr. M Lakshminarayan - Chairman and independent Director
Dr. Lakshmi Venu- Independent Director
Mr. Mahesh Chhabria- Independent Director
Mr. Alexander De Bock - Non-executive Director (upto 30 March 2023)

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37.2 Related party transactions

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/Others		Key management personnel	
			Year ended		Year ended	
			31 March 2023	31 March 2022	31 March 2023	31 March 2022
1.a	Purchase of goods, net	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	16.61	0.82	-	-
		WABCO (Thailand) Limited	6.47	-	-	-
		WABCO Compressor Manufacturing Co. USA	64.97	30.99	-	-
		WABCO Korea Ltd, Korea	0.60	-	-	-
		WABCO USA LLC, USA	-	0.67	-	-
		WABCO Vehicle Control Systems, Poland	-	4.15	-	-
		ZF (Shanghai) Management Co.,	10.46	52.36	-	-
		ZF Active Safety and Electronics US LLC	1.88	-	-	-
		ZF Automotive Brasil LTDA	68.49	-	-	-
		ZF Automotive Systems (Shanghai) Co Ltd.	0.50	-	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,774.31	1,283.56	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	1,731.38	4,375.01	-	-
		ZF CV Systems Brasil Ltda, Brazil	121.80	115.83	-	-
		ZF CV Systems Global GmbH, Switzerland	4,844.00	1,942.74	-	-
		ZF CV Systems Hannover GmbH, Germany	1.47	2.60	-	-
		ZF CV Systems North America LLC, USA	0.59	2.57	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	-	-	-	-
ZF Digital Solutions India Private Limited	1.16	-	-	-		
ZF Friedrichshafen AG	1,634.63	2,658.73	-	-		
ZF India Private Limited	20.55	84.13	-	-		
ZF Rane Automotive India Private Limited	20.34	-	-	-		
1.b	Purchase of Property, Plant and Equipment	ZF CV Distribution Germany GmbH & Co. KG, Germany	-	274.31	-	-
		ZF CV Systems Global GmbH, Switzerland	238.33	-	-	-
		ZF CV Systems Hannover GmbH, Germany	23.47	159.03	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	5.73	-	-	-
		ZF India Private Limited	-	1,077.39	-	-
2	Services received	Royalty				
		WABCO IP Holdings LLC, USA	153.86	137.71	-	-
		Royalty				
		ZF CV Systems Europe BV, Belgium	8,737.55	5,807.78	-	-
Information Technology Support Services						
ZF CV Systems Europe BV, Belgium	1,027.22	1,260.00	-	-		
Information Technology Support Services						
ZF Friedrichshafen AG	750.00	-	-	-		
3	Sale of products, net	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	94.10	-	-	-
		Trichur Sundaram Santhanam & Family Private Limited	2,312.14	854.40	-	-
		TVS Automobile Solutions Private Limited	1,184.68	660.47	-	-

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(All amounts are in lakhs of Indian Rupees unless otherwise stated)

		TVS Mobility Private Limited	735.89	197.52	-	-
		WABCO (Thailand) Limited	658.71	421.08	-	-
		WABCO Asia Private Limited, Singapore	571.70	404.92	-	-
		WABCO Automotive South Africa	0.24	6.16	-	-
		WABCO Compressor Manufacturing Co. USA	6,406.47	4,696.35	-	-
		WABCO Korea Ltd, Korea	176.68	208.27	-	-
		WABCO Middle East and Africa FZCO, Dubai	550.52	587.29	-	-
		WABCO Reman Solutions	108.94	386.61	-	-
		WABCO USA LLC, USA	18,063.66	14,614.13	-	-
		WABCO Vostok LLC, Russia	-	173.93	-	-
		ZF (Shanghai) Management Co.,	46.01	-	-	-
		ZF Automotive Brasil LTDA	519.66	-	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	3,001.48	1,374.40	-	-
		ZF CV Control Systems Manufacturing India Private Limited	96.23	-	-	-
		ZF CV Logistics Germany GmbH, Germany	0.10	2,676.23	-	-
		ZF CV Solutions Japan, Inc., Japan	1,780.69	1,750.72	-	-
		ZF CV Systems Brasil Ltda, Brazil	667.04	1,551.80	-	-
		ZF CV Systems Europe BV, Belgium	718.34	26,215.85	-	-
		ZF CV Systems Global GmbH, Switzerland	37,564.17	13,729.87	-	-
		ZF CV Systems Hannover GmbH, Germany	0.08	412.74	-	-
		ZF CV Systems North America LLC, USA	15,524.44	12,917.36	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	-	66.33	-	-
		ZF CVS Turkey Fren Sistemleri	18.87	14.81	-	-
		ZF Digital Solutions India Private Limited	0.08	7.70	-	-
		ZF Do Brasil LTDA	88.00	-	-	-
		ZF India Private Limited	2.63	31.74	-	-
4	Sale of assets	ZF CV Control Systems Manufacturing India Private Limited	42.45	-	-	-
5	Sale of scrips	ZF Rane Automotive India Private Limited	639.91	-	-	-
6	Rendering of Services					
	Business Support Services	ZF CV Systems Europe BV, Belgium	-	1,223.24	-	-
	Business Support Services	ZF CV Systems Global GmbH, Switzerland	5,640.41	4,365.79	-	-
	Business Support Services	ZF Digital Solutions India Private Limited	141.20	29.95	-	-
	Business Support Services	ZF India Private Limited	33.30	-	-	-
	Research and development services	ZF CV Systems Europe BV, Belgium	-	490.97	-	-
	Research and development services	ZF CV Systems Global GmbH, Switzerland	3,328.00	2,154.79	-	-
	Software services	ZF CV Systems Europe BV, Belgium	-	2,298.95	-	-
	Software services	ZF CV Systems Global GmbH, Switzerland	17,303.42	9,236.43	-	-
	Other services	WABCO (Thailand) Limited	6.48	4.65	-	-
	Other services	ZF CV Control Systems Manufacturing India Private Limited	0.82	-	-	-

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7	Receivables / (Advances received)	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	98.32	4.14	-	-
		Trichur Sundaram Santhanam & Family Private Limited	320.76	503.11	-	-
		TVS Mobility Private Limited	96.37	188.59	-	-
		TVS Automobile Solutions Private Limited	149.90	205.89	-	-
		WABCO (Thailand) Limited	94.56	77.70	-	-
		WABCO Asia Private Limited, Singapore	72.54	62.77	-	-
		WABCO Automotive South Africa	-	-	-	-
		WABCO Compressor Manufacturing Co. USA	1,129.51	1,233.20	-	-
		WABCO Holdings Inc., USA	19.84	-	-	-
		WABCO Korea Ltd, Korea	30.57	43.21	-	-
		WABCO Middle East and Africa FZCO, Dubai	95.92	80.12	-	-
		WABCO Reman Solutions	-	30.71	-	-
		WABCO USA LLC, USA	5,108.78	3,882.08	-	-
		ZF (Shanghai) Management Co.,	153.21	-	-	-
		ZF Automotive Brasil LTDA	446.69	-	-	-
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	-	42.32	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	492.51	535.57	-	-
		ZF CV Control Systems Manufacturing India Private Limited	170.74	-	-	-
		ZF CV Logistics Germany GmbH, Germany	-	108.23	-	-
		ZF CV Solutions Japan, Inc., Japan	357.31	403.71	-	-
		ZF CV Systems Brasil Ltda, Brazil	-	441.40	-	-
		ZF CV Systems Europe BV, Belgium	184.01	(10.89)	-	-
		ZF CV Systems Global GmbH, Switzerland	11,975.02	13,615.82	-	-
		ZF CV Systems Hannover GmbH, Germany	-	87.24	-	-
		ZF CV Systems North America LLC, USA	2,582.87	3,930.05	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	2.17	32.51	-	-
		ZF CVS Turkey Fren Sistemleri	4.85	14.40	-	-
ZF Digital Solutions India Private Limited	104.27	37.88	-	-		
ZF Do Brasil LTDA	88.64	-	-	-		
ZF India Private Limited	31.30	7.54	-	-		
8	Payables / (Advances paid)	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	5.47	1.96	-	-
		WABCO (Thailand) Limited	1.28	1.18	-	-
		WABCO Compressor Manufacturing Co. USA	12.49	1.17	-	-
		WABCO India Limited Employees' Provident Fund Trust	-	230.28	-	-
		WABCO IP Holdings LLC, USA	414.57	260.71	-	-
		WABCO Korea Ltd, Korea	0.60	1.33	-	-
		WABCO Radbremsen GmbH, Germany	(0.17)	(0.16)	-	-
		WABCO USA LLC, USA	(0.67)	(0.73)	-	-
		WABCO Vehicle Control Systems, Poland	(12.91)	(12.55)	-	-
		ZF (Shanghai) Management Co.,	212.01	18.69	-	-
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	18.66	17.51	-	-

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		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,320.92	597.28	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	418.52	332.11	-	-
		ZF CV Systems Brasil Ltda, Brazil	82.38	(3.87)	-	-
		ZF CV Systems Europe BV, Belgium	2,304.62	2,944.10	-	-
		ZF CV Systems Global GmbH, Switzerland	2,781.76	754.80	-	-
		ZF CV Systems Hannover GmbH, Germany	-	2.00	-	-
		ZF CV Systems North America LLC, USA	2.91	2.14	-	-
		ZF Active Safety and Electronics US LLC	1.86	-	-	-
		ZF Automotive Brasil LTDA	30.77	-	-	-
		ZF Automotive Systems (Shanghai) Co Ltd.	0.50	-	-	-
		ZF Rane Automotive India Private Limited	20.34	-	-	-
		ZF Digital Solutions India Private Limited	-	-	-	-
		ZF Friedrichshafen AG	827.97	292.39	-	-
		ZF India Private Limited	5.41	126.72	-	-
9	Remuneration to Key managerial personnel (including commission to independent directors)	Salaries and Allowances	-	-	378.62	349.29
		Contribution to provident and other funds	-	-	20.13	19.99
		Incentive	-	-	445.04	255.45
		Commission and sitting fees	-	-	79.00	68.60
10	Reimbursement of expenses paid / (received)	ZF CV Systems Hannover GmbH, Germany	-	0.39	-	-
		WABCO Holdings Inc., USA	(19.90)	-	-	-
		ZF CV Control Systems Manufacturing India Private Limited	(3.10)	-	-	-
		ZF Digital Solutions India Private Limited	-	0.73	-	-
11	Contribution to fund	WABCO India Limited Employees' Provident Fund Trust	512.51	3,107.77	-	-
12	Investment made	ZF CV Control Systems Manufacturing India Private Limited	-	100.00	-	-
13	Contribution towards CSR expenditure	WABCO Foundation	-	274.68	-	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

38 Segment information

The Company primarily operates in the automotive segment. The automotive segment includes all activities related to development, design and manufacture of products. The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of Ind AS 108 "Operating Segments".

The following are the information relating to geographical segment:

Year ended 31 March 2023

	India	Others	Total
Sale of Products	201,796.32	110,903.45	312,699.77
Sale/rendering of services	2,507.53	26,447.21	28,954.74
Others	2,804.09	-	2,804.09
Revenue from operations	207,107.94	137,350.66	344,458.60
Non-current assets *	70,196.68	-	70,196.68

Year ended 31 March 2022

	India	Others	Total
Sale of Products	135,301.82	95,632.61	230,934.43
Sale/rendering of services	1,476.31	19,791.72	21,268.03
Others	2,132.93	-	2,132.93
Revenue from operations	138,911.06	115,424.33	254,335.39
Non-current assets *	59,832.51	-	59,832.51

Other disclosures

* Non-current assets for this purpose consists of property, plant and equipment, right of use assets, intangible assets, capital work in progress and other non current assets.

Information about major customer

Revenue from major customers contributing more than 10% of sale of products amounted to INR 139,683.50 lakhs (31 March 2022: INR 90,044.43 lakhs), arising from sales of products and rendering of services.

39 Fair value

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023:

Particulars	Fair Value Measurement using			
	Total	Level 1	Level 2	Level 3
Asset measured at fair value:				
FVTPL financial investments:				
Unquoted Mutual Funds	10,013.88	10,013.88	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022:

Particulars	Fair Value Measurement using			
	Total	Level 1	Level 2	Level 3
Asset measured at fair value:				
FVTPL financial investments:				
Unquoted Mutual Funds	39,810.73	39,810.73	-	-

There have been no transfers between Level 1 and Level 2 during the year.

All other financial liabilities & assets are carried at amortized cost and their carrying value approximates fair value.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

40 Financial risk management objectives and policies

The Company's principal financial liabilities, include trade and other payables. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Company also holds FVTPL investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans, deposits and FVTPL investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed rate interest bearing investments. Also, the Company has no borrowings and hence not exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The majority of the Company's revenue and expenses are in Indian Rupees, with the remainder denominated in US Dollars and EURO. The following table demonstrates the sensitivity to 5% change in USD and EURO exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	31 March 2023		31 March 2022	
	5% increase	5% decrease	5% increase	5% decrease
Impact of change in USD rates				
Trade receivables	519.73	(519.73)	531.87	(531.87)
Payables	62.99	(62.99)	13.97	(13.97)
Cash and cash equivalents	41.12	(41.12)	41.19	(41.19)
Impact of change in EURO rates				
Trade receivables	690.45	(690.45)	724.82	(724.82)
Payables	287.96	(287.96)	85.56	(85.56)
Cash and cash equivalents	80.86	(80.86)	21.69	(21.69)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances. None of the financial instruments of the Company result in material concentrations of credit risks. Exposure to credit risk - The carrying amount of financial assets represents the maximum Credit exposure. The maximum exposure to Credit risk was 204,834.54 lakhs as at 31 March 2023 and 175,375.51 lakhs as at 31 March 2022, being the total of the carrying amount of balances with banks, deposits with banks, trade receivables and other financial assets. As at 31 March 2023, 78% of the total dues was receivable from top 10 customers (as at 31 March 2022 - 78%). These receivables are from customers whose credit rating is above the average. Credit risk from balances with banks and investment of surplus funds in mutual funds is managed by the Company's treasury department. The objective is to minimise the concentration of risks by investing in safer investments of high pedigree.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure funds are available for use as per requirements. The Company's prime source of liquidity is cash and cash equivalents and the cash generated from operations. The Company has no outstanding bank borrowings. The Company invests its surplus funds in bank, fixed deposit and mutual funds, which carry minimal mark to market risks. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Carrying amount	Contractual cashflows				Total
		Less than 1 year	1 to 2 Years	2 to 5 Years	> 5 years	
As at 31 March 2023						
Trade payables	35,868.41	35,868.41	-	-	-	35,868.41
Lease liabilities	6,534.51	876.66	846.88	2,836.44	4,466.70	9,026.68
Other financial liabilities	7,771.10	7,771.10	-	-	-	7,771.10
	50,174.02	44,516.17	846.88	2,836.44	4,466.70	52,666.19
As at 31 March 2022						
Trade payables	34,620.41	34,620.41	-	-	-	34,620.41
Lease liabilities	388.63	421.65	27.31	-	-	448.96
Other financial liabilities	4,853.38	4,853.38	-	-	-	4,853.38
	39,862.42	39,895.44	27.31	-	-	39,922.75

41 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

	31 March 2023	31 March 2022
Trade payables	35,868.41	34,620.41
Other payables	25,201.61	17,639.53
Less: Cash and cash equivalents and current investments	(18,591.21)	(48,635.36)
Net debt	42,478.81	3,624.58
Shareholders Equity	240,911.68	211,407.76
Gearing ratio	0.18	0.02

42 Ratios

a) Current ratio = Current assets divided by Current liabilities

Current assets	223,675.83	195,468.15
Current liabilities	53,320.64	49,846.19
Ratio	4.19	3.92
% change from previous year	7.0%	-
Reason for change more than 25% : Not applicable		

b) Debt-Equity Ratio = Total debt divided by total equity where total debt represents aggregate of current and non-current borrowings

Total debt	-	-
Total equity	240,911.68	211,407.76
Ratio	-	-
% change from previous year	0.0%	-
Reason for change more than 25% : Not applicable		

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

31 March 2023	31 March 2022
---------------	---------------

c) Debt Service Coverage Ratio = Earnings available for debt services divided by total interest and principal repayments

Profit after tax	31,767.34	14,207.44
Add:		
Depreciation and amortisation expense	10,476.38	9,243.17
Finance cost	566.54	190.18
Earnings available for debt services	42,810.26	23,640.79
Interest payments	566.54	190.18
Lease payments	264.32	568.42
Total interest and principal repayments	830.86	758.60
Ratio	51.53	31.16
% change from previous year	65.3%	-

Reason for change more than 25% : Overall financial performance of the Company was higher in the current year.

d) Return on Equity ratio = Profit after tax divided by average shareholder's equity

Profit after tax	31,767.34	14,207.44
Average shareholder's equity (refer note below)	226,159.72	205,524.05
Ratio	0.14	0.07
% change from previous year	103.3%	-

Note: Average shareholder's equity = (Total shareholder's equity as at beginning of respective year + total shareholder's equity as at end of respective year) divided by 2

Reason for change more than 25% : Overall financial performance of the Company was higher in the current year.

e) Inventory turnover ratio = Cost of goods sold divided by average inventory

Cost of goods sold (refer note 1 below)	224,941.51	168,897.09
Average inventory (refer note 2 below)	14,998.90	12,924.43
Ratio	15.00	13.07
% change from previous year	14.8%	-

Note:

1. Cost of goods sold includes cost of materials consumed and changes in inventories of finished goods and work-in-progress and consumption of stores and spares.
2. Average inventory = (Total inventory as at beginning of respective year + total inventory as at end of respective year) divided by 2

Reason for change more than 25% : Not applicable

f) Trade receivables turnover ratio = Sales divided by average trade receivables

Turnover (refer note 1 below)	344,073.81	253,968.24
Average trade receivables (refer note 2 below)	71,212.26	62,591.87
Ratio	4.83	4.06
% change from previous year	19.0%	-

Note:

1. Turnover represents revenue from operations excluding export incentives
2. Average trade receivables = (Total trade receivables as at beginning of respective year + total trade receivables as at end of respective year) divided by 2

Reason for change more than 25% : Not applicable

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

31 March 2023	31 March 2022
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g) Trade payables turnover ratio = Purchases divided by average trade payables

Purchases (refer note 1 below)	225,653.79	171,905.63
Average trade payables (refer note 2 below)	35,244.41	34,829.56
Ratio	6.40	4.94
% change from previous year	29.6%	-

Note:

1. Purchases includes purchase of materials and consumption of stores and spares.
2. Average trade payables = (Total Trade Payables as at beginning of respective year + Total Trade Payables as at end of respective year) divided by 2

Reason for change more than 25% : Change on account of overall increase in operations.

h) Net capital turnover ratio = Revenue from operations divided by working capital

Revenue from operations	344,458.60	254,335.39
Working capital (refer note below)	170,355.19	145,621.96
Ratio	2.02	1.75
% change from previous year	15.4%	-

Note: Working capital = Current assets - Current liabilities

Reason for change more than 25% : Not applicable

i) Net profit ratio = Net profit after tax divided by Revenue from operations

Net profit after tax	31,767.34	14,207.44
Revenue from operations	344,458.60	254,335.39
Ratio	9.22%	5.59%
% change from previous year	64.9%	-

Reason for change more than 25% : Increase in profits is on account of enhanced overall financial performance.

j) Return on Capital employed = Earnings before interest and taxes (EBIT) divided by capital employed

Earnings before interest and taxes (refer note 1 below)	43,255.36	19,764.47
Capital employed (refer note 2 below)	245,241.79	209,949.99
Ratio	17.64%	9.41%
% change from previous year	87.5%	-

Note:

1. EBIT = Profit before taxes + finance cost
2. Capital employed = Total equity - Deferred tax assets + Lease liabilities

Reason for change more than 25% : Increase in return on capital employed is on account of enhanced overall financial performance.

k) Return on investments = Income generated from invested funds divided by Average invested funds in treasury investments

Income generated from invested funds	5,800.90	3,749.20
Average invested funds in treasury investments	107,491.04	95,875.76
Ratio	5.40%	3.91%
% change from previous year	38.1%	-

Reason for change more than 25% : Increase in income generated from invested funds is on account of better market conditions.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Standalone Financial Statement for the year ended 31 March 2023

43 Other Statutory Information

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- iii) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
- iv) The Company has not advanced or loaned or invested funds (either from borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ('intermediaries') with the understanding (whether recorded in writing or otherwise) that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- v) The Company has not received any fund from any person(s) or entity(ies), including foreign entities ('Funding Party') with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- vi) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vii) The Company has no transactions with struck off companies during the year.
- viii) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- ix) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- x) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year
- xi) The Company has not taken borrowings from banks and financial institutions on the basis of security of current assets.

44 Events after the reporting period

The Board has proposed a final dividend of 260% (INR 13 per share of the face value of INR 5 each) for the year 2022-23 subject to the approval of the members at the ensuing Annual General Meeting.

Significant accounting policies (note 2.2)

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

M MUTHULAKSHMI
Company Secretary

Place: Chennai
Date: 24 May 2023

P KANIAPPAN
Managing Director
DIN:02696192

R S RAJA GOPAL SASTRY
Chief Financial Officer

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Independent Auditor's Report

To

The Members of ZF Commercial Vehicle Control Systems India Limited
(formerly known as WABCO India Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

See Note 2.2(c) and 18 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group's revenue is derived primarily from sale of goods. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer. The Group uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised at a time which is different from transfer of control especially for sales transactions occurring on and around the year end. Therefore, ascertainment of timing of the revenue recognition has been identified as a key audit matter.	<p>In view of the significance of the matter, we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none">Assessed the appropriateness of the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") including adequacy of disclosures.Obtained an understanding and evaluated the Group's sales process including design and implementation of key controls and tested the operating effectiveness of such controls in relation to the timing of revenue recognition on a sample basis, with special reference to controls over revenue cut offs at period end.Performed detailed testing of the sales transactions on a sample basis to test that the revenues and trade receivables are recorded appropriately, in the period in which the control is transferred, taking into consideration the terms and conditions of the customer orders, including the shipping terms.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

	<ul style="list-style-type: none">• Tested, on a sample basis, whether revenue transactions near to the reporting date have been recognised in the appropriate period by verifying the transactions selected with relevant underlying documentation (customer order, transporter document, customer portal, etc).• Performed analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and to identify unusual transactions.• Obtained independent confirmations from the Group's customers on sample basis.
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Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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

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

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except that the back-up on a daily basis of the books of account and other relevant books and papers in electronic mode has not been kept on servers physically located in India considering that for the Holding Company, such back-up on a daily basis are kept on servers outside India.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

- c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the maintenance of accounts and other matters connected therewith refer to our remarks in paragraph 2(A)(b) above
 - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 34(A) to the consolidated financial statements.
 - b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2023.
 - c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2023. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India during the year ended 31 March 2023.
 - d (i) The respective management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented that, to the best of their knowledge and belief, as disclosed in the Note 40(iv) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The respective management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented that, to the best of their knowledge and belief, as disclosed in the Note 40(v) to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
 - e. The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 42 to the consolidated financial statements, the respective Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or its subsidiary company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The subsidiary has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

K Sudhakar
Partner

Place : Chennai
Date : 24 May 2023

Membership No.: 214150
ICAI UDIN:23214150BGXPGG1581

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2023

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

- (xxi) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Place : Chennai
Date : 24 May 2023

K Sudhakar
Partner
Membership No.: 214150
ICAI UDIN:23214150BGXPGG1581

Annexure B to the Independent Auditor's Report on the consolidated financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

Opinion

In conjunction with our audit of the consolidated financial statements of ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such company incorporated in India under the Act which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

K Sudhakar
Partner

Place : Chennai
Date : 24 May 2023

Membership No.: 214150
ICAI UDIN:23214150BGXPGG1581

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Consolidated Balance Sheet as at 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	43,284.22	44,087.25
Capital work-in-progress	3.2	7,703.35	2,026.10
Right of use assets	3.1	14,238.82	8,530.48
Intangible assets	3.1	1,155.01	948.36
Financial assets			
(i) Other financial assets	4.2	1,839.52	1,916.56
Deferred tax asset (net)	6.1	2,203.54	1,846.40
Non-current tax assets (net)	6.2	3,965.27	4,504.08
Other non-current assets	5	3,961.76	4,240.32
Total non-current assets		78,351.49	68,099.55
Current assets			
Inventories	7	15,696.21	14,477.26
Financial assets			
(i) Investments	4.1	10,013.88	39,810.73
(ii) Trade receivables	8	75,755.60	66,638.33
(iii) Cash and cash equivalents	9	8,648.27	8,924.63
(iv) Bank balances other than (iii) above	9.1	108,292.53	58,085.26
(v) Other financial assets	4.2	175.00	-
Other current assets	5	5,304.82	7,631.94
Total current assets		223,886.31	195,568.15
Total assets		302,237.80	263,667.70
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	948.38	948.38
Other equity	11	239,963.14	210,459.38
Total equity		240,911.52	211,407.76
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	12	6,172.59	26.72
Provisions	13	1,577.76	2,387.03
Total non-current liabilities		7,750.35	2,413.75
Current liabilities			
Financial liabilities			
(i) Lease liabilities	12	361.92	361.91
(ii) Trade payables	14		
- total outstanding dues of micro enterprises and small enterprises		1,540.88	1,840.74
- total outstanding dues of creditors other than micro enterprises and small enterprises		34,456.39	32,779.67
(iii) Other financial liabilities	15	7,895.38	4,853.38
Other current liabilities	16	6,239.48	6,161.00
Provisions	13	2,005.95	2,399.47
Current tax liabilities (net)	17	1,075.93	1,450.02
Total current liabilities		53,575.93	49,846.19
Total equity and liabilities		302,237.80	263,667.70

Significant accounting policies.

2.2

Notes to the consolidated financial statements are an integral part of the consolidated financial statements

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

P KANIAPPAN
Managing Director
DIN:02696192

M MUTHULAKSHMI
Company Secretary

R S RAJA GOPAL SASTRY
Chief Financial Officer

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Consolidated Statement of Profit & Loss for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	18	344,424.53	254,335.39
Other income	19	6,698.21	3,752.92
Total income		351,122.74	258,088.31
Expenses			
Cost of materials consumed	20	219,653.14	164,934.31
Changes in inventories of finished goods and work-in-progress	21	2.37	(601.96)
Employee benefits expense	22	37,671.92	32,868.58
Finance costs	23	566.54	190.18
Depreciation and amortisation expense	24	10,477.68	9,243.17
Other expenses	25	40,061.43	31,879.74
Total expenses		308,433.08	238,514.02
Profit before tax		42,689.66	19,574.29
Tax expense	26		
- Current tax		11,282.81	6,434.31
- Deferred tax		(360.33)	(1,067.46)
		10,922.48	5,366.85
Profit for the year		31,767.18	14,207.44
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability / (asset)	27	15.88	(472.50)
Income tax relating to items that will not be reclassified to profit or loss	26	(3.19)	118.92
Other comprehensive income/(loss) for the year, net of tax		12.69	(353.58)
Total comprehensive income for the year, net of tax		31,779.87	13,853.86
Earnings per equity share of INR 5 each			
Basic earnings per share (INR)	28	167.48	74.90
Diluted earnings per share (INR)	28	167.48	74.90

Significant accounting policies.

2.2

Notes to the consolidated financial statements are an integral part of the consolidated financial statements.

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

P KANIAPPAN
Managing Director
DIN:02696192

M MUTHULAKSHMI
Company Secretary

R S RAJA GOPAL SASTRY
Chief Financial Officer

Place: Chennai
Date: 24 May 2023

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Consolidated Statement of Cash Flows for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Particulars	Notes	31 March 2023	31 March 2022
A. Cash flow from/(used) in operating activities:			
Profit before tax		42,689.66	19,574.29
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation expense	24	10,477.68	9,243.17
(Profit)/ loss on sale of financial instruments (net)	19	(549.26)	(1,881.56)
Impairment allowance / reversal for bad and doubtful debts / advances	25	689.43	258.74
Interest income	19	(5,251.64)	(1,867.64)
Finance costs	23	566.54	190.18
Net gain on sale of property, plant and equipment	19	(21.80)	-
Net foreign exchange differences (unrealised)		(42.87)	(177.03)
Operating profit before working capital changes		48,557.74	25,340.15
Adjustments for :			
(Increase)/ decrease in inventories		(1,218.95)	(3,105.66)
(Increase)/ decrease in trade receivables		(10,061.85)	(7,991.40)
(Increase)/ decrease in other financial assets		(431.07)	(455.60)
(Increase)/ decrease in other assets		2,242.83	3,584.35
Increase / (decrease) in provisions and other liabilities		(1,108.33)	1,563.71
Increase/ (decrease) in financial liabilities		1,568.92	566.43
Increase/ (decrease) in trade payables		1,414.35	1,310.65
Cash generated from operations		40,963.64	20,812.63
Income tax paid		(11,118.09)	(7,004.68)
Net cash flow from/(used) in operating activities		29,845.55	13,807.95
B. Cash flow from/(used) in investing activities:			
Purchase of property, plant, equipment and intangible assets (including capital work in progress, capital advances and capital creditors)		(12,781.64)	(10,072.13)
Proceeds from sale of property, plant and equipment		25.86	-
Payment for acquiring right of use assets		-	(7,559.20)
Purchase of mutual fund units		(42,997.85)	(215,789.20)
Proceeds from sale of mutual fund units		73,343.96	241,856.82
Investment in equity instruments pending allotment		(175.00)	-
(Purchase of) / proceeds from maturity of bank deposits		(48,333.58)	(27,752.62)
Interest income		3,813.84	1,581.64
Net cash flows from/(used) in investing activities		(27,104.41)	(17,734.69)

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Consolidated Statement of Cash Flows for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

C. Cash flow from/(used) in financing activities:

Dividends paid	(2,276.11)	(2,086.44)
Payment of lease liabilities	(409.92)	(713.80)
Interest on lease liabilities	(420.94)	(44.80)
Net cash flows from/(used) in financing activities	(3,106.97)	(2,845.04)
Net decrease in cash and cash equivalents [A+B+C]	(365.83)	(6,771.78)
Cash and cash equivalents at the beginning of the year	8,924.63	15,678.77
Effect of movements in exchange rates on cash held	89.47	17.64
Cash and cash equivalents as at end of the year	8,648.27	8,924.63
Components of cash and cash equivalents		
i) Cash on hand	0.02	9.61
ii) On current accounts	8,648.25	8,915.02
Cash and cash equivalents as per balance sheet (refer note 9)	8,648.27	8,924.63

Significant accounting policies (note 2.2)

Notes to the consolidated financial statements are an integral part of the consolidated financial statements

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

M MUTHULAKSHMI
Company Secretary

Place: Chennai
Date: 24 May 2023

P KANIAPPAN
Managing Director
DIN:02696192

R S RAJA GOPAL SASTRY
Chief Financial Officer

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

a. Equity share capital

	No. of shares	Amount
Equity shares of INR 5 each issued, subscribed and fully paid		
Balance as at 1 April 2021	189,67,584	948.38
Changes in equity share capital during the year	-	-
Balance as at 31 March 2022	189,67,584	948.38
Changes in equity share capital during the year	-	-
Balance as at 31 March 2023	189,67,584	948.38

b. Other equity

For the year ended 31 March 2023

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
Balance as at 1 April 2022	24,776.38	5.00	185,678.00	-	210,459.38
Profit for the year	-	-	31,767.18	12.69	31,779.87
Other comprehensive income (Note 27)	-	-	12.69	(12.69)	-
Total	24,776.38	5.00	217,457.87	-	242,239.25
Dividend	-	-	(2,276.11)	-	(2,276.11)
Balance as at 31 March 2023	24,776.38	5.00	215,181.76	-	239,963.14

For the year ended 31 March 2022

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
Balance as at 1 April 2021	24,776.38	5.00	173,910.58	-	198,691.96
Profit for the year	-	-	14,207.44	(353.58)	13,853.86
Other comprehensive income (Note 27)	-	-	(353.58)	353.58	-
Total	24,776.38	5.00	187,764.44	-	212,545.82
Dividend	-	-	(2,086.44)	-	(2,086.44)
Balance as at 31 March 2022	24,776.38	5.00	185,678.00	-	210,459.38

Significant accounting policies (Note 2.2)

Notes to the consolidated financial statements are an integral part of the consolidated financial statements.

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

M MUTHULAKSHMI
Company Secretary

Place: Chennai
Date: 24 May 2023

P KANIAPPAN
Managing Director
DIN:02696192

R S RAJA GOPAL SASTRY
Chief Financial Officer

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

1. CORPORATE INFORMATION

ZF Commercial Vehicle Control Systems India Limited (formerly known as WABCO India Limited) ("Company", "ZF CVCS India") was incorporated originally on November 18, 2004. The Company is a public limited company domiciled in India and has its securities listed on BSE Limited and National Stock Exchange of India Limited in India. These consolidated financial statements comprise the Company and its subsidiary (referred to collectively as the 'Group'). The registered office of the Company is located at Plant 1, Plot No.3, (SP), III Main Road, Ambattur Industrial Estate, Chennai - 600 058, India. The Company's holding company is WABCO Asia Private Limited and ultimate holding company is ZF Friedrichshafen AG.

Effective from 7 March 2022, the name of the Company has been changed from WABCO India Limited to ZF Commercial Vehicle Control Systems India Limited.

The Group is primarily engaged in the manufacture of air brake actuation systems for commercial vehicles. The Group is also engaged in rendering of software development and other services.

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of directors at the meeting held on 24 May 2023.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Sec 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets, financial liabilities and defined benefit plan assets measured in accordance with Ind AS 19 (refer accounting policy on the same).

The consolidated financial statements are presented in INR (the functional currency of the Group) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The significant accounting policies are set out below in section 2.2

2.2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied for all the years presented, unless otherwise stated.

(a) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost.

Any resulting gain or loss is recognised in profit or loss. Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Current vs non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(c) Revenue recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Goods and Service Tax (GST) is the tax collected on the commodities sold by the Group on behalf of the government, accordingly, it is excluded from revenue. Revenue recognised by the Group is net of price revision and claims. The specific revenue recognition criteria described below, must also be met before revenue is recognised.

(a) Sale of products / goods

Revenue from sale of goods is recognised when control of the goods is transferred to the Customers. The normal credit term is in the range of 15 to 90 days upon delivery except for some customers who are on advance payment term. Revenue from the sale of goods is measured at the transaction price, net of returns and allowances, trade discounts and volume rebates.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume rebates / discounts

Arrangements with most Original Equipment Manufacturer ('OEM') customers include a provision for volume rebates / discounts. In those instances where there is a valid expectation from the customers to receive a discount, the amount of variable consideration which is included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the arrangement will not occur in a future period. The Group applies the most likely amount method for determining the discount.

(b) Revenue from sale / rendering of services

- Revenue from software services
Revenue from sale of services is recognized as and when related costs are incurred and services are performed in accordance with the terms of specific contracts.
- Revenue from research and development services
Revenue relating to research & development services are recognized on a fixed hourly basis when the services are rendered.
- Revenue from business support services and other service income
Revenue from sale of services is recognized as related costs are incurred and services are performed in accordance with the terms of specific contracts. Revenue from test track usage income is recognised as and when the services are performed in accordance with contractual terms.

Notes to the Consolidated financial statements for the year ended 31 March 2023

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(ii) Interest income

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use of selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market price in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investments and deposits measured at fair value, and for non-recurring measurement.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes to the consolidated financial statements

(e) Foreign currency transactions and balances

The Group's consolidated financial statements are presented in INR which is also the functional currency of the Group. Transactions in foreign currencies are initially recorded in the functional currency using the spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary item are recognised in consolidated statement of profit or loss.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes cost incurred in bringing each product to its present location, condition and are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work-in-progress: Cost includes cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Stores and spare parts: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement. 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 recognised as a finance cost.

Warranty

Provisions for warranty related costs are recognized as and when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty related costs is reviewed annually. A provision is recognized for expected warranty claims on products sold, based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about returns. The Group generally offers 12 - 24 months of warranty for its products.

(h) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. It includes a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. It also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

(i) Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it

Notes to the Consolidated financial statements for the year ended 31 March 2023

is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(j) Taxes

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside consolidated statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(k) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(l) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty / tax credit availed) less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost of an item of property, plant and equipment comprises its purchase price, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. The cost of property, plant and equipment not ready for intended use before such date is disclosed under capital work-in-progress. Freehold land is carried at historical cost less any accumulated impairment losses.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied and the same is depreciated based on their specific useful lives. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure, are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and equipment are measured as the

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difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized.

The Group identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the life of the principal asset.

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule II of the Companies Act, 2013. The useful life estimate for major classes of assets is as follows:

Asset block	Useful life of the asset (years)
Buildings	10-30
Plant and machinery	10-21
Tools, Dies & Jigs	3-5
Computers	3
Office & other equipments	5-13
Furniture and fixtures	10
Vehicles	6

The Group, based on assessment made by technical expert and management estimate, depreciates certain items of building, plant and machinery over estimated useful lives and residual value which are different from the useful life and residual values prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets

Intangible assets with finite useful lives that are acquired separately, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Costs incurred towards purchase of computer software and licenses are amortised using the straight-line method over a period based on management's estimate of useful lives of such computer software and licenses being 2 / 3 years, or over the license period of the software, whichever is shorter.

Derecognition of intangible assets

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

Impairment of tangible and intangible assets carried at cost

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets or cash-generating units (CGU) recoverable value and its value in use. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending only for change in assumptions or internal/external factors. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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(n) Leases

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

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term.

(o) Retirement and other employee benefits

i. Defined benefit plan

- Provident Fund

Eligible employees of Company received benefits from a provident fund, which was a defined benefit plan. Under the plan, both the eligible employee and the Company made monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributed a portion to the WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') and a remaining portion was contributed to the government administered pension fund. The Provident Fund Trust invested funds available in specific designated instruments as permitted by extant Indian laws and regulations. The rate at which the annual interest is payable to the beneficiaries by the provident fund trust was administered by the government. The Company had an obligation to make good the shortfall, if any, between the return from the investments of the Provident fund Trust and the notified interest rate.

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During the year ended 31 March 2023, the Company has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') to Employees' Provident Fund Organisation ('EPFO') based on the Company's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO.

• Gratuity and Pension

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on separation at 15 days of last drawn basic salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The Group also operates a pension plan for select employees, the eligibility and the terms and conditions of payment are at the discretion of the Group. Gratuity and pension liabilities are defined benefit obligations and are provided for on the basis of an actuarial valuation done as per the projected unit credit method as at the end of each financial year.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

ii. Other employment benefits

• Compensated absence

Short term compensated absences are provided for based on estimates. Long term compensated absences in the nature of defined benefit plan are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. Re-measurement gain or loss is taken to the consolidated statement of profit and loss and are not deferred.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss as service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

iii. Defined contribution plan.

Defined contribution plan includes contribution to employee state insurance scheme, employee provident fund (from the period of surrender of the Trust as mentioned above) and employee pension scheme. The Group has no obligation other than the contribution payable under the above schemes. The Group recognises the contribution payable to the above schemes as an expenditure when the employee renders related service. If the contribution payable to the schemes for services received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If on the other hand the contribution already paid exceeds the contribution due for the services received before the Balance Sheet date, then the excess is recognised as an asset to the extent that the prepayment will lead to reduction in future payment or cash refund.

iv. Termination benefits - Voluntary retirement

The Group has a scheme of voluntary retirement applicable to certain employees. The amount payable under such scheme is recognised earlier of when the employee accepts the offer or when a restriction of the entity's ability to accept the offer takes effect.

(p) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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Notes to the Consolidated financial statements for the year ended 31 March 2023

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

iv Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(q) Dividend to shareholders

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the Group in the Annual General Meeting. Interim dividend is recognised when approved by the Board of Directors at the Board Meeting. Both final dividend and interim dividend are recognised in the Consolidated Statement of Changes in Equity.

(r) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

(s) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April 2023, as below:

Ind AS 1 – Presentation of financial statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose consolidated financial statements. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in consolidated financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in consolidated financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

3.1 Property plant and equipment, Right of use assets and Intangible assets

Reconciliation of carrying amount	Property, plant and equipment						Right of use assets			Intangible Assets		
	Freehold Land	Buildings	Plant and Machinery, Tools, Dies & Jigs	Furniture and fixtures	Office and other equipments	Vehicles	Total	Leasehold land	Buildings	Total	Computer software and licenses	Total
Cost												
Balance as at 1 April 2021	1,829.06	9,625.25	61,626.01	491.44	5,666.03	529.13	79,766.92	698.80	1,993.59	2,692.39	2,335.67	2,335.67
Add: Additions	-	220.05	8,416.85	102.71	2,172.38	55.04	10,967.03	7,559.20	-	7,559.20	1,058.54	1,058.54
Less: Disposals / Derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	1,829.06	9,845.30	70,042.86	594.15	7,838.41	584.17	90,733.95	8,258.00	1,993.59	10,251.59	3,394.21	3,394.21
Balance as at 1 April 2022	1,829.06	9,845.30	70,042.86	594.15	7,838.41	584.17	90,733.95	8,258.00	1,993.59	10,251.59	3,394.21	3,394.21
Add: Additions	-	-	5,132.89	1,304.33	1,587.39	-	8,024.61	-	6,577.93	6,577.93	991.16	991.16
Less: Disposals / Derecognition	-	-	245.15	0.42	10.09	65.63	321.29	-	1,782.23	1,782.23	-	-
Balance as at 31 March 2023	1,829.06	9,845.30	74,930.60	1,898.06	9,415.71	518.54	98,437.27	8,258.00	6,789.29	15,047.29	4,385.37	4,385.37
Accumulated depreciation and impairment losses												
Balance as at 1 April 2021	-	2,687.07	31,913.46	198.37	3,254.65	224.44	38,277.99	22.64	1,263.61	1,286.25	2,006.25	2,006.25
Add: Charge for the year	-	461.25	6,372.65	96.54	1,379.96	58.31	8,368.71	63.66	371.20	434.86	439.60	439.60
Less: Disposals / Derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	3,148.32	38,286.11	294.91	4,634.61	282.75	46,646.70	86.30	1,634.81	1,721.11	2,445.85	2,445.85
Balance as at 1 April 2022	-	3,148.32	38,286.11	294.91	4,634.61	282.75	46,646.70	86.30	1,634.81	1,721.11	2,445.85	2,445.85
Add: Charge for the year	-	470.87	6,347.24	121.59	1,786.88	97.00	8,823.58	72.91	796.68	869.59	784.51	784.51
Less: Disposals / Derecognition	-	-	245.15	0.13	9.60	62.35	317.23	-	1,782.23	1,782.23	-	-
Balance as at 31 March 2023	-	3,619.19	44,388.20	416.37	6,411.89	317.40	55,153.05	159.21	649.26	808.47	3,230.36	3,230.36
Carrying amounts												
As at 31 March 2022	1,829.06	6,696.98	31,756.75	299.24	3,203.80	301.42	44,087.25	8,171.70	358.78	8,530.48	948.36	948.36
As at 31 March 2023	1,829.06	6,226.11	30,542.40	1,481.69	3,003.82	201.14	43,284.22	8,098.79	6,140.03	14,238.82	1,155.01	1,155.01

Note : The Group has not revalued its property, plant and equipment, intangible assets and right of use assets

3.2 Capital work-in-progress

Capital Work In Progress ('CWIP') comprises expenditure for the plants and buildings in various stages of installation.

	31 March 2023	31 March 2022
Opening balance	2,026.10	4,973.67
Additions	13,701.86	8,019.46
Capitalisation / adjustments	(8,024.61)	(10,967.03)
Closing balance	7,703.35	2,026.10

Ageing schedule	As at 31 March 2023					As at 31 March 2022				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	7,333.56	328.90	29.31	11.58	7,703.35	1,129.84	258.17	638.09	-	2,026.10
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	7,333.56	328.90	29.31	11.58	7,703.35	1,129.84	258.17	638.09	-	2,026.10

Note: The Group does not have any capital work in progress which is overdue or has exceeded its cost compared to its original plan and hence, capital work in progress completion schedule is not applicable.

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Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
4. FINANCIAL ASSETS		
4.1 Investments		
Current - unquoted		
Investments at fair value through profit or loss (fully paid)		
Investments in Mutual Funds	10,013.88	39,810.73
	<u>10,013.88</u>	<u>39,810.73</u>
Aggregate value of unquoted investments	10,013.88	39,810.73
Aggregate amount of impairment in value of investments	-	-
4.2 Other financial assets		
Non-Current		
Non-current bank balances (refer note below)	274.52	732.54
Security deposits	1,565.00	1,184.02
	<u>1,839.52</u>	<u>1,916.56</u>
Current		
Investment in equity instruments pending allotment		
- Enerparc Solar Power 3 Private Limited	175.00	-
	<u>175.00</u>	<u>-</u>
Note: Represents deposits placed with banks as margin money towards guarantees provided by the banks on behalf of the Group.		
5 Other assets		
Non-Current		
Capital advances (Unsecured considered good) *	1,190.54	1,606.80
Capital advances (Unsecured considered doubtful)	98.26	96.91
Less: Provision for doubtful advances	(98.26)	(96.91)
	<u>1,190.54</u>	<u>1,606.80</u>
Amount paid under protest	1,842.81	1,842.81
Net defined benefit asset – pension plan (refer note 31)	928.41	790.71
	<u>3,961.76</u>	<u>4,240.32</u>
Current		
Advances to vendors (Unsecured considered good) *	1,987.93	1,972.31
Advances to vendors (Unsecured considered doubtful)	621.08	685.56
Less: Provision for doubtful advances	(621.08)	(685.56)
	<u>1,987.93</u>	<u>1,972.31</u>
Grant receivable (export incentive)	455.95	4,528.36
Prepaid expenses	1,097.20	880.65
Balance with government authorities	1,763.74	250.62
	<u>5,304.82</u>	<u>7,631.94</u>

* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 35.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

6.1 Deferred tax assets (net)

Nature - (Liability) / Asset	Balance Sheet		Statement of Profit and Loss	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Deferred tax assets				
Provision for doubtful trade receivables and advances	690.59	529.07	161.52	90.03
Provision for employee benefits and others	1,106.66	1,461.53	(354.87)	862.99
Provision for warranty	402.64	462.51	(59.87)	163.41
Others	215.76	225.31	(9.55)	(342.07)
Total (A)	2,415.65	2,678.42	(262.77)	774.36
Deferred tax liabilities				
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	212.11	760.04	(547.93)	(484.00)
Others	-	71.98	(71.98)	71.98
Total (B)	212.11	832.02	(619.91)	(412.02)
Deferred tax expenses / (income) (B-A)			(357.14)	(1,186.38)
Net deferred tax (liabilities) / assets (A-B)	2,203.54	1,846.40		

Reconciliation of deferred tax assets / (liabilities) - (net)

	31 March 2023	31 March 2022
As on 1 April	1,846.40	660.02
Tax income/(expense) during the period recognised in profit and loss	360.33	1,067.46
Tax income/(expense) during the period recognised in OCI	(3.19)	118.92
As on 31 March	2,203.54	1,846.40

6.2 Non-current tax assets (net)

Advance income tax (net of provision for tax)	3,965.27	4,504.08
	3,965.27	4,504.08

7 Inventories

(lower of cost and net realisable value)

Raw materials *	11,418.27	10,527.95
Work-in-progress	564.21	299.13
Finished goods	2,695.10	2,962.55
Stores and spare parts	1,018.63	687.63
	15,696.21	14,477.26
*includes goods in transit	2,363.39	1,888.26

During the year ended 31 March 2023: INR 25.18 lakhs (31 March 2022: INR 26.15 lakhs) was recognised as an expense for inventories carried at net realisable value.

8 Trade receivables

Trade receivables

Secured, considered good	-	-
Unsecured, considered good	77,500.19	67,668.02
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	77,500.19	67,668.02
Less: Loss allowance (expected credit loss allowance)	(1,744.59)	(1,029.69)
	75,755.60	66,638.33

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Trade receivables Ageing schedule

As at 31 March 2023

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	68,051.08	7,328.12	925.11	507.62	116.43	571.83	77,500.19
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	68,051.08	7,328.12	925.11	507.62	116.43	571.83	77,500.19

As at 31 March 2022

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	58,996.27	6,985.44	887.87	159.38	218.17	420.89	67,668.02
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	58,996.27	6,985.44	887.87	159.38	218.17	420.89	67,668.02

No trade receivable are due from directors or other officers of the Group either severally or jointly with any other person. For amount outstanding from related parties and the terms and conditions relating to that, refer Note 35. Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days depending on the type of the customer.

9 Cash and cash equivalents

	31 March 2023	31 March 2022
Cash on hand	0.02	9.61
Balances with banks:		
- On current accounts	8,648.25	8,915.02
	<u>8,648.27</u>	<u>8,924.63</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

i) Cash on hand	0.02	9.61
ii) On current accounts	8,648.25	8,915.02
	<u>8,648.27</u>	<u>8,924.63</u>

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
9.1 Other bank balances		
Deposits with banks with original maturity of more than three months but less than twelve months	107,699.13	57,458.33
Earmarked balances with banks	593.40	626.93
	<u>108,292.53</u>	<u>58,085.26</u>
Earmarked balances with banks primarily relate to unclaimed dividends and unspent corporate social responsibility amount		
Break up of financial assets carried at amortised cost		
Trade receivables (note 8)	75,755.60	66,638.33
Cash and cash equivalents (note 9)	8,648.27	8,924.63
Bank balances other than cash and cash equivalents (note 9.1)	108,292.53	58,085.26
Other financial assets (note 4.2)	2,014.52	1,916.56
Total financial assets at amortised cost	<u>194,710.92</u>	<u>1,35,564.78</u>

10 Equity share capital

Authorised capital

20,000,000 equity shares of INR 5 each (31 March 2022 : 20,000,000)

1,000.00	1,000.00
<u>1,000.00</u>	<u>1,000.00</u>

Issued, subscribed and fully paid-up capital

18,967,584 (31 March 2022: 18,967,584) equity shares of INR 5 each

948.38	948.38
<u>948.38</u>	<u>948.38</u>

Terms / rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared from time to time, subject to preferential right of preference shareholders to payment of dividend. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	Number of shares	Amount
At 1 April 2021	18,967,584	948.38
Issued during the year	-	-
At 31 March 2022	18,967,584	948.38
Issued during the year	-	-
At 31 March 2023	<u>18,967,584</u>	<u>948.38</u>

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Shares held by holding company or their subsidiaries or associates

Out of equity shares issued by the Company, shares held by its holding Company or their subsidiaries or associates are as below:

Name of the Shareholder	31 March 2023		31 March 2022	
	Number of shares	Amount	Number of shares	Amount
WABCO Asia Private Limited, Singapore	14,225,684	711.28	14,225,684	711.28

Apart from the above, there are no shares held by the Ultimate Holding Company, or their subsidiaries or associates.

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31 March 2023		31 March 2022	
	In numbers	% holding in the class	In numbers	% holding in the class
Equity shares of INR 5 each fully paid				
WABCO Asia Private Limited, Singapore	14,225,684	75.00%	14,225,684	75.00%
SBI Large & Midcap Fund	1,710,909	9.02%	-	-
SBI Retirement Benefit - Conservative Plan	-	-	1,732,405	9.13%

As per records of the Company, including its register of members, the above shareholding represents both legal and beneficial ownerships of shares.

Details of shares held by promoters

	As at 31 March 2023		As at 31 March 2022		% of change during the year
	No. of shares	% of total of shares	No. of shares	% of total of shares	
WABCO Asia Private Limited, Singapore	14,225,684	75.00%	14,225,684	75.00%	0.00%
	14,225,684	75.00%	14,225,684	75.00%	0.00%

	As at 31 March 2022		As at 31 March 2021		% of change during the year
	No. of shares	% of total of shares	No. of shares	% of total of shares	
WABCO Asia Private Limited, Singapore	14,225,684	75.00%	14,225,684	75.00%	0.00%
ZF International UK Limited, United Kingdom	-	0.00%	1,030,432	5.43%	100.00%
	14,225,684	75.00%	15,256,116	80.43%	100.00%

There are no bonus shares or buy-back of shares or shares issued for consideration other than cash during a period of five years immediately preceding financial year ended March 31, 2023.

11 Other equity

	31 March 2023	31 March 2022
General reserve	24,776.38	24,776.38
Other reserves		
Capital reorganisation reserve	5.00	5.00
Retained earnings	215,181.76	185,678.00
	239,963.14	210,459.38

General reserve - Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

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Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Capital reorganisation reserve - Amount represents a reserve created during the demerger of brakes division from Sundaram Clayton Limited.

Retained Earnings - The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Group and also considering the requirements of the Companies Act, 2013.

11.1 Dividends

The following dividends were declared and paid by the Holding Company during the year:

	31 March 2023	31 March 2022
INR 12 per equity share (31 March 2022: INR 11)	2,276.11	2,086.44
	<u>2,276.11</u>	<u>2,086.44</u>

After the reporting date the following dividends were proposed by the directors subject to the approval at the annual general meeting of the Holding Company ; the dividends have not been recognised as liabilities.

INR 13 per equity share (31 March 2022: INR 12)	2,465.79	2,276.11
	<u>2,465.79</u>	<u>2,276.11</u>

12 Lease liabilities

Non - Current

Lease liabilities	6,172.59	26.72
	<u>6,172.59</u>	<u>26.72</u>

Current

Lease liabilities	361.92	361.91
	<u>361.92</u>	<u>361.91</u>

13 Provisions

Non-current

Provision for employee benefits

Provision for provident fund (refer note 32)	-	1,076.77
Provision for compensated absences	871.91	841.15

Other provisions

Provision for warranties	705.85	469.11
Total	<u>1,577.76</u>	<u>2,387.03</u>

Current

Provision for employee benefits

Provision for compensated absences	199.52	289.93
Provision for gratuity (net of fair value of plan assets)	911.86	740.74

Other provisions

Provision for warranties	894.57	1,368.80
Total	<u>2,005.95</u>	<u>2,399.47</u>

Provision for warranties

At the beginning of the year	1,837.91	1,188.41
Created during the year	1,120.91	1,278.55
Utilized / reversed during the year	(1,358.40)	(629.05)
At the end of the year	<u>1,600.42</u>	<u>1,837.91</u>

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Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

The estimated provision for warranty obligations is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is the balance unexpired period of the respective warranties on the various products which range from 12 to 24 months.

14 Trade payables

	31 March 2023	31 March 2022
Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises ('MSME')	1,540.88	1,840.74
- Total outstanding dues of creditors other than micro enterprises and small enterprises	34,456.39	32,779.67
	<u>35,997.27</u>	<u>34,620.41</u>

For amount outstanding to related parties and the terms and conditions relating to that, refer Note 35

Trade payables Ageing Schedule

As at 31 March 2023

	Unbilled dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	1,528.85	9.35	0.17	0.14	2.37	1,540.88
Others	4,621.29	22,071.66	6,656.57	340.12	151.62	494.48	34,456.39
Disputed - MSME	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
	<u>4,621.29</u>	<u>23,600.51</u>	<u>6,665.92</u>	<u>340.29</u>	<u>151.76</u>	<u>496.85</u>	<u>35,997.27</u>

As at 31 March 2022

	Unbilled dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	1,618.75	174.22	40.74	2.40	4.63	1,840.74
Others	5,821.13	20,873.71	5,056.24	332.67	296.88	399.04	32,779.67
Disputed - MSME	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
	<u>5,821.13</u>	<u>22,492.46</u>	<u>5,230.46</u>	<u>373.41</u>	<u>299.28</u>	<u>403.67</u>	<u>34,620.41</u>

15 Other financial liabilities

Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises ('MSME')	84.24	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,037.92	649.19
Price adjustments (refer note below)	5,741.88	4,170.26
Unpaid dividends	31.34	33.93
	<u>7,895.38</u>	<u>4,853.38</u>

Note: Price adjustments is recognised when there is a reasonable certainty that the amounts will be settled. The estimate takes into account the expected claim and the historical information regarding settlement of such claims. The outstanding liability represents the amounts that are yet to be settled in relation to the products that were sold.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
Break up of financial liabilities carried at amortised cost		
Trade payables (note 14)	35,997.27	34,620.41
Lease liabilities (note 12)	6,534.51	388.63
Other financial liabilities (note 15)	7,895.38	4,853.38
	<u>50,427.16</u>	<u>39,862.42</u>
16 Other current liabilities		
Advance from customers *	442.31	665.55
Statutory dues payable	1,492.49	932.06
Liability towards corporate social responsibility	677.34	835.54
Employee payables	3,627.34	3,727.85
	<u>6,239.48</u>	<u>6,161.00</u>
* For amount outstanding to related parties and the terms and conditions relating to that, refer Note 35		
17 Current tax liabilities (net)		
Provision for taxation (net of advance income tax)	1,075.93	1,450.02
	<u>1,075.93</u>	<u>1,450.02</u>
18 Revenue from operations		
(i) Revenue from contract with customers		
Sale of products (A)		
Air assist and full air actuation systems	269,749.63	197,540.87
Spares	42,916.88	33,393.56
	<u>312,666.51</u>	<u>230,934.43</u>
Sale/rendering of services (B)		
Software services	17,303.42	11,523.28
Research and development services	3,328.00	2,645.76
Business support services	5,815.79	5,622.68
Other service income	2,506.72	1,476.31
	<u>28,953.93</u>	<u>21,268.03</u>
(ii) Other operating revenue (C)		
Scrap sales	1,618.04	1,249.28
Government grant (Export incentives - Refer note below)	384.79	367.15
Test track usage income	801.26	516.50
	<u>2,804.09</u>	<u>2,132.93</u>
Total (A+B+C)	<u>344,424.53</u>	<u>254,335.39</u>

Note - Government grants represent export incentives that the Group is eligible for. There are no unfulfilled conditions or contingencies attached to these grants.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Disaggregated information

Timing of revenue recognition

	31 March 2023	31 March 2022
Goods / services transferred at a point in time	315,085.81	232,700.21
Services transferred over time	28,953.93	21,268.03
	344,039.74	253,968.24

Contract balances

Trade receivables (refer note 8)	75,755.60	66,638.33
Contract liabilities (refer note 16)	442.31	665.55

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.

Contract assets are recognized over time based on the progress of completion of the service as per the terms of the contract, as the customer simultaneously receives and consumes the benefits provided by the Group. Upon completion and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price

Revenue as per contract price	349,146.27	257,700.35
Adjustments		
Discounts and price adjustments	(5,106.53)	(3,732.11)
Revenue from contract with customers	344,039.74	253,968.24

19 Other income

Gain on sale of investments (net)	549.26	1,881.56
Gain on foreign currency transactions	875.51	-
Interest income	5,251.64	1,867.64
Net gain on sale of property, plant and equipment	21.80	-
Others	-	3.72
	6,698.21	3,752.92

20 Cost of materials consumed

Inventories at the beginning of the year	10,527.95	8,121.37
Add: Purchases	220,543.46	167,340.89
Less: Inventories at the end of the year	11,418.27	10,527.95
Cost of raw material and components consumed	219,653.14	164,934.31

21 Changes in inventories of finished goods and work-in-progress

Opening stock

Work-in-progress	299.13	190.14
Finished goods	2,962.55	2,469.58
	3,261.68	2,659.72

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
Closing Stock		
Work-in-progress	564.21	299.13
Finished goods	2,695.10	2,962.55
	<u>3,259.31</u>	<u>3,261.68</u>
	<u>2.37</u>	<u>(601.96)</u>
22 Employee benefits expense		
Salaries, wages and bonus	33,062.01	28,533.12
Contribution to provident and other funds	1,634.40	2,053.96
Staff welfare expenses	2,975.51	2,281.50
	<u>37,671.92</u>	<u>32,868.58</u>
23 Finance costs		
Interest expense on lease liabilities	420.94	44.80
Interest on others	145.60	145.38
	<u>566.54</u>	<u>190.18</u>
24 Depreciation and amortization expense		
Depreciation of property, plant and equipment (note 3.1)	8,823.58	8,368.71
Depreciation on right of use assets (note 3.1)	869.59	434.86
Amortization of intangible assets (note 3.1)	784.51	439.60
	<u>10,477.68</u>	<u>9,243.17</u>
25 Other expenses		
Consumption of stores and spares	5,237.98	4,564.74
Power and fuel	2,492.81	1,908.03
Rent	843.40	746.34
Repairs to buildings	325.78	273.20
Repairs to machinery	1,125.13	1,179.72
Repairs others	17.75	12.52
Insurance	181.95	156.58
Rates and taxes	231.98	410.01
Professional fees	5,969.98	4,344.84
Travelling and conveyance	1,261.05	784.09
Freight, delivery and shipping charges	7,615.69	6,200.47
Research and development expenses	619.61	401.18
Impairment allowance / reversal for bad and doubtful debts / advances	689.43	258.74
Directors' sitting fees	17.53	9.06
Information technology expenses	2,022.53	1,702.38
Expenditure on corporate social responsibility	384.40	558.44
Royalty	8,891.41	5,945.49
Net loss on foreign currency transactions	-	429.56
Warranty	932.72	1,105.91
Other expenses (including commission to independent directors)	1,200.30	888.44
	<u>40,061.43</u>	<u>31,879.74</u>

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2023	31 March 2022
26 Income tax expense		
A. Amounts recognised in profit or loss		
Current Tax:		
Current year	11,282.81	6,434.31
Deferred Tax:		
Relating to the origination and reversal of temporary differences	(360.33)	(1,067.46)
Tax expense	<u>10,922.48</u>	<u>5,366.85</u>
B. Amounts recognised in other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability (asset)	3.19	(118.92)
	<u>3.19</u>	<u>(118.92)</u>
C. Reconciliation of effective tax rate		
Profit before tax	42,689.66	19,574.29
Group's domestic tax rate	25.168%	25.168%
Tax using the Group's domestic tax rate	10,744.13	4,926.46
Tax effect of:		
- Non deductible expenses	111.74	436.96
- Overseas taxes	-	255.36
- Others	66.61	(251.93)
	<u>10,922.48</u>	<u>5,366.85</u>

27 Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	FVTOCI	Total
During the year ended 31 March 2023		
Re-measurement gains (losses) on defined benefit plans	12.69	12.69
	<u>12.69</u>	<u>12.69</u>
During the year ended 31 March 2022		
Re-measurement gains (losses) on defined benefit plans	(353.58)	(353.58)
	<u>(353.58)</u>	<u>(353.58)</u>

28 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Profit after tax	31,767.18	14,207.44
Weighted average number of shares		
- Basic	18,967,584	18,967,584
- Diluted	18,967,584	18,967,584
Earning per share of INR 5 each		
- Basic	167.48	74.90
- Diluted	167.48	74.90

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

29 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the Grouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key Judgements estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following key judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in consolidated financial statements. Loss contingencies that are considered possible are not provided for but disclosed as contingent liabilities in the consolidated financial statements. Contingencies the likelihood of which is remote are not disclosed in the consolidated financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable. The management estimates likely outcome of any pending cases and other contingencies based upon the Group's / expert's interpretation of applicable tax laws, relevant judicial pronouncements.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in note 31.

Allowance for inventories

An allowance for inventory is recognised where the realisable value is estimated to be lower than the inventory carrying value. The inventory allowance is estimated taking into account various factors and losses associated with obsolete / slow-moving / redundant inventory items. The Group has, based on these assessments, made adequate allowance in the books.

30 Employee Benefits Obligation

Defined Benefit Plan

a. Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('Act'). Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as Group take on uncertain long term obligations to make future benefit payments.

1) Liability risks

i) Asset-Liability Mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

ii) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

iii) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

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Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

2) Asset risks

All plan assets are maintained in a trust fund managed by LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

b. Provident Fund

In respect of employees covered under Group's Employees Provident Fund Trust contributions to the Group's Employee Provident Fund Trust are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government. In the case of contribution to the Trust, the Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation, determined based on an actuarial valuation, as an expense. The details of the defined benefit plan based on actuarial valuation report are as follows:

Liability risks:

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

During the year ended 31 March 2023, the Group has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust ('Provident Fund Trust') to Employees' Provident Fund Organisation ('EPFO') based on the Group's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO. Hence, there is no liability risk existing as on 31 March 2023.

31 Defined Benefit Plan

	Gratuity		Pension Plan		Provident Fund Plan (refer note 32)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Current service cost	467.40	393.43	-	-	224.59	995.63
Net interest expense / (income)	53.67	48.42	(53.72)	(45.67)	(307.90)	15.96
Components of defined benefit cost recognised in profit or loss	521.07	441.85	(53.72)	(45.67)	(83.31)	1,011.59
Re-measurement on the net defined benefit liability comprising:						
Actuarial (gains)/losses changes arising from changes in demographic assumptions	-	(23.44)	-	114.01	-	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	(425.15)	(149.29)	(108.28)	(77.23)	-	(328.42)
Actuarial (gains)/losses changes arising from experience adjustments	454.14	325.54	24.30	(67.69)	-	833.75
Return on plan assets (excluding amounts included in net interest expense)	70.87	68.44	-	-	-	(223.17)
Components of defined benefit cost recognised in other comprehensive income	99.86	221.25	(83.98)	(30.91)	-	282.16
	620.93	663.10	(137.70)	(76.58)	(83.31)	1,293.75

The current service cost and the net interest expense for the year are included in the 'employee benefit expense' in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

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(All amounts are in lakhs of Indian Rupees unless otherwise stated)

31 Defined Benefit Plan

	Gratuity		Pension Plan		Provident Fund Plan (refer note 32)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
The amount included in the financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:						
Present value of defined benefit obligation	3,270.09	2,943.73	2,128.37	2,176.72	-	15,636.19
Fair value of plan assets	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42
Net assets/(liabilities) from defined benefit obligation	(911.86)	(740.74)	928.41	790.71	-	(1,076.77)

Movements in the present value of the defined benefit obligation were as follows:

Opening defined benefit obligation	2,943.73	2,569.49	2,176.72	2,180.46	15,636.19	12,874.18
Current service cost	467.40	393.43	-	-	224.59	995.63
Employee contributions	-	-	-	-	330.68	1,683.28
Transfers	-	-	-	-	(15,652.91)	842.01
Interest cost	213.27	173.32	147.91	139.44	-	891.98
Actuarial (gains)/losses changes arising from changes in demographic assumptions	-	(23.44)	-	114.01	-	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	(425.15)	(149.29)	(108.28)	(77.23)	-	(328.42)
Actuarial (gains)/losses changes arising from experience adjustments	454.14	325.54	24.30	(67.69)	-	833.75
Benefits paid	(383.30)	(345.32)	(112.28)	(112.27)	(538.55)	(2,156.22)
Closing defined benefit obligation	3,270.09	2,943.73	2,128.37	2,176.72	-	15,636.19

Movements in the fair value of the plan assets were as follows:

Opening fair value of plan assets	2,202.99	1,851.77	2,967.43	2,894.59	14,559.42	12,493.23
Investment / Interest Income	159.60	124.90	201.63	185.11	307.90	876.02
Employer's Contributions	449.81	640.08	-	-	418.72	970.08
Employee's Contributions	-	-	-	-	330.68	1,683.28
Return on plan assets (excluding amounts included in net interest expense)	(70.87)	(68.44)	-	-	-	223.17
Transfers	-	-	-	-	(15,078.17)	469.87
Benefits paid	(383.30)	(345.32)	(112.28)	(112.27)	(538.55)	(2,156.23)
Closing fair value of plan assets	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42

31.1 The major categories of plan assets of the fair value of the total plan assets are as follows:

Investments details:	Gratuity		Pension Plan		Provident Fund Plan (refer note 32)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Investment with insurer / others	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42
Total	2,358.23	2,202.99	3,056.78	2,967.43	-	14,559.42

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Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	Gratuity		Pension Plan		Provident Fund Plan (refer note 32)	
	31 March	31 March	31 March	31 March	31 March	31 March
	2023	2022	2023	2022	2023	2022
Discount rate	7.50%	7.25%	7.35%	6.80%	NA	6.98%
Future salary increases	5.00%	6.00%	NA	NA	NA	NA
Attrition rate	5.00%	5.00%	NA	NA	NA	NA
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14	NA	NA	NA	NA

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Gratuity plan:	31 March 2023		31 March 2022	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(141.09)	164.91	(139.69)	165.03
Future salary increases	167.44	(145.48)	165.45	(142.44)
Attrition rate	1.50	(1.55)	0.56	(0.84)
Mortality rate	0.10	(0.10)	0.09	(0.09)

Provident Fund plan (refer note 32):	31 March 2023		31 March 2022	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	NA	NA	(11.26)	11.57

Pension:	31 March 2023		31 March 2022	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(81.19)	93.46	(87.52)	101.44

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity		Pension	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Within the next 12 months (next annual reporting period)	364.11	293.53	189.34	189.24
Between 2 and 5 years	991.74	802.79	736.23	738.33
Beyond 5 years	6,632.05	6,482.85	3,367.48	3,442.50
Total expected payments	7,987.90	7,579.17	4,293.05	4,370.07

The average duration of the defined benefit plan obligation at the end of the reporting period for gratuity plan is 10.00 years (31 March 2022: 11.00 years) and pension plan is 7.00 years (31 March 2022: 8.00 years).

- 32 During the year ended 31 March 2023, the Group has surrendered its exemption to hold contribution in WABCO India Limited Employee Provident Fund Trust (Provident Fund Trust) to Employees' Provident Fund Organisation (EPFO) based on the Group's obligation as at 30 June 2022 by availing the option of depositing entire corpus of Provident Fund Trust to EPFO. Consequent to this surrender, the liability of the Group is restricted to the monthly contributions paid by the Group to EPFO. Accordingly, there was no actuarial valuation exercise carried out as on 31 March 2023.

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Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

33 Leases

	31 March 2023	31 March 2022
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The Group has taken various premises including offices, warehouses and other assets under lease for which lease period is 3-10 years and are renewable by mutual consent on agreed upon terms.

Lease liabilities

Maturity analysis - contractual undiscounted cash flows

Not later than one year	876.66	421.65
Later than one year and not later than five years	3,683.32	27.31
More than five years	4,466.70	-

The depreciation charge for right of use assets, interest expenses on lease liabilities, expenses relating to short term leases and low-value assets and current and non-current classification of lease liability are included in note 24, 23, 25 and 12 respectively. Cash flows on payment of lease liabilities including interest on lease liabilities are disclosed in the consolidated cash flow statements.

34 Commitment and Contingencies

A) Contingent Liabilities

In respect of all the matters mentioned below, based on the legal advice obtained, the management is of the view that the claims are not tenable and the same can be successfully contested. Hence, no provision has been considered necessary in the consolidated financial statements.

In respect of CENVAT and service tax matters	0.88	0.88
In respect of income tax matters	67.78	67.78
In respect of property tax matters	32.40	32.40
In respect of sales tax matters *	1,198.86	1,199.96
In respect of labour law disputes	7.67	7.67
In respect of property matters	6.09	6.09

*excludes penalty of INR 563.41 Lakhs (31 March 2022: 563.41 Lakhs)

The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

The Supreme Court had passed judgement on 28 February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. As a matter of prudence, the Group has made a provision on a prospective basis from the date of the Supreme court order. The Group will update its provision, on receiving further clarity on the subject.

B) Commitments

a) Capital commitments not provided for	5,596.47	3,122.90
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35 Related Party Transactions

35.1 List of related parties and nature of relationship

1) Where control exists

a) Ultimate holding company	ZF Friedrichshafen AG
b) Holding company	WABCO Asia Private Limited, Singapore
c) Associate of holding company	ZF International UK Limited, United kingdom
d) Wholly owned Subsidiary company	ZF CV Control Systems Manufacturing India Private Limited

2) Related parties with whom transactions have taken place during the year

Ultimate holding company

ZF Friedrichshafen AG

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Notes to the Consolidated financial statements for the year ended 31 March 2023

Holding company

WABCO Asia Private Limited, Singapore

Fellow Subsidiary companies

Guang Dong WABCO Fuwa Vehicle Brakes Co Limited
WABCO (Thailand) Limited
WABCO Automotive South Africa
WABCO Compressor Manufacturing Co. USA
WABCO Europe Neunkirchen
WABCO Holdings Inc., USA
WABCO IP Holdings LLC, USA
WABCO Korea Ltd, Korea
WABCO Middle East and Africa FZCO, Dubai
WABCO Radbremmen GmbH, Germany
WABCO Reman Solutions
WABCO USA LLC, USA (formerly Meritor WABCO Vehicle Control Systems, USA)
WABCO Vehicle Control Systems, Poland
WABCO Vostok LLC, Russia
ZF (Shanghai) Management Co.,
ZF Active Safety and Electronics US LLC, USA
ZF Automotive Brasil LTDA, Brazil
ZF Automotive Systems (Shanghai) Co Ltd., China
ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China (formerly Shandong WABCO Automotive Products Co. Ltd, China)
ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China (formerly WABCO China Co. Ltd, China)
ZF CV Distribution Germany GmbH & Co. KG, Germany (formerly WABCO Vertriebs, GmbH & Co., Germany)
ZF CV Logistics Germany GmbH, Germany (formerly WABCO Logistik GmbH, Germany)
ZF CV Solutions Japan, Inc., Japan (formerly known as WABCO Japan Inc., Japan)
ZF CV Systems Brasil Ltda, Brazil (formerly WABCO do Brasil Industria e Comercio de Freios Ltda, Brazil)
ZF CV Systems Europe BV, Belgium (formerly WABCO Europe BVBA, Belgium)
ZF CV Systems Global GmbH, Switzerland (formerly WABCO Global GmbH, Switzerland)
ZF CV Systems Hannover GmbH, Germany (formerly WABCO GmbH, Germany)
ZF CV Systems North America LLC, USA (formerly known as WABCO North America LLC, USA)
ZF CV Systems Poland Sp. z o.o., Poland (formerly WABCO Polska Sp. z o.o. Poland)
ZF CVS Turkey Fren Sistemleri (formerly known as WABCO Arac Kontrol Sis.Des.Paz.Ltd.)
ZF Digital Solutions India Private Limited (formerly WABCO Digital Solutions Private Limited)
ZF Do Brasil LTDA, Brazil
ZF India Private Limited
ZF Rane Automotive India Private Limited

Others

Trichur Sundaram Santhanam & Family Private Limited
TVS Automobile Solutions Private Limited
TVS Mobility Private Limited
WABCO Foundation
WABCO India Limited Employees' Provident Fund Trust

Key Management Personnel

Mr. P Kaniappan - Managing Director
Mr. R S Raja Gopal Sastry - Chief Financial Officer
Mrs. M Muthulakshmi, Company Secretary
Dr. Christian Brenneke - Non-executive Director
Mr. Philippe Colpron - Non-executive Director
Mr. M Lakshminarayan - Chairman and independent Director
Dr. Lakshmi Venu- Independent Director
Mr. Mahesh Chhabria- Independent Director
Mr. Alexander De Bock - Non-executive Director (upto 30 March 2023)

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

35.2 Related party transactions

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/ Others		Key management personnel	
			Year ended		Year ended	
			31 March 2023	31 March 2022	31 March 2023	31 March 2022
1.a	Purchase of goods, net	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	16.61	0.82	-	-
		WABCO (Thailand) Limited	6.47	-	-	-
		WABCO Compressor Manufacturing Co. USA	64.97	30.99	-	-
		WABCO Korea Ltd, Korea	0.60	-	-	-
		WABCO USA LLC, USA	-	0.67	-	-
		WABCO Vehicle Control Systems, Poland	-	4.15	-	-
		ZF (Shanghai) Management Co.,	10.46	52.36	-	-
		ZF Active Safety and Electronics US LLC	1.88	-	-	-
		ZF Automotive Brasil LTDA	68.49	-	-	-
		ZF Automotive Systems (Shanghai) Co Ltd.	0.50	-	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,836.16	1,283.56	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	1,731.38	4,375.01	-	-
		ZF CV Systems Brasil Ltda, Brazil	121.80	115.83	-	-
		ZF CV Systems Global GmbH, Switzerland	4,844.00	1,942.74	-	-
		ZF CV Systems Hannover GmbH, Germany	1.47	2.60	-	-
		ZF CV Systems North America LLC, USA	0.59	2.57	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	-	-	-	-
		ZF Digital Solutions India Private Limited	1.16	-	-	-
		ZF Friedrichshafen AG	1,634.63	2,658.73	-	-
		ZF India Private Limited	20.55	84.13	-	-
ZF Rane Automotive India Private Limited	20.34	-	-	-		
1.b	Purchase of Property, Plant and Equipment	ZF CV Distribution Germany GmbH & Co. KG, Germany	-	274.31	-	-
		ZF CV Systems Global GmbH, Switzerland	238.33	-	-	-
		ZF CV Systems Hannover GmbH, Germany	23.47	159.03	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	5.73	-	-	-
		ZF India Private Limited	-	1,077.39	-	-
2	Services received	Royalty				
		WABCO IP Holdings LLC, USA	153.86	137.71	-	-
		Royalty				
		ZF CV Systems Europe BV, Belgium	8,737.55	5,807.78	-	-
Information Technology Support Services						
ZF CV Systems Europe BV, Belgium	1,027.22	1,260.00	-	-		
Information Technology Support Services						
ZF Friedrichshafen AG	750.00	-	-	-		
3	Sale of products, net	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	94.10	-	-	-
		Trichur Sundaram Santhanam & Family Private Limited	2,312.14	854.40	-	-
		TVS Automobile Solutions Private Limited	1,184.68	660.47	-	-
		TVS Mobility Private Limited	735.89	197.52	-	-
		WABCO (Thailand) Limited	658.71	421.08	-	-

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Sl No	Nature of transactions	Name of the company	Fellow subsidiaries/ Others		Key management personnel	
			Year ended		Year ended	
			31 March 2023	31 March 2022	31 March 2023	31 March 2022
		WABCO Asia Private Limited, Singapore	571.70	404.92	-	-
		WABCO Automotive South Africa	0.24	6.16	-	-
		WABCO Compressor Manufacturing Co. USA	6,406.47	4,696.35	-	-
		WABCO Korea Ltd, Korea	176.68	208.27	-	-
		WABCO Middle East and Africa FZCO, Dubai	550.52	587.29	-	-
		WABCO Reman Solutions	108.94	386.61	-	-
		WABCO USA LLC, USA	18,063.66	14,614.13	-	-
		WABCO Vostok LLC, Russia	-	173.93	-	-
		ZF (Shanghai) Management Co.,	46.01	-	-	-
		ZF Automotive Brasil LTDA	519.66	-	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	3,001.48	1,374.40	-	-
		ZF CV Logistics Germany GmbH, Germany	0.10	2,676.23	-	-
		ZF CV Solutions Japan, Inc., Japan	1,780.69	1,750.72	-	-
		ZF CV Systems Brasil Ltda, Brazil	667.04	1,551.80	-	-
		ZF CV Systems Europe BV, Belgium	718.34	26,215.85	-	-
		ZF CV Systems Global GmbH, Switzerland	37,564.17	13,729.87	-	-
		ZF CV Systems Hannover GmbH, Germany	0.08	412.74	-	-
		ZF CV Systems North America LLC, USA	15,524.44	12,917.36	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	-	66.33	-	-
		ZF CVS Turkey Fren Sistemleri	18.87	14.81	-	-
		ZF Digital Solutions India Private Limited	0.08	7.70	-	-
		ZF Do Brasil LTDA	88.00	-	-	-
		ZF India Private Limited	2.63	31.74	-	-
4	Sale of scrips	ZF Rane Automotive India Private Limited	639.91	-	-	-
5	Rendering of Services					
	Business Support Services	ZF CV Systems Europe BV, Belgium	-	1,223.24	-	-
	Business Support Services	ZF CV Systems Global GmbH, Switzerland	5,640.41	4,365.79	-	-
	Business Support Services	ZF Digital Solutions India Private Limited	141.20	29.95	-	-
	Business Support Services	ZF India Private Limited	33.30	-	-	-
	Research and development services	ZF CV Systems Europe BV, Belgium	-	490.97	-	-
	Research and development services	ZF CV Systems Global GmbH, Switzerland	3,328.00	2,154.79	-	-
	Software services	ZF CV Systems Global GmbH, Switzerland	17,303.42	9,236.43	-	-
	Software services	ZF CV Systems Europe BV, Belgium	-	2,298.95	-	-
	Other services	WABCO (Thailand) Limited	6.48	4.65	-	-
6	Receivables / (Advances received)					
		Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	98.32	4.14	-	-
		Trichur Sundaram Santhanam & Family Private Limited	320.76	503.11	-	-
		TVS Mobility Private Limited	96.37	188.59	-	-
		TVS Automobile Solutions Private Limited	149.90	205.89	-	-
		WABCO (Thailand) Limited	94.56	77.70	-	-

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Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/ Others		Key management personnel	
			Year ended		Year ended	
			31 March 2023	31 March 2022	31 March 2023	31 March 2022
		WABCO Asia Private Limited, Singapore	72.54	62.77	-	-
		WABCO Automotive South Africa	-	-	-	-
		WABCO Compressor Manufacturing Co. USA	1,129.51	1,233.20	-	-
		WABCO Holdings Inc., USA	19.84	-	-	-
		WABCO Korea Ltd, Korea	30.57	43.21	-	-
		WABCO Middle East and Africa FZCO, Dubai	95.92	80.12	-	-
		WABCO Reman Solutions	-	30.71	-	-
		WABCO USA LLC, USA	5,108.78	3,882.08	-	-
		ZF (Shanghai) Management Co.,	153.21	-	-	-
		ZF Automotive Brasil LTDA	446.69	-	-	-
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	-	42.32	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	492.51	535.57	-	-
		ZF CV Logistics Germany GmbH, Germany	-	108.23	-	-
		ZF CV Solutions Japan, Inc., Japan	357.31	403.71	-	-
		ZF CV Systems Brasil Ltda, Brazil	-	441.40	-	-
		ZF CV Systems Europe BV, Belgium	184.01	(10.89)	-	-
		ZF CV Systems Global GmbH, Switzerland	11,975.02	13,615.82	-	-
		ZF CV Systems Hannover GmbH, Germany	-	87.24	-	-
		ZF CV Systems North America LLC, USA	2,582.87	3,930.05	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	2.17	32.51	-	-
		ZF CVS Turkey Fren Sistemleri	4.85	14.40	-	-
		ZF Digital Solutions India Private Limited	104.27	37.88	-	-
		ZF Do Brasil LTDA	88.64	-	-	-
		ZF India Private Limited	31.30	7.54	-	-
7	Payables / (Advances paid)	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	5.47	1.96	-	-
		WABCO (Thailand) Limited	1.28	1.18	-	-
		WABCO Compressor Manufacturing Co. USA	12.49	1.17	-	-
		WABCO India Limited Employees' Provident Fund Trust	-	230.28	-	-
		WABCO IP Holdings LLC, USA	414.57	260.71	-	-
		WABCO Korea Ltd, Korea	0.60	1.33	-	-
		WABCO Radbremsen GmbH, Germany	(0.17)	(0.16)	-	-
		WABCO USA LLC, USA	(0.67)	(0.73)	-	-
		WABCO Vehicle Control Systems, Poland	(12.91)	(12.55)	-	-
		ZF (Shanghai) Management Co.,	212.01	18.69	-	-
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	18.66	17.51	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,382.77	597.28	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	418.52	332.11	-	-
		ZF CV Systems Brasil Ltda, Brazil	82.38	(3.87)	-	-
		ZF CV Systems Europe BV, Belgium	2,304.62	2,944.10	-	-
		ZF CV Systems Global GmbH, Switzerland	2,781.76	754.80	-	-
		ZF CV Systems Hannover GmbH, Germany	-	2.00	-	-
		ZF CV Systems North America LLC, USA	2.91	2.14	-	-
		ZF Active Safety and Electronics US LLC	1.86	-	-	-
		ZF Automotive Brasil LTDA	30.77	-	-	-

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

SI No	Nature of transactions	Name of the company	Fellow subsidiaries/ Others		Key management personnel	
			Year ended		Year ended	
			31 March 2023	31 March 2022	31 March 2023	31 March 2022
		ZF Automotive Systems (Shanghai) Co Ltd.	0.50	-	-	-
		ZF Rane Automotive India Private Limited	20.34	-	-	-
		ZF Digital Solutions India Private Limited	-	-	-	-
		ZF Friedrichshafen AG	827.97	292.39	-	-
		ZF India Private Limited	5.41	126.72	-	-
8	Remuneration to Key managerial personnel (including commission to independent directors)	Salaries and Allowances	-	-	378.62	349.29
		Contribution to provident and other funds	-	-	20.13	19.99
		Incentive	-	-	445.04	255.45
		Commission and sitting fees	-	-	79.00	68.60
9	Reimbursement of expenses paid / (received)	ZF CV Systems Hannover GmbH, Germany	-	0.39	-	-
		WABCO Holdings Inc., USA	(19.90)	-	-	-
		ZF Digital Solutions India Private Limited	-	0.73	-	-
10	Contribution to fund	WABCO India Limited Employees' Provident Fund Trust	512.51	3,107.77	-	-
11	Contribution towards CSR expenditure	WABCO Foundation	-	274.68	-	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

36 Segment information

The Group primarily operates in the automotive segment. The automotive segment includes all activities related to development, design and manufacture of products. The board of directors of the Group, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit. Therefore, there is no reportable segment for the Group as per the requirement of Ind AS 108 "Operating Segments".

The following are the information relating to geographical segment:

Year ended 31 March 2023

	India	Others	Total
Sale of Products	201,763.06	110,903.45	312,666.51
Sale/rendering of services	2,506.72	26,447.21	28,953.93
Others	2,804.09	-	2,804.09
Revenue from operations	207,073.87	137,350.66	344,424.53
Non-current assets *	70,343.16	-	70,343.16

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Year ended 31 March 2022

	India	Others	Total
Sale of Products	135,301.82	95,632.61	230,934.43
Sale/rendering of services	1,476.31	19,791.72	21,268.03
Others	2,132.93	-	2,132.93
Revenue from operations	138,911.06	115,424.33	254,335.39
Non-current assets *	59,832.51	-	59,832.51

Other disclosures

* Non-current assets for this purpose consists of property, plant and equipment, right of use assets, intangible assets, capital work in progress and other non current assets.

Information about major customer

Revenue from major customers contributing more than 10% of sale of products amounted to INR 139,683.50 lakhs (31 March 2022: INR 90,044.43 lakhs), arising from sales of products and rendering of services.

37 Fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023:

Particulars	Fair Value Measurement using			
	Total	Level 1	Level 2	Level 3
Asset measured at fair value:				
FVTPL financial investments:				
Unquoted Mutual Funds	10,013.88	10,013.88	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022:

Particulars	Fair Value Measurement using			
	Total	Level 1	Level 2	Level 3
Asset measured at fair value:				
FVTPL financial investments:				
Unquoted Mutual Funds	39,810.73	39,810.73	-	-

There have been no transfers between Level 1 and Level 2 during the year

All other financial liabilities & assets are carried at amortized cost and their carrying value approximates fair value.

38 Financial risk management objectives and policies

The Group's principal financial liabilities, include trade and other payables. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Group also holds FVTPL investments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans, deposits and FVTPL investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's investments are primarily in fixed rate interest bearing investments. Also, the Group has no borrowings and hence not exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The majority of the Group's revenue and expenses are in Indian Rupees, with the remainder denominated in US Dollars and EURO. The following table demonstrates the sensitivity to 5% change in USD and EURO exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

	31 March 2023		31 March 2022	
	5% increase	5% decrease	5% increase	5% decrease
Impact of change in USD rates				
Trade receivables	519.73	(519.73)	531.87	(531.87)
Payables	62.99	(62.99)	13.97	(13.97)
Cash and cash equivalents	41.12	(41.12)	41.19	(41.19)
Impact of change in EURO rates				
Trade receivables	690.45	(690.45)	724.82	(724.82)
Payables	293.19	(293.19)	85.56	(85.56)
Cash and cash equivalents	80.86	(80.86)	21.69	(21.69)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances. None of the financial instruments of the Group result in material concentrations of credit risks. Exposure to credit risk - The carrying amount of financial assets represents the maximum Credit exposure. The maximum exposure to credit risk was 204,724.80 lakhs as at 31 March 2023 and 175,375.51 lakhs as at 31 March 2022, being the total of the carrying amount of balances with banks, deposits with banks, trade receivables and other financial assets. As at 31 March 2023, 78% of the total dues was receivable from top 10 customers (as at 31 March 2022 - 78%). These receivables are from customers whose credit rating is above the average. Credit risk from balances with banks and investment of surplus funds in mutual funds is managed by the Group's treasury department. The objective is to minimise the concentration of risks by investing in safer investments of high pedigree.

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure funds are available for use as per requirements. The Group's prime source of liquidity is cash and cash equivalents and the cash generated from operations. The Group has no outstanding bank borrowings. The Group invests its surplus funds in bank, fixed deposit and mutual funds, which carry minimal mark to market risks. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Carrying amount	Contractual cashflows				Total
		Less than 1 year	1 to 2 Years	2 to 5 Years	> 5 years	
As at 31 March 2023						
Trade payables	35,997.27	35,997.27	-	-	-	35,997.27
Lease liabilities	6,534.51	876.66	846.88	2,836.44	4,466.70	9,026.68
Other financial liabilities	7,895.38	7,895.38	-	-	-	7,895.38
	50,427.16	44,769.31	846.88	2,836.44	4,466.70	52,919.33
As at 31 March 2022						
Trade payables	34,620.41	34,620.41	-	-	-	34,620.41
Lease liabilities	388.63	421.65	27.31	-	-	448.96
Other financial liabilities	4,853.38	4,853.38	-	-	-	4,853.38
	39,862.42	39,895.44	27.31	-	-	39,922.75

39 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

	31 March 2023	31 March 2022
Trade payables	35,997.27	34,620.41
Other payables	25,329.01	17,639.53
Less: Cash and cash equivalents and current investments	(18,662.15)	(48,735.36)
Net debt	42,664.13	3,524.58
Shareholders Equity	240,911.52	211,407.76
Gearing ratio	0.18	0.02

40 Other Statutory Information

- i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- ii) The Group does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- iii) The Group has not traded or invested in Crypto currency or virtual currency during the financial year.
- iv) The Group has not advanced or loaned or invested funds (either from borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ('intermediaries') with the understanding (whether recorded in writing or otherwise) that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ('Ultimate Beneficiaries') or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

- v) The Group has not received any fund from any person(s) or entity(ies), including foreign entities ('Funding Party') with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- vi) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- vii) The Group has no transactions with struck off companies during the year.
- viii) The Group has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- ix) The Group has complied with the number of layers prescribed under the Companies Act, 2013.
- x) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year
- xi) The Group has not taken borrowings from banks and financial institutions on the basis of security of current assets.

41 a) Group Information

Name of the Entity	Principal activities	Country of incorporation	Ownership interest held by the Group	Ownership interest held by non-controlling interests
Subsidiary company				
ZF CV Control Systems Manufacturing India Private Limited	Manufacturing of automobile components	India	100%	Nil

b) Additional information as required by paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Division II of Schedule III to the Companies Act, 2013

Name of the Entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated assets	Amount	As a % of consolidated profit or (loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Parent company								
ZF Commercial Vehicle Control Systems India Limited								
Balance as at March 31, 2023	100.00%	240,911.68	100.00%	31,767.34	100.00%	12.69		31,780.03
Balance as at March 31, 2022	100.00%	211,407.76	100.00%	14,207.44	100.00%	(353.58)	100.00%	13,853.86
Subsidiary company								
ZF CV Control Systems Manufacturing India Private Limited								
Balance as at March 31, 2023	0.04%	101.60	0.01%	1.60	0.00%	-	0.01%	1.60
Balance as at March 31, 2022	0.05%	100.00	-	-	-	-	-	-

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

Notes to the Consolidated financial statements for the year ended 31 March 2023

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

**Less: Effect of intercompany
eliminations / adjustments**

Balance as at March 31, 2023	-0.04%	(101.76)	-0.01%	(1.76)	0.00%	-	-0.01%	(1.76)
Balance as at March 31, 2022	-0.05%	(100.00)	-	-	-	-	-	-
Total								
Balance as at March 31, 2023	100.00%	240,911.52	100.00%	31,767.18	100.00%	12.69	0.00%	31,779.87
Balance as at March 31, 2022	100.00%	211,407.76	100.00%	14,207.44	100.00%	(353.58)	100.00%	13,853.86

42 Events after the reporting period of the Holding Company

The Board of the Holding Company has proposed a final dividend of 260% (INR 13 per share of the face value of INR 5 each) for the year 2022-23 subject to the approval of the members at the ensuing Annual General Meeting.

Significant accounting policies (note 2.2)

For and on behalf of the board of directors of
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
(formerly known as WABCO INDIA LIMITED)

M LAKSHMINARAYAN
Chairman and Director
DIN:00064750

M MUTHULAKSHMI
Company Secretary

Place: Chennai
Date: 24 May 2023

P KANIAPPAN
Managing Director
DIN:02696192

R S RAJA GOPAL SASTRY
Chief Financial Officer

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm's Registration no. 101248W/W-100022

K SUDHAKAR
Partner
Membership no.: 214150

Place: Chennai
Date: 24 May 2023

