



ZF STEERING GEAR (INDIA) LTD.

Regd. Office & Works :

Gat No. 1242/44, Village Vadu BK., Tal. Shirur, Dist. Pune-412 216 (India)
Tel. : 02137-305100, Fax : 02137-305302
Web : www.zfindia.com, Email Id : enquiry@zfindia.com
Corporate Identity Number (CIN) : L29130PN1981PLC023734



May 30, 2019

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

Ref: BSE Scrip Code 505163

Sub: Approval of Audited Standalone & Consolidated financial Results for the quarter/ financial year ended March 31, 2019.

Dear Sir,

This is to inform you that the Board of Directors of ZF Steering Gear (India) Limited (the "**Company**"), at their meeting held today i.e. May 30, 2019 has inter-alia:

- Approved the Audited Financial Statements (**Standalone and Consolidated**) for the fourth quarter/ financial year ended March 31, 2019.

Pursuant to the Regulation 33 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the Listing Regulations**), we enclose the following:

- i. Audited Financial Results (Standalone and Consolidated) for the fourth quarter/ financial year ended March 31, 2019.
- ii. Auditors' Reports with **unmodified opinion** on Audited Financial Statements (Standalone as well as Consolidated) for the financial year ended March 31, 2019.

Pursuant to Regulation 33(3)(d) of the Listing Regulations, we hereby declare that the Statutory Auditors of the Company, M/s. MGM & Company (Registration No.: 117963W), have issued both the Auditors' Reports i.e Auditors' Report on the Standalone Ind AS Financial Statements and Auditors' Report on the Consolidated Ind AS Financial Statements with Unmodified Opinion on the aforesaid Financial Statements.





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Time of Commencement of the Board Meeting: 5.00 p.m.

Time of Conclusion of the Board Meeting: 6.30 p.m.

Please take the above on your record and disseminate the same for the information of Investors.

Thanking you

Yours faithfully,

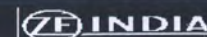
For **ZF Steering Gear (India) Ltd.**


Company Secretary



ZF STEERING GEAR (INDIA) LIMITED

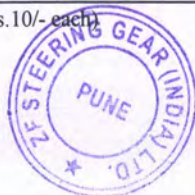
Registered Office: 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune- 412 216. Tel: 02137-305100, CIN:L29130PN1981PLC023734, Email: enquiry@zfindia.com



STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER/ YEAR ENDED MARCH 31, 2019

(Rs.in Million)

Sr.No.	PARTICULARS	Standalone				Consolidated		
		Quarter Ended		Year ended		Year ended		
		31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
1	Income							
	(a) Revenue from operations	1,067.73	1,091.54	1,177.02	4,394.24	4,356.00	4,394.24	4,356.00
	(b) Other Income	32.24	12.71	2.39	88.98	96.68	88.98	96.68
	Total Income	1,099.97	1,104.25	1,179.41	4,483.22	4,452.68	4,483.22	4,452.68
2	Expenses							
	a) Cost of materials consumed	664.95	668.99	702.32	2,773.46	2,506.34	2,773.46	2,506.34
	b) Changes in inventories of finished goods & Work-in-Progress	40.20	(16.79)	1.32	(23.85)	15.78	(23.85)	15.78
	c) Excise duty on sale of goods	-	-	-	-	110.53	-	110.53
	d) Employee benefits expense	105.77	136.86	111.15	514.81	491.89	514.81	491.89
	e) Finance costs	4.69	4.97	9.31	19.42	32.18	19.42	32.18
	f) Depreciation and amortisation expense	85.89	85.25	87.11	310.27	333.03	310.27	333.03
	g) Other Expenses	99.94	98.43	110.72	357.85	349.19	357.85	349.19
	Total Expenses	1,001.44	977.71	1,021.93	3,951.96	3,838.94	3,951.96	3,838.94
3	Total Profit before Exceptional items and share of joint venture (1-2)	98.53	126.54	157.48	531.26	613.74	531.26	613.74
4	Exceptional items (refer note 4)	(668.50)	-	-	(668.50)	-	-	-
5	Total Profit before share of joint venture (3-4)	(569.97)	126.54	157.48	(137.24)	613.74	531.26	613.74
6	Add:-Share of Profit/ (Loss) of Joint Venture	-	-	-	-	-	(216.77)	(38.37)
7	Profit Before Tax (5+6)	(569.97)	126.54	157.48	(137.24)	613.74	314.49	575.37
8	Tax Expense							
	(a) Current Tax	13.91	36.23	39.52	134.44	174.56	134.44	174.56
	(b) Deferred Tax	(220.73)	1.07	(30.20)	(258.62)	(31.49)	(258.62)	(31.49)
	Tax Expense	(206.82)	37.30	9.32	(124.18)	143.07	(124.18)	143.07
9	Net Profit after tax (7-8)	(363.15)	89.24	148.16	(13.06)	470.67	438.67	432.30
10	Other comprehensive income							
	(i) Items that will not reclassified to profit or loss							
	(a) Remeasurements of the defined benefit plans	(1.70)	(0.68)	37.19	(5.37)	26.36	(5.37)	26.36
	(b) Income tax relating to items that will not be reclassified to profit or loss	0.60	0.24	(12.87)	1.88	(9.12)	1.88	(9.12)
	(c) Share of other comprehensive income of joint venture accounted using equity method	-	-	-	-	-	(0.12)	0.06
	Total Other comprehensive income/(Loss)	(1.10)	(0.44)	24.32	(3.49)	17.24	(3.61)	17.30
11	Total comprehensive income(9+10)	(364.25)	88.80	172.48	(16.55)	487.91	435.06	449.60
12	Paid up Capital (Face Value : Rs 10 per share)	90.73	90.73	90.73	90.73	90.73	90.73	90.73
13	Other equity				3,591.37	3,695.42	3,262.28	2,914.72
14	Earnings per share (of Rs.10/- each)							
	- Basic	(40.02)	9.84	16.33	(1.44)	51.87	48.35	47.65
	- Diluted	(40.02)	9.84	16.33	(1.44)	51.87	48.35	47.65



Notes:-

1. The above Standalone and Consolidated financial results were reviewed and recommended by the Audit Committee and thereafter approved by the Board of Directors at their respective meetings held on May 30, 2019.
2. The Operations of the Company relates to two segments i.e. Automotive Components and Renewable Energy.
3. Post applicability of Goods and services Tax (GST) w.e.f. July 1, 2017, Revenue from operations are required to be disclosed net of GST. Revenue for period reported upto June 30, 2017 is inclusive of excise duty. Accordingly, The Revenue for the current year is not strictly comparable to the corresponding previous year.
4. The Company has a joint venture with Robert Bosch Automotive Steering GmbH, Germany ('Robert Bosch') in Robert Bosch Automotive Steering Private Limited ('RBASPL'), in which the Company holds 26% of equity share-capital in RBASPL.
The investment made by the Company in the equity share-capital of RBASPL as on March 31, 2019 is Rs. 1,293.50 Million out of the total paid-up equity share-capital of Rs. 4,975.00 Million of that company.

RBASPL continuously incurred losses from commencement of its activities. The total accumulated losses of RBASPL were as on March 31, 2019 was Rs.3,836.89 Million.
During the financial year 2018-19, Robert Bosch filed a winding up petition for winding up of RBASPL, before the National Company Law Tribunal (NCLT) Mumbai, which is yet to be heard by NCLT. The Company has also received a notice on February 14, 2019 from Robert Bosch terminating the joint-venture, as reported earlier.
Considering the accumulated losses and considering uncertainty arising out of above referred winding-up petition and termination of the Joint-Venture, in order to mitigate further losses, the Company, as a measure of commercial expediency, decided to enter into an agreement (**the Agreement**) to settle the issues with Robert Bosch and has executed the Share Purchase Agreement on May 28, 2019, to sale the Company's entire equity share-holding in RBASPL to Robert Bosch for a consideration of Rs. 625.00 Million. The Agreement is subject to receipt of necessary approvals.
Further to the above, the Company, based on the Agreement, has made a provision of Rs. 668.50 Million (and disclosed under the Exceptional Item on the face of the Statement of the Profit and Loss) along with a deferred tax asset of Rs. 233.60 Million for diminution of the carrying value of equity investment in RBASPL in the **Standalone Financial Statements**. As the results and the assets and liabilities of RBASPL are incorporated in the **Consolidated Financial Statements** using Equity Method of Accounting, a result of this, the value of equity investment in RBASPL as on March 31, 2019, is Rs. 295.91 Million. Thus, the Company's share in the accumulated losses of RBASPL are reflected in Other Equity. The Company has continued with the deferred tax asset of Rs. 233.60 Million in its consolidated financial statements.
5. Updates on the proposed factory at Pithampur, Madhya Pradesh :-Although the present demand is weak in Automobile sector, considering the future prospects, the Company is progressing in its project of establishing second factory at Pithampur, Madhya Pradesh. All civil construction work is completed thereat. Statutory approvals/ licenses have been obtained/ applied. Plant & Machinery is being received/erected. Commercial production is expected to commence in August, 2019.
6. The above financial results are extracted from the Audited Financial Statements of the Company, which are prepared in accordance with Indian Accounting Standards ('Ind AS') as prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.
7. The financial results for the quarters ended March 31, 2019 and March 31, 2018 respectively represent the difference between the audited figures in respect of the full financial year and published figures up to the third quarter of the respective financial years.
8. The audited standalone and consolidated financial results will be posted on the website of the Company www.zfindia.com and will be available on website of the BSE Limited (BSE).
9. Figures of the previous periods/ financial year have been regrouped, wherever necessary, to confirm to the current period's classification.

ZF STEERING GEAR (INDIA) LIMITED

Pune : May 30, 2019



Utkarsh Munot
Chief Executive Officer

Standalone and Consolidated Audited Segment wise Revenue, Result and Capital Employed for the Quarter/ Year ended March 31, 2019

(Rs.in Million)

Sr.No.	PARTICULARS	Standalone					Consolidated	
		Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
		Quarter Ended			Year Ended		Year Ended	
		Three months ended	Three months ended	Corresponding Three months ended in the previous year	Year ended	Corresponding Year ended in the previous year	Year ended	Corresponding Year ended in the previous year
	31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	
1	Segment Revenue							
	a. Auto Components	1,076.24	1,084.50	1,155.26	4,398.45	4,364.97	4,398.45	4,364.97
	b. Renewable Energy	30.63	35.84	28.81	154.17	143.85	154.17	143.85
	Total	1,106.87	1,120.34	1,184.07	4,552.62	4,508.82	4,552.62	4,508.82
	Less- Inter-segment revenue	6.90	16.09	4.66	69.40	56.14	69.40	56.14
	Total Income	1,099.97	1104.25	1179.41	4483.22	4,452.68	4483.22	4452.68
2	Segment Results							
	Profit/ (Loss) before tax and finance costs from each segment							
	a. Auto Components	(575.33)	114.91	154.53	(201.87)	564.05	466.63	564.05
	b. Renewable Energy	10.05	16.60	12.26	84.05	81.87	84.05	81.87
	Total	(565.28)	131.51	166.79	(117.82)	645.92	550.68	645.92
	Less- Finance Costs	4.69	4.97	9.31	19.42	32.18	19.42	32.18
	Total Profit before share of joint venture	(569.97)	126.54	157.48	(137.24)	613.74	531.26	613.74
	Add-Share of Profit/ (Loss) of Joint Venture	-	-	-	-	-	(216.77)	(38.37)
	Total Profit before tax	(569.97)	126.54	157.48	(137.24)	613.74	314.49	575.37
3	Capital Employed							
	a. Auto Components	3,234.15	3,596.21	3,423.40	3,234.15	3,423.40	2,905.06	2,642.70
	b. Renewable Energy	417.04	435.57	324.39	417.04	324.39	417.04	324.39
	c. Unallocable assets less liabilities	30.91	14.56	38.36	30.91	38.36	30.91	38.36
	Total Capital employed in the Company	3682.10	4046.34	3,786.15	3,682.10	3,786.15	3,353.01	3,005.45

For and behalf of the Board of Directors
ZF STEERING GEAR (INDIA) LIMITED

Pune : May 30, 2019



Utkarsh Munot
Chief Executive Officer

STATEMENT OF STANDALONE AND CONSOLIDATED AUDITED FINANCIAL ASSETS AND LIABILITIES FOR THE YEAR ENDED MARCH 31, 2019
(Rs. in Million)

PARTICULARS	Standalone		Consolidated	
	Audited	Audited	Audited	Audited
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
ASSETS				
1 Non-current assets				
a) Property, Plant and Equipment	1,093.16	1,022.51	1,093.16	1,022.51
b) Capital work in progress	262.90	7.01	262.90	7.01
c) Investment property	-	10.01	-	10.01
d) Intangible assets	16.25	27.18	16.25	27.18
e) Financial assets				
(i) Investments	1,517.26	2,306.95	1,188.17	1,526.25
(ii) Loans	6.48	6.05	6.48	6.05
(iii) Other financial assets	0.65	0.65	0.65	0.65
Other non-current assets	321.47	160.70	321.47	160.70
f) Non Current Tax Assets (Net)	30.91	38.36	30.91	38.36
g) Deferred tax Assets (Net)	254.70	(5.80)	254.70	(5.80)
Total non-current assets	3,503.78	3,573.62	3,174.69	2,792.92
2 Current assets				
a) Inventories	402.65	397.00	402.65	397.00
b) Financial assets				
(i) Trade receivables	772.30	922.70	772.30	922.70
(ii) Cash and cash equivalents	55.11	40.99	55.11	40.99
(iii) Bank Balances other than Cash and cash equivalents	5.79	5.99	5.79	5.99
(iv) Loans	0.74	0.83	0.74	0.83
(v) Other financial assets	6.76	32.11	6.76	32.11
c) Other current assets	122.58	120.81	122.58	120.81
Total current assets	1,365.93	1,520.43	1,365.93	1,520.43
TOTAL ASSETS	4,869.71	5,094.05	4,540.62	4,313.35
B EQUITY AND LIABILITIES				
1 EQUITY				
a) Equity share capital	90.73	90.73	90.73	90.73
b) Other equity	3,591.37	3,695.42	3,262.28	2,914.72
Total Equity	3,682.10	3,786.15	3,353.01	3,005.45
Non-current liabilities				
a) Financial liabilities				
(i) Borrowings	209.49	146.34	209.49	146.34
b) Provisions	17.87	22.45	17.87	22.45
c) Other non current liabilities	0.70	1.01	0.70	1.01
Total non-current liabilities	228.06	169.80	228.06	169.80
Current liabilities				
a) Financial liabilities				
(i) Borrowings	132.65	420.03	132.65	420.03
(ii) Trade payables				
a) Total outstanding dues of Micro and Small Enterprises	87.05	86.93	87.05	86.93
b) Total outstanding dues of creditors other than Micro and Small Enterprises	318.31	422.99	318.31	422.99
(iii) Other financial liabilities	326.77	112.83	326.77	112.83
b) Provisions	27.72	15.21	27.72	15.21
c) Other current liabilities	67.05	80.11	67.05	80.11
Total current liabilities	959.55	1,138.10	959.55	1,138.10
Total liabilities	1,187.61	1,307.90	1,187.61	1,307.90
TOTAL EQUITY AND LIABILITIES	4,869.71	5,094.05	4,540.62	4,313.35

For and behalf of the Board of Directors
ZF STEERING GEAR (INDIA) LIMITED

Pune : May 30, 2019



Utkarsh Munot
Chief Executive Officer

M G M & Company

Chartered Accountants

Office No. 107-108, First Floor, The Pentagon Building, Above Axis Bank,
Sahakarnagar, 411009. Phone : 020 - 24227497 / 24230782, Email : info@ca-mgmco.in

www.ca-mgmco.in

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Z F STEERING GEAR (INDIA) LIMITED

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying IND AS financial statements of **Z F STEERING GEAR (INDIA) LIMITED** (the Company), which comprise the Balance sheet as at 31st March, 2019, the statement of Profit and Loss (including the Statement of Other Comprehensive Income), Cash Flow Statement and the statement of Changes in Equity for the year then ended, and notes to the 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 IND AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019 and its statement of Profit and Loss (including the Statement of Other Comprehensive Income), Cash Flow Statement and the statement of Changes in Equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the IND AS Financial Statements section of our report. We are independent of the Company in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the IND AS financial statements under the provisions of Companies Act, 2013 and the rules thereunder and we have fulfilled our 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.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment testing of investments in joint venture</p> <p>Refer Note 6(a)(i) and Note 35 to the accompanying standalone financial statements as at 31 March 2019, the carrying amount of investment in a joint venture company viz. Robert Bosch Automotive Steering Private Limited (the 'joint venture') is Rs. 625.00million (net of provision for diminution in the value of investment of Rs. 668.50million).</p> <p>The net worth of the joint venture as at 31 March 2019 is substantially eroded. Management has considered that the losses suffered by the joint venture and erosion of its net worth indicates a possible impairment in the carrying value of investment. Accordingly, the management has performed an impairment assessment and has estimated the recoverable amount of its investment in the joint venture on the basis of 'Fair Value Less Costs to Sell'.</p> <p>As disclosed in Note 35 to the financial statements, the carrying value of the investment was impaired by Rs.668.50 million in the current year.</p> <p>Considering the materiality of the amounts involved, the significant management judgement required in estimating the quantum of diminution in the value of investment and such estimates and judgements being inherently subjective, this matter has been identified as a key audit matter for the current year audit.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none">• Obtained an understanding of management's process and evaluated design and tested operating effectiveness of controls around identification of indicators of impairment under Ind AS to determine recoverable value of the investment in the joint venture;• Assessed the appropriateness of methodology used by the management to estimate the recoverable value of investment in the joint venture;• Verified the important documents such as Settlement Agreement, Board's Approval, other relevant documents and;• Based on our procedures, we also considered the adequacy of disclosures in respect of investment in the said joint venture in the notes to the standalone financial statements.



Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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



Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and



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

- I. The Company has disclosed the impact of pending litigations on its financial position in the aforesaid financial statements – Refer Note 33 to the standalone financial statements;
- II. The company did not have any long term contract including derivative contracts for which there were any material foreseeable losses.
- III. There is no amount due to be transferred to Investor Education and Protection Fund by the company.

Place: Pune
Date :30th May, 2019



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

A handwritten signature in black ink, appearing to read "M. Katariya".

CA Mangesh Katariya
Partner
Membership No. 104633

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

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

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, considering the nature of the Fixed Assets, the same have been physically verified by the management at reasonable intervals during the year as per the verification plan adopted by the company, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us and the records produced to us for our verification, the discrepancies noticed during such physical verification were not material and the same have been properly dealt with in the books of account.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of goods. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material considering the operations of the Company and have been properly dealt with in the books of account.
- (iii) During the year, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (v) No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder have been accepted by the Company.
- (vi) According to the information and explanations given to us, the Central Government under sub-section (1) of Section 148 of the Act has not prescribed maintenance of cost records in respect of the activities carried out by the company.



- (vii) a) According to the information and explanations given to us and on the basis of our examination, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, GST, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.
- b) According to the records of the Company, there are no dues of Income Tax, Goods and Service Tax, Sales Tax, Service tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Forum where the dispute is pending	Financial Year	Amount (Rs. in Millions)
MVAT Act 2002 & CST Act	Assessed VAT dues by AO	Dy. Commissioner of Sales Tax	FY 2010-11	3.19
Income Tax Act, 1961	Assessment dues	ITAT, Pune	FY 2012-13	4.45
Income Tax Act, 1961	Assessment dues	CIT (Appeal), Pune	FY 2013-14	2.56
Income Tax Act, 1961	Assessed TDS Dues by CPC	CIT (Appeal), Pune	FY 2009-10	0.30

- (viii) According to the information and explanations given to us and on the basis of our examination, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (ix) According to the information and explanations given to us and on the basis of our examination, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Pune
Date: 30th May, 2019



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

A handwritten signature in black ink, appearing to read 'M. Katariya'.

Mangesh Katariya
Partner
Membership No. 104633

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

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

We have audited the internal financial controls over financial reporting of Z F Steering Gear (India) Ltd. (“the Company”) as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Pune
Date: 30th May, 2019



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

A handwritten signature in black ink, appearing to read "M. Katariya".

Mangesh Katariya
Partner
Membership No. 104633

M G M & Company

Chartered Accountants

Office No. 107-108, First Floor, The Pentagon Building, Above Axis Bank,
Sahakarnagar, 411009. Phone : 020 - 24227497 / 24230782, Email : info@ca-mgmco.in

www.ca-mgmco.in

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Z F STEERING GEAR (INDIA) LIMITED

Report on the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated IND AS financial statements of **Z F STEERING GEAR (INDIA) LIMITED** (the Holding Company) and its Joint Venture which comprise the Consolidated Balance sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including the Statement of Other Comprehensive Income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated 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 and based on other financial information of its Joint Venture Company, the aforesaid Consolidated IND AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31st March, 2019 and its consolidated statement of Profit and Loss (including the Consolidated Statement of Other Comprehensive Income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these



requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

Information other than the Consolidated IND AS Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and



completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These Financial Statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the



audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Other Matters

We did not audit the financial statements and other financial information of the joint venture; whose IND AS financial statements include group's share of net loss of Rs. 216.77 million for the year ended 31st March, 2019, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the Consolidated IND AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this Joint Venture Company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid jointly controlled entity, is based solely on the reports of the other auditor.

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



Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
 - b) Proper books of account as required by law relating to the preparation of the consolidated Ind AS financial statements have been kept by the Company so far as appears from our examination of those books.
 - c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) The aforesaid Consolidated IND AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditor of its Joint Venture Company, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls of the Holding Company and the Joint Venture Company, refer to our separate report in "Annexure A"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the Report of the other auditors on separate financial statements as also the other financial information of the Joint Venture Company, as noted in the 'Other Matters' paragraph:
 - I. The Consolidated IND AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its Joint Venture Company – Refer Note 33 to the consolidated financial statements;
 - II. The Group and its Joint Venture Company did not have any long term contract including derivative contracts for which there were any material foreseeable losses.



- III. There has been no delay in transferring amounts required to be transferred to Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its Joint Venture Company, incorporated in India during the year ended 31st March, 2019.

Place: Pune
Date: 30th May, 2019



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

A handwritten signature in black ink, appearing to read "M. Katariya".

CA Mangesh Katariya
Partner
Membership No. 104633

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

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

We have audited the internal financial controls over financial reporting of Z F Steering Gear (India) Ltd. (“the Company”) and its joint venture company as of 31 March 2019 in conjunction with our audit of the consolidated financial statements of the Company and its joint venture company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the holding company and its joint venture company as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its joint venture company as aforesaid.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Opinion

In our opinion and based on the consideration of reports of the other auditor on internal financial controls over financial reporting of the joint venture company, the Holding Company and its joint venture company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company and its joint venture 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to Joint Venture Company, is based on the corresponding report of the auditor of the Joint Venture Company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditor.

Place: Pune
Date: 30th May, 2019



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

A handwritten signature in black ink, appearing to read "Mangesh Katariya".

Mangesh Katariya
Partner
Membership No. 104633