



## 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 25, 2022

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

**Scrip code: 533023  
ZFCVINDIA  
By Listing Centre**

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

**Scrip code: ZFCVINDIA  
By NEAPS**

Dear Sir / Madam,

**Sub: Corrigendum to the 18th Annual Report 2022 -  
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED**

We had earlier, filed the 18th Annual Report of ZF Commercial Vehicle Control Systems India Limited for the year ended 31<sup>st</sup> March 2022 on 05<sup>th</sup> July 2022 containing the Annexure – 1 to Director's Report.

We would like to inform you that in the aforesaid Annexure, Foreign exchange inflow stated under the Segment-E (Foreign Exchange Earnings and Outgo) is inadvertently misprinted as "19,237.10". This needs to be read as "111,916.90".

The updated Annual Report is being filed herewith.

We submit herewith the updated Annual Report for the year 2021-22. The updated 18<sup>th</sup> Annual Report for the financial year 2021-22 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](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 on record and acknowledge receipt.

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

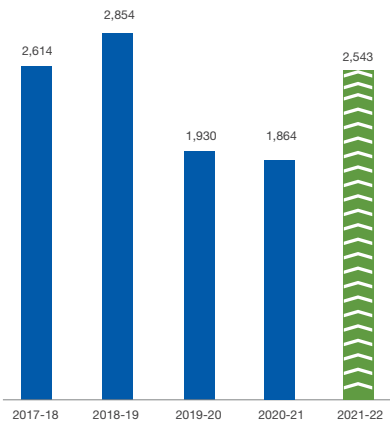


NextGenerationMobility  
ionMobility) { const { Passion,  
tion, Diversity, Empowerment,  
s} = GenerationMobility; const {  
ed, Interconnected, Zero Emission }  
tionMobility; const ZF\_WAY = Passion  
pation + Diversity + Empowerment +  
bility \* Employees: Const today  
t Transfer(); const targetDate =  
2030"); const allvehiclesInTheWorld  
Transfer(): const targetDate()

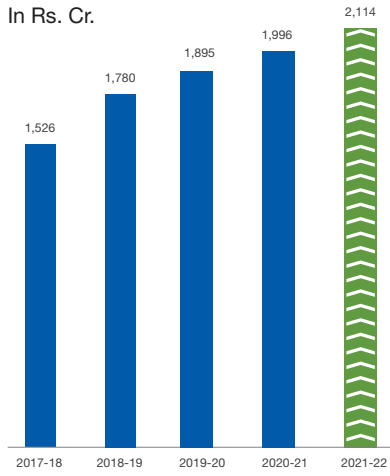
**ZF Commercial Vehicle Control Systems India Limited**

**18<sup>th</sup> Annual Report 2022**

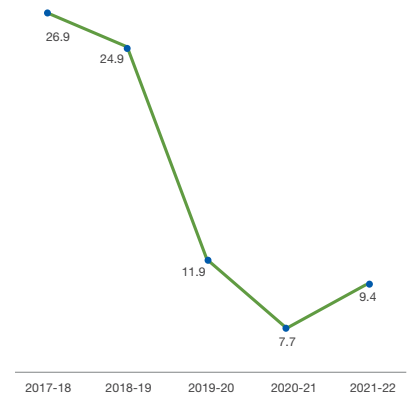
Revenue  
In Rs. Cr.



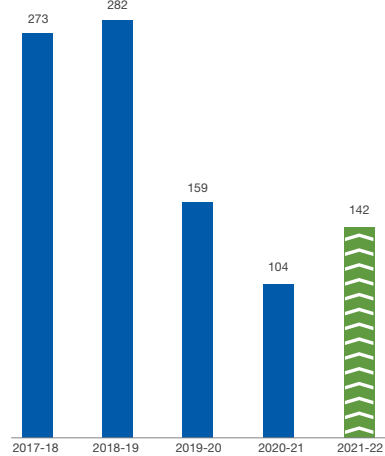
Network  
In Rs. Cr.



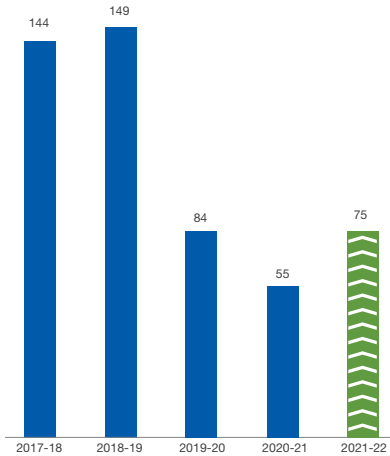
Return On Capital Employed  
%



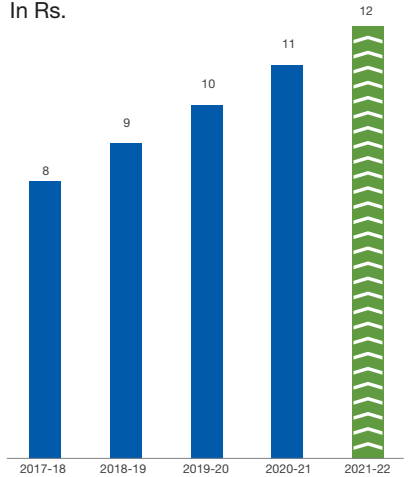
Profit After Tax  
In Rs. Cr.



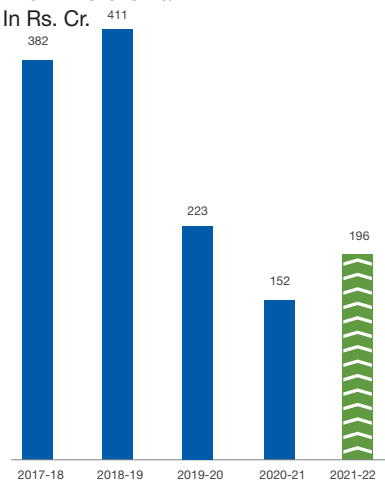
Earnings Per Share  
In Rs.



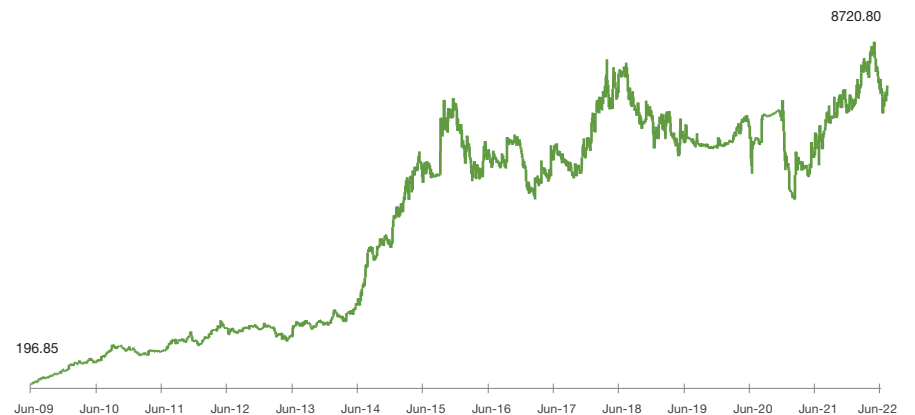
Dividend Per Share  
In Rs.



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

### 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

ALEXANDER DE BOCK

### Stakeholders Relationship Committee

M LAKSHMINARAYAN

*Chairman*

P KANIAPPAN

ALEXANDER DE BOCK

### 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

2<sup>nd</sup> Floor, Kences Towers,

No 1 Ramakrishna 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.

3<sup>rd</sup> Floor, 2 Club House Road,

Chennai 600 002

BNP Paribas

Prince Towers, 3<sup>rd</sup> Floor,

25/26 College Road,

Chennai 600 006

State Bank of India

Corporate Accounts Group Branch

3<sup>rd</sup> Floor, Sigappi Achi Building

18/3, Rukmanilakshmiipathy Road

Egmore, Chennai 600 008

ICICI Bank Limited

Prakash Presidium

110, Nungambakkam High Road,

Chennai 600 034.

### Auditors

B S R & Co. LLP

Chartered Accountants

KRM Tower 1<sup>st</sup> & 2<sup>nd</sup> 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

### 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,  
Seraikeela-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,

Nathan Sub-Post, Chengalpet,

Kancheepuram District 603 002

Tamil Nadu

Tel. : 044 3090 1200

Plot No.11, Sector 4, SIDCUL,

IIE Pantnagar,

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 Center India & Technology Center Chennai

"One Paramount",

(Third & Second Floor),

110, Mount Poonamallee High Road,

Porur, Chennai - 600 116

Tel. : 044 6689 8000

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### FINANCIAL HIGHLIGHTS

₹ in lakhs

Year ended March 31 <sup>st</sup>	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Profit and loss</b>					
Revenue from Operations	2,61,385	2,85,414	1,92,956	1,86,350	2,54,335
Other income	4,653	7,247	6,388	3,889	3,753
Total income	2,66,038	2,92,661	1,99,344	1,90,239	2,58,088
Gross profit before interest, depn & tax	44,514	48,235	31,537	24,466	29,008
Depreciation	6,174	7,144	9,011	9,040	9,243
Profit before interest & tax	38,340	41,091	22,526	15,426	19,764
Interest	162	–	192	199	190
Profit before taxation	38,178	41,091	22,334	15,227	19,574
Profit after taxation	27,283	28,217	15,881	10,380	14,207
<b>Balance Sheet</b>					
Net Fixed assets	41,134	45,926	50,094	48,198	55,592
Investments	44,565	31,343	54,237	63,997	39,811
Net current assets (other than Investments)	61,762	92,973	75,690	77,420	105,811
Non-current assets (other than Fixed assets)	8,163	11,270	11,721	11,633	12,607
Total	1,55,623	1,81,512	1,91,742	2,01,248	2,13,821
Share capital	948	948	948	948	948
Reserves & surplus	1,51,640	1,77,049	1,88,506	1,98,692	2,10,459
Networth	1,52,589	1,77,998	1,89,455	1,99,640	2,11,407
Non-current liabilities	2,659	3,119	2,287	1,608	2,414
Deferred taxation (net)	376	396	–	–	–
Total	1,55,623	1,81,512	1,91,742	2,01,248	2,13,822
EPS (Rs)	143.8	148.8	83.7	54.7	74.9
DPS (Rs)	8.0	9.0	10.0	11.0	12.0
Book value per share (Rs)	804.5	938.4	998.8	1,052.5	1,114.6
Return on capital employed (ROCE)%	26.9	24.9	11.9	7.7	9.4
Return on networth (RONW)%	19.5	17.1	8.6	5.3	6.9
Fixed assets turnover (no. of times)	6.5	6.4	4.0	3.9	4.6
Working capital turnover (no. of times)	4.5	3.7	2.3	2.4	2.4
Gross profit as % of sales (EBITDA)	17.0	16.9	16.3	13.1	11.4
Gross profit as % of total income	16.7	16.5	15.8	12.9	11.2
Net profit as % of revenue	10.3	9.6	8.2	5.6	5.6
Debtors Turnover ratio	4.5	4.5	3.9	3.9	4.1
Inventory Turnover ratio	11.5	12.9	8.7	10.3	13.1
Current ratio	2.7	3.4	5.9	3.9	3.9

- (a) Figures are as per Indian Accounting Standards (Ind AS) prescribed under the Companies Act, 2013.  
(b) ROCE is profit before interest and taxation divided by 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 to the Members

NOTICE is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of the Company (AGM) will be held on Wednesday, 27<sup>th</sup> July 2022 at 15.00 hrs. (IST) through Video Conferencing (VC) / Other Audio-Visual Means (OAVM) to transact the following businesses.

**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 31<sup>st</sup> March 2022 consisting of the Balance Sheet as on 31<sup>st</sup> March, 2022, the statement of profit and loss, the cash flow statement and statement of changes in equity for the Financial Year ended 31<sup>st</sup> March 2022 and the explanatory notes annexed to or forming part thereof, together with the reports of the Board of Directors and Auditors thereon, be and are hereby 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 ₹ 12/- (Rupees Twelve 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 ₹ 2276.11 lakhs, be and is hereby declared for the financial year ended 31<sup>st</sup> March 2022, 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 8<sup>th</sup> July 2022.

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

**RESOLVED THAT**, Dr. Christian Oliver Brenneke (DIN: 08344547), Director, who retires by rotation, being eligible, 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.

**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 ₹ 4,00,000/- (Rupees Four Lakhs only) plus applicable taxes and out of pocket expenses at actuals, payable for the financial year ending on 31<sup>st</sup> March 2023 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  
20<sup>th</sup> May 2022

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. In view of the outbreak of CoVID-19 pandemic, social distancing norms are being followed coupled with the continuing restriction on movement of persons at several places in the country and 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 eighteenth 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



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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

4. Members holding shares as on the "**cut-off date**" viz., **21<sup>st</sup> July 2022** 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 21<sup>st</sup> July 2022
6. The **Remote e-Voting period commences on 23<sup>rd</sup> July 2022 (9:00 hrs. IST) and ends on 26<sup>th</sup> July 2022 (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 21<sup>st</sup> July 2022, 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. 21<sup>st</sup> July 2022 may obtain the login ID and password by sending an e-mail to [evoting@nsdl.co.in](mailto: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. 21<sup>st</sup> July 2022, 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\\_ir.html](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.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](http://www.bseindia.com) and [www.nseindia.com](http://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](http://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\\_ir.html#annual\\_report\\_acc\\_656411\\_0](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#annual_report_acc_656411_0) 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. Register of Members and Share Transfer Books of the Company will be closed from July 09<sup>th</sup>, 2022 (Saturday) to July 27<sup>th</sup>, 2022 (Wednesday) (both days inclusive) for the purpose of AGM and payment of dividend for the Financial Year ended March 31<sup>st</sup>, 2022.



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

16. 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 ₹ 357,800.00 (Rupees Three Lakhs Fifty Seven Thousand and Eight Hundred only) being unclaimed / unpaid dividend of the Company for the financial year ended 31<sup>st</sup> March, 2014 was transferred in September, 2021 to IEPF.
- The Company paid to IEPF an amount of ₹ 493,795.00 (Rupees Four Lakhs Ninety Three Thousand Seven Hundred and Ninety Five only) on 28<sup>th</sup> September, 2021, towards dividend for the financial year ended 31<sup>st</sup> March, 2021 on such Shares which were transferred to IEPF.
- The Company have transferred 2,187 shares to the Investor Education and Protection Fund Authority (IEPF) in the month of October 2021.
- 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 31<sup>st</sup> March 2021 on the website of IEPF viz., [www.iepf.gov.in](http://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\\_ov\\_india\\_investor\\_relations/zf\\_ov\\_india\\_ir.html](https://www.zf.com/mobile/en/company/investor_relations/zf_ov_india_investor_relations/zf_ov_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 2014-15. 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.
17. Section 124 (6) was notified on 5<sup>th</sup> September 2016 along with the relevant rules therein on 5<sup>th</sup> 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 & 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 13<sup>th</sup> 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](http://www.iepf.gov.in).
18. 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. 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.
19. 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.
20. In accordance with the circular SEBI/HO/MIRSD/MIRSD\_RTAMB/CIR/2021/655 issued by SEBI on 3<sup>rd</sup> November, 2021 read with clarification dated 14<sup>th</sup> December, 2021, SEBI has introduced common

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

and simplified norms for furnishing PAN, KYC details and Nomination. Accordingly, effective 1<sup>st</sup> January, 2022 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 1<sup>st</sup> April, 2023, in case of any of the above cited documents/details are not available in the folios, RTA shall be constrained to freeze such folios.** 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\\_in.html#accordion\\_1\\_714113\\_0](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_in.html#accordion_1_714113_0)

21. Required details of the Directors seeking appointment/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.
22. 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.
23. In accordance with the various circulars from MCA received in view of the prevailing situation and owing to the difficulties involved in dispatching physical copies of the financial statements (including Board's Report, Auditor's Report or other documents required to be attached therewith) for the Financial Year ended 31<sup>st</sup> March, 2022 pursuant to Section 136 of the Act and Notice calling the AGM pursuant to Section 101 of the Act read with the Rules framed thereunder, such statements including the Notice of AGM 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). The Company will be dispatching physical copies of Annual Reports to only those shareholders, who request for the same as required under regulation 36(1)(c) of LODR read with SEBI circular dated 13<sup>th</sup> May 2022.
24. 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 18<sup>th</sup> 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"> <li>1. Existing <b>IDEAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under '<b>IDEAS</b>' 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 "<b>Access to e-Voting</b>" under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> 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 &amp; voting during the meeting.</li> <li>2. If you are not registered for IDEAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "<b>Reg-</b></li> </ol>

	<p><b>ister Online for IDEAS Portal"</b> or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com">https://www.evoting.nsd.com</a> 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 <b>e-Voting service provider i.e. NSDL</b> 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 &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speed-e</b>" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>1. 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 URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will also be able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account</p>

	<p>Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile Number &amp; Email ID as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</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 the 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 &amp; voting during the meeting.</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.

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

Login type	Helpdesk details
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in logging in can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542/43</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.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com> either on a Personal Computer or on a mobile.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. 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.

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 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 120105 then user ID is 101456001***

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](http://www.evoting.nSDL.com).

- b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nSDL.com](http://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](mailto: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.



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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](mailto:skco.cs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional 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.
2. 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](http://www.evoting.nsdl.com) to reset the password.
3. 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](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30.

Members who need assistance before or during the AGM, can contact NSDL on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact Mr. Amit Vishal, Assistant Vice-President - NSDL [evoting@nsdl.co.in](mailto: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:

1. 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](mailto:cvcs.info.india@zf.com)
2. 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](mailto: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.**
3. Alternatively shareholders/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. 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:

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- ii. 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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

- iii. 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.
- iv. 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:

- a. 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 General 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.
  - b. Members are encouraged to join the Meeting through Laptops for better experience.
  - c. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  - d. 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.
  - e. 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](mailto:cvcs.info.india@zf.com)/[srirams@integratedindia.in](mailto:srirams@integratedindia.in). at least 48 hours in advance before the start of the meeting i.e. by 25<sup>th</sup> July 2022 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](mailto:cvcs.info.india@zf.com)/[srirams@integratedindia.in](mailto: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.
25. 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](http://www.evoting.nsdl.com) to reset the password.
  26. 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.
  27. 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).
  28. 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.
  29. 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.
  30. 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\\_ir.html](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of results by the

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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Chairman or a person authorized by him and simultaneously communicated to the stock exchanges where the shares of the Company are listed.

31. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the Eighteenth AGM and the Annual Report for the financial year ended 31<sup>st</sup> March 2022, 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](mailto:cvcs.info.india@zf.com) / [srirams@integratedindia.in](mailto:srirams@integratedindia.in)

- b) For Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

32. In terms of Regulation 36(3) of the Listing Regulations, a brief profile of the director, whose re-appointment is proposed to be approved in this AGM, the nature of his expertise in specific functional areas, his other directorships and committee memberships in listed entities, his shareholding and relationship with other directors of the Company are also furnished herein below.

By order of the Board

Chennai  
20<sup>th</sup> May 2022

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

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

#### Item No. 3

Dr. Christian Oliver Brenneke was appointed as an Additional Director in the category of Non-Executive Non Independent director by the Board of Directors at their meeting held on 29<sup>th</sup> January 2019 in terms of Section 161 of the Companies Act, 2013 and by the shareholders as Director in the category of Non-Executive Director at the Annual General Meeting held on 14<sup>th</sup> August, 2019 and is liable to retire by rotation as per the terms and conditions of appointment. Dr. Christian Oliver Brenneke, (47), holds a graduate degree in electrical engineering specializing in mechatronics and a doctorate degree in engineering both from Leibniz University in Hannover, Germany. In addition, he earned an M.B.A. degree in general management from the University for Applied Sciences in Hamburg, Germany. He is the member of the Board of Akasol AG, Germany.

He was appointed as the Chief Technology Officer of erstwhile WABCO Group in February 2018, having served as the Vice President, Engineering, to lead ZF's technology innovation and new product developments since October 2015. Prior to holding this position, he was leading the Advanced Braking Systems business unit from September 2013, and took on the role of Vice President, Vehicle Dynamics and Controls, from April 2014. Prior to this, he held various management roles, including Global Project Management Leader and Team Leader for Software Development, since joining WABCO in 2008. Prior to joining WABCO, he spent several years in research, development and program management for driver assistance systems and autonomous driving at Volkswagen Group in Germany. He is currently holding the position of Head of R&D and Systems Solutions (CVS Division) in ZF Group.

He 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 of the Company. He is not a director on any Board nor a member of any committee of any other listed Company. 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 Dr. Christian Oliver Brenneke as a director for approval by the shareholders of the Company. He has not resigned from the directorship of any listed companies in the past 3 years.

#### *Directorships and Committee positions:*

Dr. Christian Brenneke is Chairman of Risk Management Committee and Member of Nomination and Remuneration Committee in ZF Commercial Vehicle Control Systems

Limited and he does not hold any other committee membership / chairmanship positions in other listed and unlisted public companies.

#### *Attendance of Board Meetings:*

Dr. Christian Brenneke has attended 13 Board Meetings of the Company out of the 18 Board meetings held after his appointment.

Except Dr. Christian Brenneke being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives 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 SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

#### 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 20<sup>th</sup> May 2022, considered and approved the re-appointment of M/s. A.N Raman & Associates, as Cost Auditor for the financial year 2022-23 at a remuneration of ₹ 4,00,000/- plus applicable taxes and reimbursement of out of pocket expenses at actuals. 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  
20<sup>th</sup> May 2022

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

### Directors' report to the shareholders

The directors have pleasure in presenting the 18<sup>th</sup> annual report and the audited (Standalone & Consolidated) financial statements for the financial year ended 31<sup>st</sup> March 2022.

#### 1. FINANCIAL HIGHLIGHTS

Particulars	₹ in lakhs		
	Year ended 31.03.2022	Year ended 31.03.2021	Consolidated* Year ended 31.03.2022
Revenue from Operations	<b>254,335.39</b>	186,350.01	<b>254,335.39</b>
Other Income	<b>3,752.92</b>	3,888.86	<b>3,752.92</b>
<b>Total Income</b>	<b>258,088.31</b>	190,238.87	<b>258,088.31</b>
Profit before interest depreciation and tax	<b>29,007.64</b>	24,465.64	<b>29,007.64</b>
Finance Costs	<b>190.18</b>	199.19	<b>190.18</b>
Depreciation	<b>9,243.17</b>	9,039.93	<b>9,243.17</b>
Profit before tax	<b>19,574.29</b>	15,226.52	<b>19,574.29</b>
Provision for taxation (including deferred tax and tax relating to earlier years)	<b>5,366.85</b>	4,846.03	<b>5,366.85</b>
Profit after tax	<b>14,207.44</b>	10,380.49	<b>14,207.44</b>
Other Comprehensive Income / (Loss) for the year net of tax	<b>(353.58)</b>	(194.90)	<b>(353.58)</b>
Total Comprehensive Income for the year Net of Tax	<b>13,853.86</b>	10,185.59	<b>13,853.86</b>

\* Consolidation of financials has become mandatory, since incorporation of Wholly owned subsidiary Company (ZF CV Control Systems Manufacturing India Private Limited) w.e.f. 5<sup>th</sup> January 2022.

#### 2. DIVIDEND

The Board of Directors has recommended a dividend of ₹ 12/- per share for the year ended 31<sup>st</sup> March 2022 absorbing a sum of ₹ 2276.11/- lakhs, for approval of the shareholders at the ensuing annual general Meeting.

##### Transfer of Unclaimed Dividend to IEPF:

Under the Act, 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. An amount of ₹ 357,800/- (Rupees three lakh fifty seven thousand eight hundred only) being unclaimed / unpaid dividend of the Company for the financial year ended 31<sup>st</sup> March, 2014 was transferred in September, 2021 to IEPF.

#### 3. PERFORMANCE

During the year 2021-22, the Company achieved total income of ₹ 2,581 crores as against ₹ 1,902 crores in the previous year. The profit before tax was ₹ 196 crores as against ₹ 152 crores in the previous year and the Profit after tax was ₹ 142 crores as

against ₹ 104 crores in the previous year. There has been no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March 2022.

#### 4. CHANGE IN OWNERSHIP & COMPLETION OF INTEGRATION

On 28<sup>th</sup> March 2019, WABCO Holdings Inc., US the ultimate parent company of WABCO India Ltd., had announced to the New York stock exchange through a press release that it has entered into a definitive merger agreement with ZF Friedrichshafen AG ("ZF"), a privately held global leader in driveline and chassis technologies. This resulted in an indirect acquisition by ZF from WABCO USA of 1,42,25,684 equity shares of the Company, constituting 75% of its total voting share capital, making ZF as the Promoter of the Company in the place of WABCO USA. This indirect acquisition mandated ZF to make an Open Offer to the Company's public shareholders, to acquire upto 47,41,900 fully paid up equity shares of Rs.5/- each, constituting 25% of the voting share capital of the Company, in terms of Regulations 3(1), 4 and 5(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST).

Accordingly, ZF, along with entities acting in concert with them (PAC), made the Open Offer at an offer price of ₹ 7,067.51 per Equity Share. The Committee of Independent Directors constituted by the Company for this purpose provided its written reasoned recommendations on the Open Offer, which was published in newspapers as stipulated under Regulation 26 of SAST on 11<sup>th</sup> August 2020. The Open Offer opened on 13<sup>th</sup> August 2020 and closed on 26<sup>th</sup> August 2020. In response to the Open Offer, 34,34,775 equity shares of the Company were tendered by the public shareholders and were acquired by ZF International UK Limited, a PAC (ZF UK). This constituted 18.11% of the total voting share capital of the Company. Consequently, the Promoters' shareholding in the Company increased to 1,76,60,459 equity shares constituting to 93.11%.

In order to ensure continued listing of the Company, the Promoters' shareholding in the Company has to be brought down to 75% in terms of Securities Contracts (Regulation), Rules, 1957, to ensure minimum public shareholding of 25%.

- ZF UK made an Offer for Sale (OFS) of 17,17,388 equity shares representing 9.05% of the total issued and paid-up equity share capital of the Company on March 25, 2021 and additional equity shares of 17,17,387 representing 9.05% of the total issued and paid-up equity share capital of the Company on March 26, 2021. Consequently, the Company had cumulatively sold 2,404,343 equity shares to non-Retail investors and Retail investors on the basis of valid bids received on T day (i.e. March 25, 2021) and T+1 day (i.e. March 26, 2021), thereby reducing the Promoters' shareholding in the Company to 80.43%.
- In the second phase, ZF UK made an Offer for Sale (OFS) of 5,00,000 equity shares through the stock exchange mechanism representing 2.64% of the total issued and paid-up equity share capital on the 23<sup>rd</sup> June 2021 and additional equity shares of

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1,50,000 representing 0.79% of the total issued and paid-up equity share capital of the Company on 24<sup>th</sup> June, 2021. Consequently, the Company have cumulatively sold 650,000 equity shares of the Company to non-Retail investors and Retail investors on the basis of valid bids received on T day (i.e. June 23, 2021) and T+1 day (i.e. June 24, 2021), thereby reducing the Promoters' shareholding in the Company to 77.01%.

- iii. In the third phase, ZF UK made an Offer for Sale (OFS) of 3,80,432 equity shares through the stock exchange mechanism representing 2.01% of the total paid up equity share capital of the Company on 25<sup>th</sup> August 2021 and 26<sup>th</sup> August, 2021. A total of 3,80,432 equity shares of the Company were sold in the OFS, thereby reducing the Promoters' shareholding in the Company to 75.00% (1,42,25,684 equity shares).

ZF Friedrichshafen AG had announced successful completion of integration of WABCO and start of its new "Commercial Vehicle Solutions (CVS)" division with effect from January 1, 2022 and the new CVS division combines ZF's former Commercial Vehicle Technology and Commercial Vehicle Control Systems (formerly WABCO) divisions. The CVS division of ZF will significantly provide advance solutions for safe, sustainable and digitized transport.

In line with successful completion of integration of WABCO into ZF and start of new CVS Division, the name of the Company has been changed from WABCO India Limited to "ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED" with effect from 07<sup>th</sup> March 2022, with the approval of the members through postal ballot process.

### 5. CAPITAL EXPENDITURE

Capital expenditure of ₹ 120.26 Crores was incurred during the year 2021-22 as against the revised estimate of ₹ 110 Crores excluding the cost of ₹ 75.59 crores paid towards the acquisition of land at Oragadam. Capital Expenditure of ₹ 105 Crores is planned for the year 2022-23.

### 6. DIRECTORS

There are no changes in the composition of the Board of Directors of the Company when compared to previous year and 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, three non-executive non-independent directors and an executive director as on date.

The independent directors continue to fulfill the criteria of independence as defined under Section 149(6) of the Act and Regulation 16(b) of Listing regulations and have furnished the requisite declarations in this regard and the Board confirms that they are independent of the management.

Change in designation / re-appointment, during the year, as follows:

- Change in designation of Mr. Alexander Ignace De Bock to "Director" on his appointment at the AGM on 24<sup>th</sup> September 2021.
- Re-appointment of Mr. Philippe Colpron - retiring by rotation.
- Re-appointment of Dr. Lakshmi Venu as Non-Executive Independent Director from 19<sup>th</sup> May 2021 (5 years).

### 7. 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 15<sup>th</sup> Annual General Meeting up to the conclusion of the 20<sup>th</sup> 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 2021-22 does not contain any qualification, reservation or adverse remark or disclaimer and the same is attached with the annual financial statements.

### 8. 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 2021-22 and submitted their report, which is annexed to this report. The report does not contain any qualification, reservation or adverse remark or disclaimer except the following:-

1. Delay in transfer of unspent CSR Amount to a separate bank account for the ongoing projects for the FY 2020-21. The funds were transferred on 30<sup>th</sup> June 2021 instead of within 30 days from the close of FY. The delay is mainly on account of complete lockdown as imposed in the state of Tamilnadu due to second wave of COVID-19.
2. Delay of one day shorter in sending AGM Notice instead of 21 clear days is due to second wave of COVID-19 in the State of Tamil Nadu. The Company obtained an opinion from legal experts which confirms that this does not affect the validity of the resolutions passed and business transacted at the AGM.

### 9. 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 31<sup>st</sup> March 2023 and has recommended his remuneration to the shareholders for their ratification at the ensuing Annual General Meeting.

The cost audit report for the year 2020-21 has been filed with the Ministry of Corporate Affairs in the prescribed form. The cost audit report for the year 2021-22 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.

### 10. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read

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with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Mr. P Kaniappan - Managing Director

Mr. R S Rajagopal Sastry - Chief Financial Officer

Ms. Muthulakshmi M - Company Secretary

(with effect from 3<sup>rd</sup> November 2021)

Mr. M C Gokul, Company Secretary of the Company resigned from the Company with effect from close of business hours on 1<sup>st</sup> November 2021.

### 11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not provided any Loans or Guarantees to any person or other body corporate under Section 186 of the Act.

The Company had invested a sum of ₹ 100 Lakhs as paidup share capital (1,000,000 equity shares of INR 10 each) in its wholly owned subsidiary i.e. ZF CV Control Systems Manufacturing India Private Limited which got incorporated with effect from 5<sup>th</sup> January 2022.

### 12. WHOLLY OWNED SUBSIDIARY

ZF CV Control Systems Manufacturing India Private Limited was incorporated with effect from 5<sup>th</sup> January 2022 as a wholly owned subsidiary 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.

The Wholly owned subsidiary filed the Commencement of Business with Ministry of Corporate Affairs and it is yet to start operations.

### 13. ANNUAL EVALUATION OF THE BOARD'S PERFORMANCE

During the year, 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 in this regard specified in the guidance note issued by the Securities Exchange Board of India (SEBI) and the provisions of the Companies Act, 2013. The exercise was carried out through a structured evaluation process 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. Separate exercise was carried out to evaluate the performance of each individual director including the Chairman who were evaluated on parameters such as attendance, contribution at the meetings, independent judgment and other relevant aspects as laid down under the Guidance note issued by SEBI in this regard.

The Board was satisfied with the evaluation results, which reflected the overall engagement of the Board, Committees and the directors with the Company.

### 14. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism through "ZF 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 in appropriate or exceptional cases or chief ethics officer of the Company as the case may be to report any concerns or unethical activities.

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

### 15. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING

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

The Company is one among the top 1000 listed companies (272<sup>nd</sup> Position-BSE) as per the market cap as on 31<sup>st</sup> March 2022 and hence as per the SEBI Regulations, the Company has decided to go ahead with BRSR for the FY 2021-22 which forms part of the annual report. As per this policy Mr. P Kaniappan, Managing Director is responsible for the implementation of the BRSR. The initiatives of the Company in this regard for the year 2021-22 are provided in the BRSR Report.

### 16. STATUTORY STATEMENTS

#### 16.1 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 2021-22, the Company had incurred a capital expenditure of ₹ 219.87 lakhs towards a total of 55 energy reduction projects implemented during the year in air conditioners, compressed air systems and other projects which yielded energy savings of ₹ 8.94 Lakhs units and cost savings of ₹ 71.52 Lakhs per annum.

#### 16.2 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 31<sup>st</sup> March 2022 are given in Annexure 2 to this report.

#### 16.3 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 31<sup>st</sup> March 2022 and of the profit of the Company for the year ended on that date;



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- c. 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;
- d. The directors had prepared the annual accounts on a going concern basis;
- e. 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
- f. 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.

### 17. DISCLOSURES UNDER COMPANIES ACT, 2013

#### 17.1 Extract of the Annual Return

The Annual Return of the Company in form MGT-7 for the year ended 31<sup>st</sup> March 2021 is available on the website of the Company in the following link

[https://www.zf.com/mobile/en/company/investor\\_relations/zf\\_cv\\_india\\_investor\\_relations/zf\\_cv\\_india\\_ir.html#accordon\\_2\\_714125\\_0](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#accordon_2_714125_0)

#### 17.2 Number of Board Meetings

The Board of Directors met six times during the year 2021-22. The details of the Board meetings and the attendance of the Directors is provided in the Corporate Governance Report.

#### 17.3 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.

#### 17.4 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.

Certain related party transactions entered into during the year ended 31<sup>st</sup> March 2022 and transactions proposed to be entered into during the year ending 31<sup>st</sup> March 2023 between the Company and M/S. ZF CV Systems Europe BV, a fellow subsidiary of the Company, are material in nature and require the approval of members by ordinary resolution as per the SEBI (LODR) Regulations. An ordinary resolution seeking shareholders' approval for the financial year ended 31<sup>st</sup> March 2022 has been obtained in the Board Meeting held on 17<sup>th</sup> May 2021 and an ordinary resolution seeking shareholders' approval for the financial year ended 31<sup>st</sup> March 2023 has been passed through postal ballot on 15.01.2022.

Similarly, certain related party transactions entered into during the year ended 31<sup>st</sup> March 2022 and transactions proposed to be entered into during the year ending 31<sup>st</sup> March 2023 between the Company and M/S. ZF CV Systems Global GmbH, Switzerland, a fellow subsidiary of the company, are material in nature and require the approval of members by ordinary resolution as per the SEBI (LODR) Regulations. An ordinary resolution seeking shareholders' approval has been passed through postal ballot on 15.01.2022. (for FY 2021-22 & 2022-23).

The Company pays royalty to M/s ZF CV Systems Europe BV (Formerly WABCO Europe BVBA), a fellow subsidiary and related party at the rate of 4% per annum on the net sales (Total sales (less) inter-company sales (less) inter-company purchases) effective 1<sup>st</sup> 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.

During the year ended 31<sup>st</sup> March 2022 royalty of ₹ 58.08 crores was paid to M/s ZF CV Systems Europe BV which amounts to 3.14% of the total turnover for the financial year 2020-21.

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 4 to this report.

### 18. POLICIES

- 18.1 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#policiesandcodeofconduct\\_acc\\_657742\\_0](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#policiesandcodeofconduct_acc_657742_0)

- 18.1.1 Code of Business conduct and ethics by the Board Members & Senior Management
- 18.1.2 Corporate Social Responsibility Policy
- 18.1.3 Related Party Transaction Policy
- 18.1.4 Nomination and Remuneration Policy
- 18.1.5 Whistle Blower Policy
- 18.1.6 Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- 18.1.7 Policy on Criteria for Determining Materiality of Events
- 18.1.8 Dividend Policy

#### 18.2 Policy on director appointment and remuneration

Company's policy on directors' appointment and remuneration including criteria determining for qualification, positive

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attributes, independence of a director and other matters provided under Section 178(3) of the Act is provided in the Corporate Governance Report.

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

- 19.1 The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details as prescribed are as given below:

Name	Ratio
Mr. P. Kaniappan, Managing Director	47.86:1
Mr. M. Lakshminarayan - Independent Director	2.38:1
Mr. Mahesh Chhabria, Independent Director	3.26:1
Dr. Lakshmi Venu, Independent Director	2.22:1

Directors other than those mentioned above have not drawn any remuneration including Sitting Fees & Commission, for the financial year 2021-22.

- 19.2 The percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer, Company Secretary, in the financial year:

Mr. M. Lakshminarayan, Chairman	(9.16)
Mr. Mahesh Chhabria, Director	45.96
Dr. Lakshmi Venu, Director	(12.60)
Mr. P. Kaniappan, Managing Director	(35.09)
Mr. R.S Rajagopal Sastry, Chief Financial Officer	(51.52)
Mr. M.C. Gokul Company Secretary *	(63.23)
Ms. M. Muthulakshmi, Company Secretary **	-

\* Mr. M.C. Gokul, Company Secretary of the Company resigned from the Company with effect from close of business hours on 1<sup>st</sup> November 2021.

\*\* Ms. M. Muthulakshmi, Company Secretary of the Company joined the Company with effect from 3<sup>rd</sup> November 2021.

- 19.3 The percentage increase in the median remuneration of employees in the financial year: 8%
- 19.4 The number of permanent employees on the rolls of company as on 31<sup>st</sup> March 2022: 1960.
- 19.5 Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year: 9%

Percentage increase in the managerial remuneration in the last financial year was (31.40%). 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 based on their individual performance and the performance of the Company. The Board at its meeting dated

20<sup>th</sup> May 2022, approved the commission to be paid to non-executive independent directors to ₹ 20 Lakhs per independent director. Further an additional amount of ₹ 10 Lakhs be paid to Mr. Mahesh Chhabria for the efforts and time spent by him and as Chairman of the Audit Committee in managing the overall efforts towards the conduct of the forensic audit as required by Law.

- 19.6 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 also 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, with respect to Mr. P. Kaniappan, Managing Director, 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.

- 19.7 The remuneration of directors and employees are as per the remuneration policy of the Company.

- 19.8 Particulars of Employees

The statement of particulars of employees as per Section 197 of the Companies Act, 2013, read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, for the year ended 31<sup>st</sup> March 2022, is given in Annexure 5 and forms part of this Report.

### 20. 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 31<sup>st</sup> March 2022. 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.

### 21. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has a structured familiarization program for independent Directors of the Company which also extends to other

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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 regularly made to the Board of Directors 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\\_in.html#board\\_of\\_directors\\_acc:656413\\_0](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_in.html#board_of_directors_acc:656413_0)

### 22. 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 31<sup>st</sup> March 2022.
  - 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 2021-22.
  - 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 31<sup>st</sup> March 2022. Hence there were no instances of any on 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 under the Insolvency and Bankruptcy Code, 2016 as at March 31, 2022.
  - The Company has not transferred any amount to general reserves during the year ended 31<sup>st</sup> March 2022.
  - There are no material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year 31<sup>st</sup> March 2022 and at the date of the 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 2021-22.

### 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

M. LAKSHMINARAYAN  
Chairman  
DIN: 00064750

Chennai  
20<sup>th</sup> May 2022



**A. CONSERVATION OF ENERGY**

**1. Measures taken**

- i) Implementation of centralized energy management system supported to reduce non-working energy and compressor utilization which reduces energy consumption by 20% of its consumption.,
- ii) Anodizing Chiller heat exchanger design change -using direct titanium coil which reduces 150KWH/day at WINM Plant.
- iii) Replaced IE2 motor to energy efficient IE3 motor in 45 places which resulted 40K units yearly savings.
- iv) Providing capacitor near Air Compressors to balancing power factor near the load 45K units annual savings.
- v) Normal fan replaced with super fan (DC) for machining line savings of 20K units annually at WINM plant.
- vi) Replaced panel cooler to air to air cooler 25 places in CNC machines 150K units saved annually in all the plants
- vii) Plasma chillers modified from 50 KW to 18KW based on improved pulsar and rectifier with reduced heat generation components saving of 175K units/year
- viii) All washing machine heater are connected with thyristor control heaters by that savings of 30K units per year.
- ix) Air Blowers to be used instead of compressed air in all applicable washing machines saving of 100K units /year.

These measures resulted in substantial energy savings of about 8.94 lakhs units of power and Cost resulting in ₹ 71.52 lakhs per annum.

**2. Measures proposed**

- i) Provide false ceiling based axial fan to improve circulation in assembly areas to reduce chiller working cycle expected saving 10% of HVAC energy
- ii) Optimize the Air Conditioning in Vacuum Pump and Wheel Speed Sensor Assembly by 20% through Energy Efficient Duct-able A/C in Ambattur Site.
- iii) GH Induction Hardening machine Power Reduction through replace silicon based Mosfet's instead of old technology by that reduce heat, can achieve 10% Energy.
- iv) System upgradation in conventional CNC machines 4nos to new Energy efficient motor CNC to reduce 400K units per year.
- v) Replacement of 110 KW Air Compressor and 1000 CFM Dryer unit with upgraded energy efficient motor and Air End by that reduce 10% compressor energy.
- vi) Use Glycol for the AHU Chiller cooling water to avoid freezing and also run chiller during non-peak hours to reduces 10% of energy.
- vii) Replace the Hydraulic Turret head into Electrically operated turret to reduce energy consumption in 2 Conventional machines.
- viii) Planning to implement small compressor for night shift operations in all the sites Which reduces 10% compressor energy.
- ix) Pneumatic free CNC machines in 15nos to compressor reduce energy 10%

These measures are expected to result in substantial energy savings of about 10.54 lakhs units of power & Cost ₹ 84.32 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	219.87
Recurring expenditure (including salaries)	4,136.86
	<u>4,356.73</u>

**D. TECHNOLOGY ABSORPTION**

**1. Efforts made towards technology absorption**

- a. Developed Electrically driven air compressor
- b. Developed Collision mitigation warning system.
- c. Developed Electrical vacuum pump as per AIS 004 part 3.
- d. Developed Automated manual transmission system (Opti drive) for Trucks and buses.
- e. Developed cloud system for Fleet management system (FMS)
- f. Developed Electronic-Lift axle control System (e-LACS)
- g. Developed Electronic throttle valve
- h. Developed Forward collision warning system for AIS 172 regulation.
- i. Developed sound sensor for advanced sound detection and signaling to the driver.
- j. Developed advance door control system for city buses for AIS 054 regulation.
- k. Developed lightweight aluminum alloy having high corrosion resistance and high strength for compressor and valve application
- l. Developed chatbot for Material selection application for all products
- m. Developed high ozone resistance NBR material for outdoor elastomer parts for Actuator, Brake chamber and valve application
- n. Indigenous development of surface protection for air dryer application
- o. Developed blooming free NBR material for outdoor elastomer parts for actuator application
- p. Indigenous development of NBR & EPDM materials for rubber bearing for CAR ASU application

**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
- h. Improved ride and handling performance
- i. New business and increased market share.
- j. Localized the product for optimized cost

**E. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	₹ in Lakhs
Foreign exchange inflow	1,11,916.90
Foreign exchange outflow	44,166.08

**Report on CSR activities for the year ended 31<sup>st</sup> March 2022**

**1. A brief outline of 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 and 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#policiesandcodeofconduct\\_acc\\_657742\\_0](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#policiesandcodeofconduct_acc_657742_0)

**2. The 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	One	One
2	Mr. M Lakshminarayan	Member	One	One
3	Dr. Lakshmi Venu	Member	One	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](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. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No	Financial Year	Amount available for set-off from preceding financial years (in INR)	Amount required to be set-off for the financial year, if any (in INR)
Not Applicable			

6. Average net profit of the Company as per Section 135(5): INR 26,422.08 Lakhs

7. a) Two percent of the average net profit of the Company as per Section 135(5): INR 528.44 Lakhs

b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Not Applicable

c) Amount required to be set off for the financial year, if any: Not Applicable

d) Total CSR obligation for the financial year (7a+7b-7c): INR 528.44 Lakhs

8. Details of CSR spent during the financial year:

(a) CSR amount spent or unspent for the financial year (Rupees in lakhs)

Total Amount Spent for the Financial Year	Amount unspent				
	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
274.62	254	28.04.2022	Not Applicable		

**ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED**

(b) Details of CSR amount spent against ongoing projects for the financial year

(₹ in 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	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	Health Care support to community hospitals - Create infrastructure at hospitals - Supply medical equipments.	Item (i) - Promoting Health Care including preventive Health Care	Yes	Ambattur - Chennai, Mahindra World City - Chengalpatt u, Barabanki - Lucknow, Jamshedpur	3 Years	152.58	30.09	122.49	No	WABCO Foundation	CSR00024690
2	Preventative Health care & Infrastructure Development Support to the Government School	Item (ii) Vocational skills/ Safety Training & Education	Yes	- Jharkhand	3 Years	17.58	0.00	17.58	No	WABCO Foundation	CSR00024690
3	Establishing skill development under the skill India Objectives	Item (ii) Vocational skills Training & Education	Yes	Chennai	3 Years	14.03	0.00	14.03	No	WABCO Foundation	CSR00024690
4	Creating and maintaining - Green belts, green cover, trees, water bodies etc.	Item (iv) Environmental Sustainability	Yes	Chennai	3 Years	99.64	0.00	99.64	No	WABCO Foundation	CSR0002469 0
<b>Total</b>						<b>283.83</b>	<b>30.09</b>	<b>253.74</b>			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ in 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	Health Care support to community hospitals including COVID Support to Community							
	a. Oxygen Plant - Setting up of Oxygen generation Plants, create infrastructure at hospitals.	Item (i) - Promoting Health Care including preventive Health Care	Yes	KK Nagar Chennai	51.97	No	WABCO Foundation	CSR00024690
	b. Covid Vaccination Drive	Item (i) - Promoting Health Care including preventive Health Care	Yes	Mylapore, Chennai	50.00	No	WABCO Foundation	CSR00024690
2	Supplied PPE Kits, Pulse Oxy Meters, Face Shields, gloves, masks, sanitizers, BP apparatus, adult diapers, Disposable bedspreads etc., Cots, Lifesaving critical equipments, consumables to Hospitals							

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(c) Details of CSR amount spent against other than ongoing projects for the financial year: - (continued)

(₹ in 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
c.	Government Perambalur District Hospital	Item (i) - Promoting Health Care including preventive Health Care	Yes	Perambalur	26.60	No	WABCO Foundation	CSR00024690
d.	Government Stanley Hospital	Item (i) - Promoting Health Care including preventive Health Care	Yes	Tiruvottiyur, Chennai	27.82	No	WABCO Foundation	CSR00024690
e.	ESI Hospital	Item (i) - Promoting Health Care including preventive Health Care	Yes	Ayananvaram, Chennai	16.06	No	WABCO Foundation	CSR00024690
f.	JLN District Hospital	Item (i) - Promoting Health Care including preventive Health Care	Yes	Rudrapur	8.70	No	WABCO Foundation	CSR00024690
g.	Government Medical College & Hospital	Item (i) - Promoting Health Care including preventive Health Care	Yes	Thiruvallur	7.68	No	WABCO Foundation	CSR00024690
h.	King Institute of Preventive Medicine & Research	Item (i) - Promoting Health Care including preventive Health Care	Yes	Gunidy, Chennai	2.72	No	WABCO Foundation	CSR00024690
i.	Community Health Centre	Item (i) - Promoting Health Care including preventive Health Care	Yes	Gamharia	0.95	No	WABCO Foundation	CSR00024690
j.	Urban Primary Health Centre	Item (i) - Promoting Health Care including preventive Health Care	Yes	Adityapur	0.95	No	WABCO Foundation	CSR00024690
k.	Chengalpattu Medical College	Item (i) - Promoting Health Care including preventive Health Care	Yes	Chengalpattu	1.58	No	WABCO Foundation	CSR00024690
3	Safety Training program for Medium & Heavy Commercial Vehicle Drivers, Mechanics, hazardous goods carriers, including Health checkup a. Training Cost b. Medical Professional charges c. Technician Charges	Item (ii) promoting education and employment enhancing vocation skills	Yes	31 locations across India	13.53 6.13 1.23	No	WABCO Foundation	CSR00024690
4	Supply of Information Technology related package & installation in Laptops, handed over to children below poverty line.	Item (ii) - Promoting Education	Yes	Chennai	0.07	No	WABCO Foundation	CSR00024690
5	Installation of Solar Light & high mast lighting	Item (iv) Environmental Sustainability & Item (x) Rural Development projects	Yes	Ambattur (Chennai) & Barabanki (Lucknow)	2.13	No	WABCO Foundation	CSR00024690
<b>Total</b>					<b>218.12</b>			

**ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED**

- (d) Amount spent on Administrative Overheads: ₹ 26.41 Lakhs  
 (e) Amount spent on Impact Assessment, if applicable: NIL  
 (f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e): ₹ 274.62 Lakhs  
 (g) 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)	528.44 Lakhs
(ii)	Total amount spent for the Financial Year	274.62 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

9. (a) Details of Unspent CSR amount for the preceding three financial years

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in INR)
				Name of the Fund	Amount	Date of transfer	
1	2018-19	NA	NA	NA	NA	NA	NA
2	2019-20	NA	NA	NA	NA	NA	NA
3	2020-21	₹ 630 Lakhs	₹ 46.04 Lakhs	NA	NA	NA	₹ 583.96 Lakhs

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

Sl. No.	Name of Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	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	604.00	46.04	46.04	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	-	-	Ongoing
				630	46.04	46.04	

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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

11. 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 COVID-19 situation and the nature of projects identified, the Company could not spend 2% of the average net profits of last three years during the year 2021-22. The Company has identified individual projects & vendors for execution of those projects. Scopes of work & POs have been released during FY 2021-22 and the projects are ongoing. The projects would be completed during the next three years. This amount of ₹ 254 lakhs on account of ongoing projects has been transferred to a separate unspent CSR account on 28<sup>th</sup> April, 2022, in compliance with the law.

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. During the year, the Company's primary focus areas for CSR activities are mentioned below.

Various community services were undertaken like personal hygiene awareness & health checks for drivers, vocational training and education for drivers in and around the plant locations etc. In view of the second wave of CoVID-19, which was very severe, the company also stepped up and facilitated immediate action to support the medical, healthcare and frontline workers in the battle against COVID-19. During the 2<sup>nd</sup> wave, the company pro-actively reached out to serve the community (Government) hospitals in the vicinity of manufacturing plants with PPE kits, gloves, masks, face shields, disposable bed spreads, adult diapers, sanitizers, disinfectants, Medical cots, Oxygen cylinders, Oxygen flow meters, wheel chairs, pedestal fans, stretchers, Hot water dispensers and critical care equipment like ECG machines, Multichannel monitors. Through the WABCO Foundation, the Company had supported all the Government CoVID care centres as well as Tertiary care CoVID Hospitals viz. ESI Hospital-Aynavaram, Stanley Medical College & Hospital, Kings Institute, Chengalpattu Government Hospital, Thiruvallur Government Hospital, Primary Health Centre's of Adityapur & Gamharia by providing them with consumables and other necessary medical equipment. The Foundation has also handed over 50 oxygen concentrators of 5 L capacity to the Perumbalur District Hospital during the peak of second wave when oxygen supply to the patients was in demand. The Foundation has also commissioned a 250 LPM oxygen generation plant at the Government peripheral Hospital, KK Nagar, Chennai and another similar oxygen generation plant at the District Hospital, Barabanki is also under progress. Understanding the importance of CoVID-19 vaccination to put an end to the pandemic, WABCO Foundation through Greater Chennai Corporation has vaccinated the general public with 7936 doses of CoVID-19 vaccines through Kauvery Hospital.

Apart from CoVID-19, to support the communities to deliver good healthcare to the public, the Company has stepped in to upgrade the Hospital infrastructures and facilities. The Accident and Emergency department of Chengalpattu Medical College Hospital which receives nearly 200 emergency cases each day needed life saving critical care equipments, for which the Company had supported them with C-arm, Mechanical ventilators, Multi channel monitors, ECG machines, infusion pumps and syringe pumps. The neonatal ICU of Chengalpattu Medical College Hospital was also supported with modern equipments like Hospital grade Breast pumps, Co-oximeter, Bilirubin analyser, Air oxygen blender, syringe pumps, pulse oximeter & flux meter. Primary Health Care centres at Padi & Kunnavakkam were also supported with equipments towards maternity Health care like Cardiopography, Multichannel monitors, foetal doppler & cell counter machine. The district hospital at Saraikeela required operation theatre upgradation and so Foundation supported them with OT LED lights, Ultrasound machine, multichannel monitors.

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.

For and on behalf of the Board

M. LAKSHMINARAYAN  
Chairman  
DIN: 00064750  
Chennai  
20<sup>th</sup> May 2022

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



**ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED**

**Annexure - 3**

**SHARE HOLDING PATTERN As on 31<sup>st</sup> March 2022**

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
<b>A. Promoters</b>								
<b>Foreign</b>								
Body Corporate	152,56,116	–	152,56,116	80.43%	142,25,684	–	142,25,684	75%
<b>Total Shareholding of Promoters</b>	<b>152,56,116</b>	<b>–</b>	<b>152,56,116</b>	<b>80.43%</b>	<b>142,25,684</b>	<b>–</b>	<b>142,25,684</b>	<b>75%</b>
<b>B. Public Shareholding</b>								
<b>1. Institution</b>								
a. Mutual Funds	20,80,865	–	20,80,865	10.97%	27,78,724	–	27,78,724	14.65%
b. Alternative Investment Fund	–	–	–	–	1,13,715	–	1,13,715	0.60%
c. Bank / FI	2	–	2	0.00%	2	–	2	0.00%
d. Insurance Co	47,620	–	47,620	0.25%	2,26,834	–	2,26,834	1.20%
e. Foreign Portfolio Corporate	66,672	–	66,672	0.35%	1,35,141	–	1,35,141	0.71%
<b>Sub-Total-B(1)</b>	<b>21,95,159</b>	<b>–</b>	<b>21,95,159</b>	<b>11.57%</b>	<b>32,54,416</b>	<b>–</b>	<b>32,54,416</b>	<b>17.16%</b>
<b>2. Non-Institution</b>								
a. Body Corporate	64,046	1,304	65,350	0.34%	69,076	1,304	70,380	0.37%
b. IEPF Authority	45,102	–	45,102	0.24%	47,207	–	47,207	0.25%
c. Individual								
i. Individual shareholders holding nominal share capital upto ₹ 2 lakh	9,56,768	1,02,191	10,58,959	5.58%	10,65,318	90,835	11,56,153	6.10%
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	44,160	–	44,160	0.23%	44,160	–	44,160	0.23%
d. NRI (Rep)	16,979	–	16,979	0.09%	17,790	–	17,790	0.09%
e. NRI (Non-Rep)	22,476	124	22,600	0.12%	25,143	124	25,267	0.13%
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	10	–	10	0.00%	491	–	491	0.00%
i. LLP	9,668	–	9,668	0.05%	1,04,138	–	1,04,138	0.55%
j. HUF	24,613	–	24,613	0.13%	18,230	–	18,230	0.10%
k. Clearing Members	2,27,170	–	2,27,170	1.20%	1,881	–	1,881	0.01%
l. NBFCS	40	–	40	0.00%	40	–	40	0.00%
<b>Sub-Total - B (2)</b>	<b>14,12,690</b>	<b>1,03,619</b>	<b>15,16,309</b>	<b>8.00%</b>	<b>13,95,132</b>	<b>92,263</b>	<b>14,87,395</b>	<b>7.84%</b>
<b>Net Total (1+2)</b>	<b>36,07,849</b>	<b>1,03,619</b>	<b>37,11,468</b>	<b>19.57%</b>	<b>46,31,516</b>	<b>92,263</b>	<b>47,41,900</b>	<b>25.00%</b>
<b>Grand Total (A+B+C)</b>	<b>188,63,965</b>	<b>1,03,619</b>	<b>189,67,584</b>	<b>100.00%</b>	<b>188,75,321</b>	<b>92,263</b>	<b>189,67,584</b>	<b>100.00%</b>



## 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)

Sl.No.	Name of the subsidiary	ZF CV Control Systems Manufacturing India Private Limited
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	05.01.2022
2.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	–
3.	Share capital	100.00
4.	Reserves & surplus	–
5.	Total assets	100.00
6.	Total liabilities	100.00
7.	Investments	–
8.	Turnover	–
9.	Profit before taxation	–
10.	Provision for taxation	–
11.	Profit after taxation	–
12.	Proposed Dividend	–
13.	% of shareholding *	100.00%

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

- Names of subsidiaries which are yet to commence operations - Nil
- 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

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

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### FORM NO. AOC - 2

### Annexure - 5

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. 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 of the transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount 2021-22
ZF CV Systems Europe BV, a fellow subsidiary	Sales of Automotive Components	01.04.2021 to 31.03.2022	Markup on cost of raw materials, conversion cost	17.05.2021	26,215.85
	Rendering of services	01.04.2021 to 31.03.2022	Mark-up on cost of salary, rent	17.05.2021	4,013.16
	Fee for Intellectual property	01.04.2021 to 31.03.2022	Royalty @ 4% p.a. on net sales	17.05.2021	5,807.78
	IT Support services	01.04.2021 to 31.03.2022	Actuals	17.05.2021	1,260.00
ZF CV Systems Global GmbH, Switzerland	Purchase of goods	01.04.2021 to 31.03.2022	Markup on cost of raw materials, conversion cost	17.05.2021	1,942.74
	Sales of Automotive Components	01.04.2021 to 31.03.2022	Markup on cost of raw materials, conversion cost	17.05.2021	13,729.87
	Rendering of Services	01.04.2021 to 31.03.2022	Mark-up on cost of salary, rent	17.05.2021	15,757.01
<b>Total</b>					<b>68,726.41</b>

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 2021-22 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 (in ₹)	Last Employment
1.	P. Kaniappan	20/2/2008	Managing Director	B.Tech, M.Sc, Executive MBA	62	40	47,975,820	Sundaram-Clayton Ltd.
2.	R S Rajagopal Sastry	31/8/2015	Chief Financial Officer	B.Com, AICWA, ACS	52	34	10,957,775	R Stahl (I) Private Ltd
3	Ravi Tallapragada *	21/12/2020	Engineering Site Leader	B.Tech	44	22	11,706,404	VALEO
4	Ravindra Kumar Dwivedi	18/11/2019	Global Head of Software	M.Tech	49	30	11,166,256	HARMAN
5	Ganesamoorthy Arumugam	20/02/2008	Leader, Engineering	M.Tech	53	26	9,406,056	Sundaram-Clayton Ltd.
6	M S Ravikumar	20/2/2008	Leader, Integrated Supply Chain	A.M.I.E, M.Sc, PGXPM	56	35	9,294,521	Sundaram-Clayton Ltd.
7	V Ramanathan	22/01/2007	Leader, OE Marketing	B.E Mechanical, MBA	53	35	8,280,675	Maruti Udyog Ltd.
8	Ramachandra Puttanna	24/8/2019	VP Aftermarket & Fleet Solutions	B.E Mechanical, MBA, PG Diploma	54	31	7,052,790	Magneti Marelli Ltd
9	Chelladurai Muruganandam	17/05/2019	Regional Quality Leader India	B.E Mechanical, MBA	47	24	6,958,399	Faurecia Emission Control Technology Ltd
10	Joseph Jackson Panakkal	04.06.2018	Leader, Human Resources	MA (PM&R), MBA (Finance)	47	25	6,702,226	Saint Gobain India Pvt. Ltd.

\* Ravi Tallapragada has resigned his office since 28.01.2022.

**Notes:**

1. 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 benefit arising out of participation in M/s WABCO Holdings Inc., RSU / PSU schemes as per income tax rule.
2. Nature of employment is contractual.
3. None of the above employee is related to any director of the Company except Mr. P. Kaniappan, who himself is Managing Director.
4. 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.
5. 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  
20<sup>th</sup> May 2022

M LAKSHMINARAYAN  
Chairman

**Form No. MR-3****Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2022**

[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 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 ("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 31<sup>st</sup> March 2022 but before the issue of this audit report;
- (ii) 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
- (iii) 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 31<sup>st</sup> March 2022, 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 observations and the letter of even date annexed to this report as Annexure-A and Annexure-B respectively.

**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 31<sup>st</sup> March 2022 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 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).
- (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 17<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> September 2021 and the 3<sup>rd</sup> postal ballot process which concluded on 15<sup>th</sup> January 2022.

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:

- (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 Debt Securities) Regulations, 2008, which was replaced by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 with effect from 16<sup>th</sup> August 2021;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, which was replaced by the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 with effect from 10<sup>th</sup> June 2021;
- (v) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which was replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13<sup>th</sup> August 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

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

(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 31<sup>st</sup> March 2022, the Board of Directors comprised of:

- (i) 1 (one) Executive Director;
- (ii) 3 (three) Non-Executive Non-Independent Directors; and
- (iii) 3 (three) Independent Directors, including 1 (one) Independent woman director (constituting more than 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 and were approved at the 17<sup>th</sup> Annual General Meeting (AGM) held on 24<sup>th</sup> September 2021:

- (i) Re-appointment of Mr. Philippe Colpron (DIN: 08344534) as a Non-Executive Non-Independent Director, upon his retirement by rotation.
- (ii) Approval of re-appointment of Dr. Lakshmi Venu (DIN: 02702020), as a Non-Executive and Independent Director for a second term of five consecutive years from 19<sup>th</sup> May 2021 to 18<sup>th</sup> May 2026.
- (iii) Appointment of Mr. Alexander De Bock (DIN: 08745365) [who was appointed as Additional Director (Non-Executive and Non-Independent), effective 25<sup>th</sup> September 2020], as a Non-Executive and Non-Independent Director liable to retire by rotation.

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 compliance, keeping pace with the growth in operations and 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 Registrar and Share Transfer Agent (RTA) for electronic connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) was changed from Sundaram-Clayton Limited to Integrated Registry Management Services Private Limited from 5<sup>th</sup> April 2021.
- (ii) The Open Offer made by ZF Friedrichshafen AG, Germany, along with entities acting in concert with them (PAC) to the Company's public shareholders, in terms of SAST, during the financial year ended 31<sup>st</sup> March 2021 had resulted in the public shareholding going below the minimum requirement of 25% for continued listing as stipulated under SCRA. During the year under review, ZF International UK Limited, a PAC in the Open Offer, sold a further 10,30,432 equity shares of the Company acquired under the Open Offer (besides the 24,04,343 equity shares sold in the previous financial year) through Offer for Sale (OFS) mechanism during June 2021 and August 2021, resulting in the public shareholding in the Company increasing to the minimum of 25% required for continued listing.
- (iii) ZF CV Control Systems Manufacturing India Private Limited was incorporated as a wholly-owned subsidiary of the Company on 5<sup>th</sup> January 2022.
- (iv) The Company's name changed from "WABCO INDIA LIMITED" to "ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED" with effect from 7<sup>th</sup> March 2022.

**For S Krishnamurthy & Co.,**  
Company Secretaries  
(Peer Review Certificate No.739/2020)

**K. SRIRAM**  
Partner  
Membership No: F6312  
Certificate of Practice No:2215  
UDIN : F006312D000356211

Date : 20<sup>th</sup> May 2022  
Place : Chennai

### Annexure- A to Secretarial Audit Report- Observations referred to in Paragraph 1.3

With respect to the Companies Act, 2013 and SS-2, the following:

(i) Section 101 and Clause 1.2.6 of SS-2 - Notice convening the 17<sup>th</sup> Annual General meeting of the members of the Company on 24<sup>th</sup> September 2021 should have been sent by 2<sup>nd</sup> September 2021 in order to comply with requirement of 21 clear days' notice. However, it was called by sending the notice through e-mail on 3<sup>rd</sup> September 2021.

(ii) Section 135 - Though the Company has not been able to spend the entire amount prescribed under Section 135(1) in Corporate Social Responsibility (CSR) projects in the respective financial year, it has as stipulated under Section 135(6):

(a) Transferred the Unspent CSR amount of Rs. 630 lakhs for the financial year ended 31<sup>st</sup> March 2021 relating to an ongoing project to a separate bank account. This was done belatedly on 30<sup>th</sup> June 2021 instead of the prescribed time limit of 30<sup>th</sup> April 2021; and

(b) Transferred Unspent CSR amount of ₹ 254 lakhs for the financial year ended 31<sup>st</sup> March 2022 to a separate account with a scheduled bank on 28<sup>th</sup> April 2022.

**For S Krishnamurthy & Co.,**  
Company Secretaries  
(Peer Review Certificate No.739/2020)

**K. SRIRAM**  
Partner  
Membership No: F6312  
Certificate of Practice No:2215  
UDIN : F006312D000356211

Date : 20<sup>th</sup> May 2022  
Place : Chennai



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Annexure - B 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 (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March 2022 is to be read along with this letter**

- The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
- 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.
- We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have 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.
- While forming an opinion on compliance and issuing this report, we have taken an overall view based on the compliance process / procedures followed by the Company; and considered compliance related action taken by the Company after 31<sup>st</sup> March 2022 but before the issue of this report.
- We have considered compliance related actions taken by the Company based on independent legal/ professional opinion obtained

as being in compliance with law, wherever there was scope for multiple interpretations. Further, with reference to compliance related actions in the nature of filing of returns with statutory authorities / dissemination of information to stock exchanges, we have also considered compliance related actions taken by the Company after the relevant due dates, but before the issue of this report.

- 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.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
- 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.

**For S Krishnamurthy & Co.,**  
Company Secretaries  
(Peer Review Certificate No.739/2020)

**K. SRIRAM**  
Partner  
Membership No: F6312  
Certificate of Practice No:2215  
UDIN : F006312D000356211

Date : 20<sup>th</sup> May 2022  
Place : Chennai

### Certificate from Company Secretary in Practice

(In terms of 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 Directors on the Board of ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED ("the Company") as on 31<sup>st</sup> March 2022, as listed below, 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 Identification Number (DIN)
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

Sl. No.	Name of the Director	Nature of Directorship	Director Identification Number (DIN)
7.	Alexander Ignace De Bock	Non-Executive, Non-Independent	08745365

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

- Our verification of the information relating to the directors available in the official website of Ministry of Corporate Affairs; and
- Our verification of the disclosures / declarations / confirmations provided by the said directors to the Company and other relevant information, explanation and representations provided by the Company, its officers and agents.

We wish to state that 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 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 corporate governance processes followed by the management of the Company.

**For S Krishnamurthy & Co.,**  
Company Secretaries  
(Peer Review Certificate No.739/2020)

**K. SRIRAM**  
Partner  
Membership No: F6312  
Certificate of Practice No:2215  
UDIN : F006312D000356717

Date : 20<sup>th</sup> May 2022  
Place : Chennai

### Management Discussion and Analysis Report

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.

The entire automotive industry is undergoing a transformation towards a data-driven economy in which digital solutions are becoming as important as classic vehicle technology. ZF produces holistic system solutions which allow vehicles to see, think, and act, in order to shape Next Generation Mobility. In today's dynamic and rapidly evolving scenario, global mega-trends such as population growth, Internet of Things (IoT), higher customer expectations and a push towards sustainability, combined with increasingly demanding customer requirements for flexibility, speed and safety put further pressure on supply chains and fleet profitability. Experts group the five core technologies that will shape the future mobility market under the acronym 'CASES': Connected, Autonomous, Shared, Electric and Sustainable. In an increasingly complex world, the Company wants to offer simplicity, convenience and added value at the same time to all mobility users. Abreast with these technological trends and to meet the challenges posed by the same, the company will focus and drive technological advancement that will continue to enable smarter operations across the mobility ecosystem.

#### 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 in the geopolitical situation and the accompanying surge in international crude oil and other commodity prices, tightening of global financial conditions, persistence of supply-side disruptions and significantly weaker external demand pose downside risks.

The Purchase Manager's Index manufacturing index was at 54.0 in March 2022 compared to 55.4 in March 2021. Based on data provided by the NSO, On the supply side, real gross value added (GVA) rose by 8.3 per cent in 2021-22,

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.

Indian economic growth is estimated at 9.0% in FY 2021-22 and 7.8% in FY 2022-23. The GDP growth estimate for FY 22-23 is 7.2% down from 9.5% in view of the global geo-political situation arising out of the Russia-Ukraine conflict and elevated global commodity prices.

##### ii. Indian Commercial Vehicle Industry:

Commercial Vehicle (CV) sales are directly linked with economic activities in the country. The global automotive industry demand recovered predominantly from COVID-19 pandemic waves but was under severe pressure due to continuous semiconductor shortages, Russia Ukraine conflict and the challenges posed by the continuous raw material inflation which pulled down the growth to a large extent. The Indian commercial vehicle space saw a growth of 50% 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 looks to be promising due to segments like construction, infrastructure and logistics spurge. Demand is expected to improve over the near-term due to the introduction of the vehicle scrappage policy in phases.

CV sales was up by ~53% for the year 2021-22 compared to the previous year. Growth in the CV segment is expected through increase in vehicle demand amidst volatility of raw material inflation and semiconductor crisis.

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.
- Connectivity and digitalization will open up 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 opening up of schools / offices post COVID-19 to revive bus market.

With the implementation of GST, the proportion of small fleet owners is expected to decline and they are likely to associate themselves with larger fleet owners which is expected to create megafleets. A well thought out vehicle scrappage policy with incentives is expected to spur demand for commercial vehicles in the short term. Adoption of digital connectivity solutions will make fleets more efficient and cost-effective.

The Government of India's FAME-II scheme has 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 etc., would also lead to reviving in 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. The production cycle will increase in the coming years owing to export markets seeking budget trucks that are compliant to 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 horse power engines with electronic diesel-controlled system
- Auxiliary braking system like electromagnetic retarders, hydraulic retarders and retarder 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
- Advance 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
- HVAC systems for cabins of buses / trucks.

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, 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 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 a unique opportunity to work even more closely with OEMs to further penetrate the Indian market and introduce new technologies for the benefit of mobility users. During the year, the company took efforts to sustain and increase revenues through 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 technology 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.

Post GST and increased axle load norms; the fleets are looking at amplified vehicle utilization and optimizing their total cost of ownership. To better support the OEMs when the regulation for increased axle load was effected, the Company introduced larger sized compressors, improved braking and stability solutions to help them create differentiated products for their customers.

Industry shift 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 has the potential to transform user experience to a whole new level.



The Company also introduced numerous products through the aftermarket 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 increase customer centricity
- Penetration road map for newer technologies like Electronic Stability Control (ESC), Advanced Driver Assistance Systems (ADAS), Reverse Parking Assistance System (RPAS), Driver behavior monitoring system (DBMS)
- Introduction of new product portfolio - Doors with door control system, air suspension systems, air disc brakes among others.
- Introduction of AMT.
- Introduction of e-Compressor, Electronic Braking System (EBS).

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 customers 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 pan India presence to cater to the customer requirements. These initiatives have resulted in improved service practices, availability of genuine parts and generate 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 experienced the full impact of lockdowns induced by the spread of COVID-19 to pandemic levels during the year. The nationwide lockdown which started from 17<sup>th</sup> March 2020 resulted in nil to very minimal commercial vehicle production and hence had an impact on the revenue of the Company. Review of the business plan based on the scenarios were put in place and is being closely monitored by the Board and the Leadership team with timely and

relevant information. The company gradually opened up its factories and operations within the limits approved by the appropriate Governments. The company however scaled up production to match the demand as it evolved during the relaxation period. This recovery was slowed down further due to the restrictions during the 2<sup>nd</sup> wave.

The Company adopted the work from home policy during the entire duration of the lockdown wherever feasible. All necessary arrangements were made for employees to work from home. The Company was largely successful in ensuring that essential activities were not interrupted. The Company is strictly adhering to all the protocols defined by the Government while operating. Well established and well-rehearsed safety, social distancing and sanitizing norms are ensured. These measures include:-

- Standard SOP for restart of operations based on government guidelines.
- Thermal Screening, self-declarations & hand sanitizing of all employees and visitors.
- Regular update of the health of all the employees and their families.
- Disinfection of all frequent touch points twice a day in all sites/offices, non-touch hand sanitizers are placed.
- Social distancing in production line as well as in office areas with gloves and masks being made mandatory in all production lines.
- Touch free modification made in rest rooms and water coolers.
- Awareness sessions with Dos and Don'ts to all employees before back to work.
- Video for COVID safety practices developed and communicated to all employees.
- Work from home recommended for non-production employees.
- Only 50% occupancy is permitted in canteen at a time; food is served by canteen staff so to ensure minimal touch.
- Regular engagements with customers & vendors to assess their preparedness.

Factors like continued restrictions even after lifting of lockdown during the 1st wave, restrictions during the 2<sup>nd</sup> wave of COVID-19, social distancing norms, ability of supply chain to revive, getting back the required workforce and the time to train them etc., have slowed the road to recovery. This has resulted in low levels of manufacturing activity in the short term. The cost of operations has been impacted due to the need for re-designing factories to address social distancing norms.

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 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 some 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 spend. However, cash and profitability are expected to be impacted due to fluctuations in activity levels.

The Company has however ensured that all committed and due payments for statutory purposes, to vendors and to employees were made on time. The Company took special care to engage with its employees and help them be motivated and productive during the lock down while monitoring and caring for their health and safety. All possible advice and help was made available to the employees. The Company had conducted special programs to address the vendors and guide them to be safe and sustain themselves during the lockdown.

The Company has robust ERP system in place and all its locations are well networked. All reporting systems worked seamlessly without any disruption and ensuring 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**

**Supply demand outlook**

The World Steel Association (worldsteel) consider that global steel demand in 2022 will grow by 2.2% over 2021 levels (from ~1855 million tonnes in 2021, to ~1896 million tonnes in 2022). This is equivalent to a 2022 increase in steel consumption of ~41 million tonnes [See Worldsteel, Short Range Outlook October 2021].

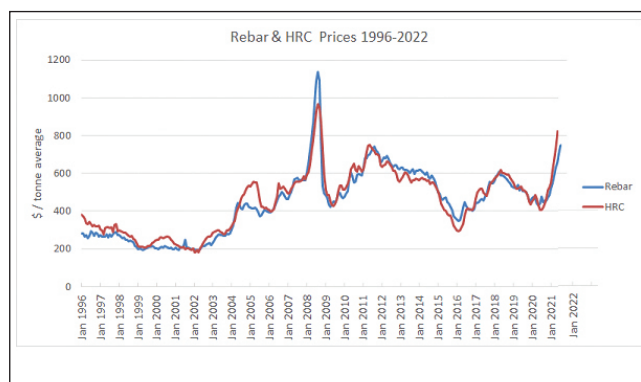
The OECD meanwhile consider that over the three year period 2021-2023, global crude steel capacity will increase from 2453 million tonnes to an 2023 average [high-low] of 2532 mt. This is equal to an increase in steel capacity of ~26 million metric tonnes per year.

On this basis, we judge that the year 2022 increase in steel demand is likely to outpace the rise in 2022 steel supply (as measured by steel capacity), leading to a significant improvement in 2022 plant loading worldwide, and [notwithstanding any

demand collapse in China] helping to underpin generally good price levels.

**The price cycle - MCI view**

A notable characteristic of world steel prices is that they are highly cyclical. As can be seen in the chart below, prices move from peak to trough every few years. Looking at pricing for typical steel products such as hot rolled coil (HRC) or reinforcing bar, the latest prominent peaks occurred in August 2011, April 2018 and September 2021; with price troughs occurring in May 2009, February 2016 and June 2020. Across these products, the average peak-to-peak or trough-to-trough time over the last 25 or so years works out at ~3-4 years. In our view, the next price peak can be expected around Q3 or Q4 2025 and the next pricing trough will occur in mid-2023.



Note: Price data from ISSB. Figures are monthly world average export FOB prices, in \$ per metric tonne.

It is MCI's view that - at the time of writing (January 2022) - international steel prices appear to be declining, dropping from a September 2021 high. Other independent observations appear to agree with this view, as discussed below.

**Raw material price projections**

Raw materials constitute a dominant cost input in iron and steelmaking - especially iron ore - but to a lesser extent - metallurgical coke also. Further insights into the near-term outlook for international steel prices may therefore be gained by considering price projections for these key steelmaking raw materials.

Prices for iron ore hit an all-time high in mid-2021, with significant price falls in subsequent months. According to Bloomberg reports, iron ore's heady days are now fading as China's growth engine cools.

S&P Global also comment on the souring outlook for iron ore prices in 2022, which are expected to drop from over \$200/tonne in mid-2021, to around \$100/t in 2022.

Regarding coking coal, Fitch predict that prices will average higher in 2022 at \$240/tonne than their \$225/tonne average in 2021. See coking coal outlook. Steel industry economist James King similarly projects somewhat higher coking coal

prices in 2022 compared to 2021, but expects future Chinese metallurgical coal prices to continue to fall during 2023, 2024 and 2025.

Given the dominance of iron ore compared to coking coal or other raw materials in BOF steelmaking, it follows that overall steelmaking raw material costs will decline significantly in 2022, as compared to year 2021.

### **Market outlook and 2022 / 2023 steel price forecasts**

Taken together, MCI's assessment of the current level of steel prices in the context of the longer-term price cycle; with our assessment of expected changes to the steel supply demand balance in 2022; and our review of the near-term outlook for iron ore and met coke prices - all point to a declining steel price as year 2022 unfolds. The MCI assessment therefore is that steel prices will gradually fall during year 2022, declining to a trough towards mid-2023.

As of September 2021, India was the world's second-largest producer of crude steel, with an output of 9.5 MT. In FY21, the production of crude steel and finished steel stood at 102.49 MT and 94.66 MT, respectively. In FY22, crude steel production in India is estimated to increase by 18%, to reach 120 million tonnes, driven by rising demand from customers. The consumption of finished steel stood at 93.43 MT in FY21. According to CARE Ratings, crude steel production is expected to reach 112-114 MT, an increase of 8-9% YoY, in FY22.

### **ALUMINIUM**

The price of the metal surged to a record high of around \$3,449 per in the recent weeks on the London Metal Exchange (LME) due to rising conflict between Ukraine and Russia, which commands around 12% of the international aluminium market.

At 4.1 million tonnes per annum (mtpa), India has the second-largest aluminium production capacity in the world, followed by Russia at 3.9 mtpa. China has the largest capacity. Aluminium prices have already had an upward bias in the current year as the international market was facing around one million tonne supply shortage, mainly due to production cut by China.

The price of the metal increased by over 8% month-on-month in February to around \$3,230/tonne. Russia's absence from the market on account sanctions on exports from the country might help Indian firms to occupy the vacant space.

The recent market outlook predicts prices will remain elevated as global supply will remain disrupted as the situation worsens. Continued disruptions will drive aluminium prices higher.

As per Crisil Research, said: "Domestic primary aluminium manufacturers are likely to see a positive impact in the near term given their low-cost position as it enables them to easily tap export markets. India already exports over 55% of the domestic primary metal and with supplies from Russia and Europe getting impacted, exports are expected to remain strong."

Further, aluminium manufacturers are largely dependent on domestic coal (e-auction and captive) and are unlikely to see any major cost escalation due to rising energy costs which will provide a major boost to their profitability, he said.

ICRA stated that global inventory of aluminium has been declining and even without the war, aluminium is estimated to be in deficit in calendar 2022 because of production cut in China. "Russia being a large supplier of aluminium, contributing around 12% of international trade, any sanction imposed on Russian aluminium exports would further affect the demand-supply position in the rest of the world,"

### **Risk Management:**

The Company has formulated a detailed risk management policy 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.

## **IV. Internal control system 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 2021-22, when the second wave & the third wave hit the country, the company re-equipped its manufacturing facilities with stricter safe working environment to employees, to give the confidence of CoVID-19 safe workplace. Strategical approaches like WFH for other support departments, vaccination for all the employees as per the Government norms, standard operating procedure was in place ensuring the manufacturing facilities across India to operate with contactless processes, ensuring frequent sanitation and physical distancing in production lines, canteen and other areas with staggered shift operation.

The Company's manufacturing facilities build on its strong fundamentals of Total Quality Management (TQM), Total Productive Maintenance (TPM) and Lean Manufacturing has rolled out digital initiatives driving cost excellence and efficiency improvement enabling remote management of factories.

The Company leveraged tailwinds in demand from Q2 through proactively creating additional manufacturing capacities including special focus on realizing self-reliant plants closer to customers.

New manufacturing lines were set up for Air Processing Unit, Relay Valves and Load Sensing Valves in addition to improving productivity across plants by capitalizing on lean and frugal engineering capabilities. New products such as Twin Cylinder Compressor, Air Supply Units, Actuators, Optidrive and Vacuum Pumps were successfully launched to international and Indian OEMs. Disclosures were filed within the group for indigenously developed process inventions to recognize and foster a culture of innovation.

As part of Sustainability initiatives and targeting towards renewable energy 100% by 2030, Ambattur plant have a contract with third party of 1 MW solar energy which resulted the renewable energy from 6% to 20% and Mahindra city plant have a contract with third party of 1 MW solar energy which resulted the renewable energy from 0% to 10% and overall renewable energy for the Company is 13% and 275 tons of Co<sub>2</sub> reduced. As part of Energy consumption reduction all the manufacturing sites are initiated an Energy efficiency projects and Energy waste reduction in the processes, around 53 projects are resulted in 9% Energy savings compared to previous year 1457MW savings achieved and 1240 tons of Co<sub>2</sub> savings achieved.

Total Employee Involvement (TEI) is the key pillar which engages employees across all sites and functions of ZF CVCS. In 2021-22, we won a total of 49 External awards from all competitions. 11 at National level, 12 at Regional level and 26 at State level conducted by CII, ACMA, QCFI and others. Some of the significant awards include : Ambattur plant nominated for the Global Kaizen Award and was one of the 6 finalists(shortlisted from 12 participants globally) | Jamshedpur plant participated in Kaizen Hansei Manufacturing Excellence assessment and won Silver Award | Team from Ambattur won First prize in CII National level Six sigma competition | Team from Mahindra city won First prize in CII National level Poka-yoke competition | Team from Ambattur won Gold in CII National Digital & Robotics competition | Team from Lucknow won first prize in Regional QC competition from ACMA.

### B. Quality

#### **Ideology of Quality: I am Living with Zero Defect Environment.**

The quality systems in the company aim at achieving total customer delight through its focus on improving product quality confirming to world class standards. This is achieved through inculcation of ZF quality DNA and transformation among employees towards zero PPM. The Company is at 16 PPM for the year 2021-22. Customers continue to expect the industry benchmark of Zero PPM and Zero Irritants. Also, we aim towards zero defect performance and mindset of zero tolerance for deviations. To meet the ever-evolving customer requirements of global quality standard with domestic cost, it is necessary to standardize the process, promoting right Quality mindset

through ZF quality DNA methodology, mapping people competency with the latest development in technologies, operate 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 resulted into warranty claim reduction

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 265 quality control circle projects, 204 supervisory improvement team projects and cross functional team projects by applying statistical tools, including Six Sigma (DMAIC and DMADV) and Quick Response Six Sigma (QR6S) methodology during the year. Over 73726 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 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 following customer awards,

- CVS Field Quality won Winner award from Ashok Leyland for field claim reduction using six sigma approach.
- CVS Lucknow team won Gold award in Quality month competition from TATA Motors.
- Team has secured several awards from external competitions which was conducted by various industry bodies.
- CVS Ambattur team wins platinum award in National six sigma competition at CII.



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- CVS Mahindra city team wins 1<sup>st</sup> prize in ACMA (SR) Poka yoke competition.
- CVS Ambattur team won Runner up award in CII National level Poka yoke competition.
- CVS Ambattur team wins 3<sup>rd</sup> prize in CII national level quality quiz competition.
- CVS Ambattur team wins commendation prize in CII SR 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 best cost suppliers across continents leveraging the global platform in an endeavor to become best cost supplier to our customers. 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 drive across 3 major pillars - enterprise transformation, digital transformation and IT/Cyber security in alignment with global IT guidelines. The key areas of focus in the digital transformation are Data & Advanced Analytics, Industry 4.0, Robotic Process Automation, Mobility based solutions, Digital Twin, chatbots to enable cost optimization, productivity and addressing customer needs.

Post the integration, IT has aligned with the ZF Global IT framework and leverages the platforms, technologies, and tools from the Global ZF IT Organization. IT continues to drive and implement the region priorities in alignment to the Global framework.

Focus is on adopting and Implementing a Digital Manufacturing Platform to enable a connected and Smart Factory in all the manufacturing sites. Production IT Security is also an important focus point.

Digital transformation projects are tracked & implemented based on the impact on savings and productivity to 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 fruitful

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 are planned and implemented in continuously evolving new digital technologies & platforms by leveraging on an ecosystem consisting of internal resources at the Global Business Services Centre, centers of excellence, startups organizations, university collaborations & NASSCOM events.

As part of Enterprise transformation, ERP systems projects are being implemented to improve maturity, compliance, standardization and automation in existing process. Process Digital Twin solutions are implemented for key processes to evaluate adherence and identify potential opportunities for optimization and automation

IT/Cyber security governance and compliance continues to be a critical focus area specifically in this period where multiple digital projects and smart solutions are being implemented. IT/ Cyber security measures defined by the the global ZF group IT/cyber security team are strictly adhered to.

### VI. Human Resource Development

The year 2021-22 has been the year of transition with ZF and also continued the business as usual during COVID-19 crisis which has brought new challenges the way the employee worked. The top priority for the Human Resources function was managing the COVID crisis through employee engagement; opening right communication channels, tools promoting remote working and also smooth functioning of Plant operations protecting customer interests.

HR related systems were transitioned to My HR suite from workday was a key milestone as part of ZF transition process with respect to Human Resource Information System (HRIS). Also to strengthen the compliance and governance in HR process the old leave management system tool has been replaced with HR hookup with additional controls systems. "Simpliance" a statutory compliance software tool was implemented as part of HR digitalization initiatives.

Talent development has always been the key focus for HR where in CVS division on-boarded its third Campus to Corporate (C2C) batch of 36 fresh Engineering Graduates and Postgraduates, during July 2021; strengthening entry level leadership. In 2021 we have seamlessly completed the Campus selection process during the COVID pandemic by Virtual mode in September for the students passing out of the academic year 2022. We have selected 33 students from the virtual campus drive.

Third edition of employee survey (VoW - Voice of WABCO India) was administered during January 2022, an employee engagement survey theme was conceptualized in 2019 and launched as a region wide survey covering employees of all locations. The survey was conducted by an external agency and the overall engagement score for the year was 79% (81% in 2020 and 79% in 2019) which is a benchmark for similar industries.

During the year the Company has inducted 406 new talents for DCS, Product Engineering, Quality Assurance ISC and Aftermarket functions.

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The current average recruitment lead time of the lateral talent is around 36 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%.

The Company has a People first culture. Virtual engagement of workforce was the key challenge managed well during the in the new work from home norms. Engagement programs like virtual learning sessions, women employees connect, family & kids' engagement, health & wellbeing sessions, engineering quiz competition were some of the virtual programs conducted which were well received by the employees.

As part of collective bargaining process bonus & PPI settlements were signed with union members at ambattur Plant during July 2021. Bonus settlements were also signed with union members for WINM, WINJ, WINL and WINU. The year saw positive and cordial Industrial Relations at all the Companies sites.

As of 31<sup>st</sup> March 2022, the Company had 2106 employees on its rolls.

### VII. Environment & Safety

January to March quarter was taken as safety months and used to enhance safety systems and create safety awareness among the employees. During the year, based on the theme "5s To the next level" to as part of ZF integration we have integrated ZF Production system 5s practices are into our system and improved 5s in the shopfloor.

To improve 5s, we have motivated the employees with competitions like Speech, Drawing, Essay and Quiz programs related to the theme and appreciable level of employees are participated and shared their roles to improve and sustain 5s in their work area and 72% of the employees are trained and inculcate the 5s importance and their roles to improve it. More than 60% of the lines are covered for model cell for adopting 5s and continuing to work towards to reach the 5s score more than 21 out of 24.

During this quarter, Safety & Health awareness programs were organized @ Ambattur site for employees and family members to increase awareness on themes like safety at home, Happy home and prevention of lifestyle diseases among woman & women security and followed competitions organised for employee spouses and kids on related to the theme and overwhelming response on participation approx. 500 family members are participated in this event and followed by health camp organised for the family members.

During the year, all plants and test track have completed the surveillance audit of ISO 14001 & ISO 45001. The plants at Ambattur, Mahindra World City, Lucknow and Jamshedpur have been completed the surveillance audit for ISO 50001 standards for implementing energy management systems and achieving continuous improvement in energy performance.

The Company has taken many initiatives on improving ergonomics in the shop floor. Medium fatigue stations were identified, and the

ergonomics was improved achieving low risk job stations of 99.5%, thereby improving productivity and operator morale.

During the year, Ambattur plant won Silver award (5 star) for EHS Excellence Southern region from the CII and Mahindra city won Bronze award (4 star). The Ambattur plant also won Platinum award in the CII's National Energy Efficiency circle competitions on Energy efficiency improvement projects. Ambattur won first prize in CII national level low cost automation competition under human safety for the ergonomics improvements.

During the pandemic the Company ensured that all employees took protective measures against COVID and had built an environment of trust with them through constant communication, moral and other support wherever required. COVID SOP was revised time to time based on the government guidelines and adhered to. COVID safety practices were communicated through a video and through periodic awareness sessions with Dos and Don'ts to all employees.

### 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 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.

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 COVID-19 situation, could not spend 2% of the average net profits of last three years during the year 2021-22 and has allocated these projects as ongoing projects. The projects would be completed during the next three years. This amount of ₹ 254 Lakhs on account of ongoing projects has been transferred to a separate account. Out of these ongoing projects, projects worth ₹ 1.07 Crores have already been executed and the amount has been spent since 1<sup>st</sup> April 2022 to till date. The CSR Activities of the Company for the FY 2021-22 are mentioned in the Annexure - 2 to the director's report. The Company has identified four primary areas to focus its CSR activities. However, in view of restrictions due to COVID 19, CSR activities during this year was predominantly focused towards COVID Relief & upgradation of the hospital infrastructure and facilities.

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Promoting road safety across India: The Government of India is taking consistent efforts to reduce accidents through safety education, safety engineering, creating safe environment and enforcement. In an effort to support this initiative the WABCO foundation has been conducting safety awareness training programs for commercial vehicle drivers, and vehicle maintenance technicians combined with health checkups. The Company has expanded its programs to other states in the Western and Eastern regions of India. Over 8000 drivers & mechanics from Tamilnadu, Kerala and Andhra Pradesh, Telangana, Maharashtra and Orissa have been trained on road safety by creating awareness on vehicle safety & safe driving practices, advanced braking systems, etc. These projects were carried out in association with the Regional Transport Offices and State Transport Undertakings.

Safety awareness camps are complemented with medical and eye check-up camps for the participants. Considering the tremendous acceptance, response and impact of such programs the foundation plans to extend this pan India. This has resulted in transforming the lives of drivers and mechanics which will, in turn, translate into safer roads. As part of this important road safety objective, the Company is continuing its partnership with Praxair India, one of the world's largest Industrial Gas companies and State Transport authorities, to provide advanced driver training for drivers of hazardous cargo carriers, fuel carriers, etc. These programs are conducted by subject experts from the industry along with practical sessions for drivers. Over 500 drivers have been trained since inception in various modules through classroom and practical sessions including safe driving practices, - rollover stability, the advantage of using ABS & EBS and other safety technologies. These programs have been well received and have helped the attendees to maintain zero accident levels. The drivers receive a certification on successful completion of this course. However, in view of restrictions due to COVID 19, CSR activities during this year was predominantly focused towards COVID Relief.

Community Service & COVID Relief: Various community services were undertaken like personal hygiene awareness & health checks for drivers, upgrading road safety infrastructure in and around the plant locations etc. In view of the second wave of COVID-19, which was very severe, the company also stepped up and facilitated immediate action to support the medical, healthcare and frontline workers in the battle against COVID-19. During the 2nd wave, the company pro-actively reached out to serve the community (Government) hospitals in the vicinity of manufacturing plants with PPE kits, gloves, masks, face shields, disposable bed spreads, adult diapers, sanitizers, disinfectants, Medical cots, Oxygen cylinders, Oxygen flow meters, wheel chairs, pedestal fans, stretchers, Hot water dispensers and critical care equipment like ECG machines, Multichannel monitors.

WABCO Foundation supported all the Government COVID care centres as well as Tertiary care COVID Hospitals viz. ESI Hospital-Aynavaram, Stanley Medical College & Hospital, Kings Institute, Chengalpattu Government Hospital, Thiruvallur Government Hospital,

Primary Health Centre's of Adityapur & Gamharia by providing them with consumables and other necessary medical equipment. The foundation has also handed over 50 oxygen concentrators of 5 L capacity to the Perumbalur District Hospital during the peak of second wave when oxygen supply to the patients was in demand. The foundation is has also set up an 250 LPM oxygen generation plant at the Government peripheral Hospital, KK Nagar, Chennai and another similar oxygen generation plant at the District Hospital, Barabanki is also under progress.

Understanding the importance of COVID-19 vaccination to put an end the pandemic, WABCO Foundation through Greater Chennai Corporation is vaccinating the general public with 7936 doses of COVID-19 vaccines through Kauvery Hospital.

Apart from COVID-19, to support the communities to deliver good healthcare to the public, WABCO Foundation stepped in to upgrade the Hospital infrastructures and facilities. The Accident and Emergency department of Chengalpattu Medical College Hospital which receives nearly 200 emergency cases each day needed life saving critical care equipments and so the Foundation supported them with C-arm, Mechanical ventilators, Multi channel monitors, ECG machines, infusion pumps and syringe pumps. The neonatal ICU of Chengalpattu Medical College Hospital was also supported with modern equipments like Hospital grade Breast pumps, Co-oximeter, Bilirubin analyser, Air oxygen blender, syringe pumps, pulseoximeter & flux meter. Primary Health Care centres at Padi & Kunnavakkam was also supported with equipments towards maternity like Cardiotopography, Multichannel monitors, foetal dopplers, cell counter machine. The district hospital at Saraikela required operation theatre upgradation and so Foundation supported them with OT LED lights, Ultrasound machine, multichannel monitors.

### **Employability & skill enhancement through partnerships with educational Institutions**

Centre of Excellence : Inline with the recent trends in Industry 4.0, Smart factory initiatives, Following CoE are set-up to enhance students skills and make them better employable

#### **SRM IST: CoE on Smart factory**

6 Student seminars, industry connect conducted so far where more than 500 students participated 1 Batch of external training conducted and received well by the students. Participation certificate also provided Plan to conduct at least 2 courses in a year benefitting students

#### **Chennai Institute of Technology**

CoE set-up in Electronics hardware and embedded technology. Students doing multiple projects. Covered more than 1000 students on basic IOT Training. Students have done 5 projects on connected topics so far.

Environment sustainability: Nurturing environment through tree plantations, rainwater harvesting, etc., in and around our plant locations were carried out wherein more than 1000 tree saplings across locations were planted and are being maintained.



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### IX. Financial statement

₹ in lakhs

Particulars	Standalone		Consolidated
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022
Revenue from Operations	<b>254,335.39</b>	186,350.01	<b>254,335.39</b>
Other Income	<b>3,752.92</b>	3,888.86	<b>3,752.92</b>
Total Income	<b>258,088.31</b>	190,238.87	<b>258,088.31</b>
Profit before interest depreciation and tax	<b>29,007.64</b>	24,465.64	<b>29,007.64</b>
Finance Costs	<b>190.18</b>	199.19	<b>190.18</b>
Depreciation	<b>9,243.17</b>	9,039.93	<b>9,243.17</b>
Profit before tax	<b>19,574.29</b>	15,226.52	<b>19,574.29</b>
Provision for taxation (including deferred tax and tax relating to earlier years)	<b>5,366.85</b>	4,846.03	<b>5,366.85</b>
Profit after tax	<b>14,207.44</b>	10,380.49	<b>14,207.44</b>
Other Comprehensive Income / (Loss) for the year net of tax	<b>(353.58)</b>	(194.90)	<b>(353.58)</b>
Total Comprehensive Income for the year Net of Tax	<b>13,853.86</b>	10,185.59	<b>13,853.86</b>

\* Consolidation of financials is become mandatory, since incorporation of Wholly owned subsidiary Company (ZF CV Control Systems Manufacturing India Private Limited) w.e.f. 5<sup>th</sup> January 2022.

### 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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

# Business Responsibility and Sustainability Report

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity

S. No.	Particulars	
1	Corporate Identity Number (CIN) of the listed entity	L34103TN2004PLC054667
2	Name of the Listed Entity	ZF Commercial Vehicle Control Systems India Limited ('ZFCVCS')
3	Year of incorporation	2004
4	Registered office address	Plot No.3, (SP) III Main Road, Ambattur Industrial Estate,
5	Corporate address	Chennai - 600 058.
6	E-mail	<a href="mailto:cvcs.info.india@zf.com">cvcs.info.india@zf.com</a>
7	Telephone	+91 044 4224 2000
8	Website	<a href="https://www.zf.com/india/en/home/home.html">https://www.zf.com/india/en/home/home.html</a>
9	Financial year for which reporting is being done	2021-22
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited, Mumbai and BSE Limited, Mumbai
11	Paid-up Capital	INR 948.38 Lakhs
12	Name and contact details (telephone, email address) 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: <a href="mailto:muthulakshmi.m@zf.com">muthulakshmi.m@zf.com</a>
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together):	The disclosures made under this report are made on a standalone basis for ZF CVCS.

#### II. Products / services

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

S. No.	Description of main activity	Description of business activity	% of turnover of the entity
1	Manufacturing of Automotive components and accessories	Air assist and full air actuation systems	77.67%
2	Spares	Spares	13.13%
3	Software services / Research and development / Business services	Software services / Research and development / Business services	8.36%

##### 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%

#### III. Operations

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

Locations*	Number of plants	Number of offices	Total
National	5	2	7

\* 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

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	The Company operates across 25 states and 2 union territories
International (No. of Countries)	We export to 15 countries across the Americas, Europe and Africa

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

The contribution of exports as a percentage of total turnover of ZF CVCS is 46.18%

c. A brief on types of customers

The Company deals with multiple segments and categories namely Automotive Original Equipment Manufacturer (OEMs), distributors, government agencies and retailers.

#### IV. Employees

18. Details as at the end of the Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	1487	1295	87.09%	192	12.91%
2.	Other than Permanent (E)	-	-	-	-	-
<b>3.</b>	<b>Total employees (D + E)</b>	<b>1487</b>	<b>1295</b>	<b>87.09%</b>	<b>192</b>	<b>12.91%</b>
<b>WORKERS</b>						
4.	Permanent (F)	469	463	98.72%	6	1.28%
5.	Other than Permanent (G)*	4163	3897	93.61%	266	6.39%
<b>6.</b>	<b>Total workers (F + G)</b>	<b>4632</b>	<b>4360</b>	<b>94.13%</b>	<b>272</b>	<b>5.87%</b>

\*Note: refers to trainees, fixed term contractors and retainers

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	1	-	-	1	100%
2.	Other than Permanent (E)	-	-	-	-	-
<b>3.</b>	<b>Total differently abled employees (D + E)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>100%</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	1	1	100%	-	-
5.	Other than permanent (G)	-	-	-	-	-
<b>6.</b>	<b>Total differently abled workers (F + G)</b>	<b>1</b>	<b>1</b>	<b>100%</b>	<b>-</b>	<b>-</b>

19. Participation / Inclusion / Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	7	1	14%
Key Management Personnel	3	1	33%

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2022 (Turnover rate in current FY)			FY 2021 (Turnover rate in previous FY)			FY 2020 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent employees	6.6	1	7.6	4.2	1	5.2	13	1	14
Permanent workers	2	-	2	2	-	2	2	-	2

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. 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 / in 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%	No
3	ZF CVCS Manufacturing India Pvt Ltd	Wholly owned subsidiary	100%	No

VI. CSR Details

22.	(i)	Whether CSR is applicable as per Section 135 of Companies Act, 2013	Yes
	(ii)	Turnover (in ₹)	2,54,335.39 lakhs
	(iii)	Net worth (in ₹)	2,11,407.76 lakhs

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance redressal mechanism in place (Yes/No)	FY 22 Current Financial Year			FY 22 Previous Financial Year		
		(A)	(B)	(C)	(D)	(E)	(F)
Communities	No **	-	-	-	-	-	-
Investors (other than shareholders)	No	-	-	-	-	-	-
Shareholders	Yes As per SEBI Listing Regulations #	1	-	-	3	-	-
Employees and workers	Yes*	-	-	-	-	-	-
Customers	Yes&	-	-	-	-	-	-
Value Chain Partners	Yes*	-	-	-	-	-	-
Other (please specify)	Yes*	-	-	-	-	-	-

(A) & (D) refers to Number of complaints filed during the year

(B) & (E) refers to Number of complaints pending resolution at close of the year

(C) & (F) refers to Remarks

Note: \*Whistle blower policy:

The Whistleblower mechanism provides a platform to report any concerns/ grievances pertaining to any potential or actual violation of the Company's code of conduct. 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](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](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html)

\*\* The Company focuses on improving the lives of the community who are seen as the drivers for the sustainability solutions of the Company. The Company intends to streamline the method of redressal mechanism on a go forward basis.

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

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

This year the Company undertook the first materiality assessment - with the help of an independent third party to facilitate the assessment.

Recognising the value in integrating different stakeholder perspectives we reached out to our critical stakeholders: Investors, Customers, Suppliers, Community Partners and Employees.

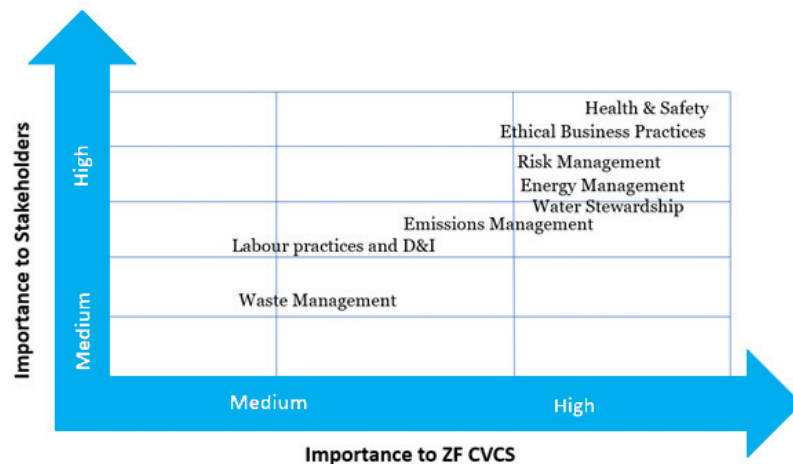
Based on the results of the materiality assessment carried out, the Company identified 8 material issues that were most important for a company like ZF CVCS from a total 25 material issues relevant for our sector.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Health & Safety	R	Exposure of employees into the risk area, SHE Failure Mode and Effects Analysis (FMEA) approach methodology	Failure Mode and Effects Analysis (FMEA) risk assessment methodology triggered to identify the risk and addressing the gaps and ensure safe workplace	Negative
2	Ethical Business Practices	O	<ul style="list-style-type: none"> <li>* Code of Conduct implemented globally, including breach reporting mechanisms for unethical behavior</li> <li>* Whistleblowing hotline used to inform WABCO of breaches of Code of Conduct or other fraudulent conduct</li> <li>* Ethics Council reviews all complaints via the Whistleblower hotline and oversees investigations</li> <li>* Supplier terms and conditions require compliance with WABCO Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li># Annual employee and director certification with the Code of Conduct</li> <li># Annual Ethics Training program</li> <li># Resolution of employee or third party complaints via Ethics Council investigations</li> <li># FCPA audits periodically conducted at sites to determine compliance with applicable anti-bribery regulations</li> <li># Quarterly representations during global financial Audit</li> </ul>	Negative
3	Energy Management	O	Energy mapping in all energy usage areas and scope for improvement	Energy mapping in all areas and 8% energy savings in every year with addressing the improvements	Positive
4	Risk Management	O	Risk Management assessment	Through an periodic review concerning risks identified (52 risks) and impact of risks and level of vulnerability.	Negative



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S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Water Stewardship	O	Based on Risk & Opportunity assessment- the possibility of Water exploitation occurring in the region was identified	Water consumption monitoring and every year reducing water consumption with 2%	Negative
6	Emissions Management	O	Utilise natural resources in the form of solar energy to reduce the energy consumption from coal based	Roof solar installed in Ambattur site to draw 8% of solar energy and adding roof solar of 10% in Mahindra city is in pipeline	Positive
7	Labour practice and D&I	R	Risk that company's activities, its infrastructure or other resources (including personnel) may become targets for sabotage or terrorist acts.	Weekly meeting between Union members and the site leaders. Weekly call between Site HR team and the Central team involving HR leader for operations. Monthly HR review covers labor relations aspects, chaired by HR Leader India	Negative
8	Waste Management	R	Risk that the Company will be held responsible for the remediation of any hazardous substance contamination at past and present facilities and at third party waste disposal plants and will be held liable for damages to natural resources and any consequences arising out of human exposure to such substances and other environmental damage.	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 authorised agencies	Negative



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### 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
<b>Policy and management processes</b>										
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 covering the various principles of the 9 NGRBC's principles. Weblink: <a href="https://www.zf.com/master/media/corporate/m_zf_com/company/corporate_governance/compliance/coc_all_languages1_ZF_Compliance_Code_of_Conduct_EN.pdf">https://www.zf.com/master/media/corporate/m_zf_com/company/corporate_governance/compliance/coc_all_languages1_ZF_Compliance_Code_of_Conduct_EN.pdf</a>								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	N	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	N	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. All manufacturing facilities of the Company are ISO 45001:2018 certified (Occupational Health and Safety) All manufacturing facilities are ISO 14001:2015 certified (Environment Management System) Manufacturing facilities in Chennai, Jharkhand and Lucknow are also ISO 50001:2015 certified (Energy Management System), as per the Confederation of Indian Industry on Environmental task force and part of National safety council and part of Automotive Components Manufacturers Association 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.	The Company has committed to be carbon neutral by 2040 and use 100% renewable energy by 2030. 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.	The Company is in the process of establishing a Sustainability Committee in FY 2023 for board level oversight to monitor material ESG risks and performance to achieve its sustainability goals and roadmap
<b>Governance, leadership and oversight</b>		
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements <i>(listed entity has flexibility regarding the placement of this disclosure)</i> Sustainability is at the core of ZF CVCS's business conduct. We apply the principle of "See-Think-Act" through which we pioneer technological innovations to deliver high value solutions to the stakeholders at large. The Company's sustainability ideology "Acting Now" encompasses the Company's commitment to Acting for climate and nature, acting for all people and Acting for lasting values. The Company's commitment to climate related goals is aligned to the Group's goals to achieve carbon neutrality by 2040. The business responsibility and sustainability report illustrate the Company's efforts towards creating and enduring value for all stakeholders in a responsible manner.	
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 involves a leadership team responsible for decision making on sustainability related topics. The team discusses, reviews and monitors periodically on any action plan if any. The team is chaired by the Managing Director with the functional heads comprising the team
10.	Details of Review of NGRBCs by the Company:	

Subject for Review	Indicate whether review was under taken by Director / Committee of the Board / Any other Committee									Frequency (Annually (A)/ Half yearly(H)/ Quarterly(Q)/ Monthly (M) / Weekly(W) specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	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	H	Q	Q	*	A	*	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		The internal audit team of the Company conducts regular reviews of our company policies. Some policies e.g Health and Safety and Quality are subject to both internal and external audits as certification process (ISO 45001, ISO 14001, ISO 50001, etc.) to evaluate the working of the policies. The certification process was carried out by DNV who are an accredited third-party certification body. No independent assessment of policies has been completed as yet.															
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	Not applicable							
	The entity does not consider the Principles material to its business (Yes/No)																	
	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)																	

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

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

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. Regarding behavioral norms for employees, the ZF Code of Conduct provides guidance when questions arise about proper behavior and compliance. 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 covered 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 and Key Managerial Personnel	5	During the year, the Board of Directors and KMPs of the organisation spent approximately 30 hours on various familiarisation programmes comprising Policy formation & Policy Deployment, Business, regulations, Economy and Environmental, social and governance parameters.	100%
Employees other than BoD and KMPs	75	<p>The Company provides training to all employees equivalent to 12 man days per employee annually.</p> <p>Owing to the pandemic this year, trainings were conducted through virtual classroom initiatives, along with e-learning modules ranging from Compliance:</p> <ol style="list-style-type: none"> <li>1. Prevention of Sexual Harassment at the Workplace</li> <li>2. Code of Conduct</li> </ol> <p>Engineering:</p> <ol style="list-style-type: none"> <li>1. Geometric Dimensioning and Tolerancing Training (GD&amp;T)</li> <li>2. Lab View</li> <li>3. Process Failure Mode Effects Analysis (PFMEA) -AIAG- VDA Edition 1</li> <li>4. Design failure mode and effect analysis (DFMEA)</li> <li>5. 3D AutoCAD</li> </ol> <p>Management related trainings:</p> <ol style="list-style-type: none"> <li>1. European Distribution System</li> <li>2. Business Analytics Program</li> <li>3. Futuristic Shopfloor Manager Course</li> </ol> <p>Pathway to Leadership (PTL) Development Program</p> <p>Other training conducted during the year focused on induction of new recruits, leadership soft skills and mental and physical well-being training were also provided.</p>	100%
Workers	60	<p>The Company provides 10 man-days for workmen training each year. For workmen, on the job training as well as off the job training were given on various topics.</p> <p>Safety:</p> <ol style="list-style-type: none"> <li>1. Safety Awareness Training</li> <li>2. Road Safety Awareness</li> </ol>	100%

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

		<p>Compliance:</p> <ol style="list-style-type: none"> <li>1. Code of Conduct</li> <li>2. POSH</li> <li>3. Cyber Security</li> </ol> <p>Health:</p> <ol style="list-style-type: none"> <li>1. Awareness on COVID, Nutrition &amp; Hygiene</li> </ol> <p>Quality:</p> <ol style="list-style-type: none"> <li>1. 5S Awareness</li> <li>2. Product Knowledge</li> <li>3. Defect Identification</li> <li>4. Waste Management</li> <li>5. Total Quality Management</li> <li>6. Total Productive Maintenance</li> <li>7. PDI Training</li> <li>8. Lean Principles</li> <li>9. Quality Control Circle training</li> </ol>	
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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) Regulations, 2015 and as disclosed on the entity's website):

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

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

Case details	Name of the regulatory / enforcement agencies / judicial institutions
Not applicable	

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



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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 22	FY21
Directors	Nil	
KMPs		
Employees		
Workers		

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

	FY22 (Current financial year)		FY21 (Previous financial year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

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

Not applicable

### Leadership indicators

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

Total number of awareness programmes held	Topics / principles covered under the training	% 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	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.

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

The Company intends to make a difference by saving lives and protecting the environment and the mission is to thrive 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 the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current financial year (FY22)	Previous financial year (FY21)	Details of improvements in environmental and social impacts
R&D	Nil		
Capex	Nil		

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

Yes. Material Safety Data Sheet (MSDS's) and International Material Data System (IMDS) systems are adhered to for promoting safety, environmentally friendly & sustainable procurement. Integrated supply chain operations ensure sustainable and best use of available resources. The Company is continuing on the initiatives to periodically train & educate its suppliers, employees & other stakeholders for creating awareness about usage of renewable energy, reduced consumption of natural resources and on various aspects related to sustainability. The Company also works closely with its vendors to use returnable packaging modes to reduce usage of non-recyclable packaging wherever possible. Over the period of time the company has transformed itself in using digital technologies for exchange of information thereby considerably reducing the consumption of paper.

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

27%

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 for 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 Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

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 the 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 (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
29301	Clutch master cylinder, Air Reservoir, Lift axle quick release valve, Tandem Master Cylinder, Compressor	24%	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
Air compressor	Oil carryover	The Compressor design has been improved to reduce engine oil carryover by about 30%.

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 reused input material to total material/Air compressor	
	FY22 (Current financial year)	FY21 (Previous financial year)
Aluminium & Steel	4.7%	4.1%

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4. Of the products and packaging reclaimed at end of life of products, in percentage reused, recycled, and safely disposed, as per the following format:

	FY22 (Current financial year)			FY21 (Previous financial year)		
	Re-Used (Packaging)	Recycled	Safely Disposed	Re-Used (Packaging)	Recycled	Safely Disposed
Plastics (including packaging)	40% (Overall India business) 90% (Domestic OE business)	-	-	40% (Overall India business) 90% (Domestic OE business)	-	-
E-waste	-	-	-	-	-	-
Hazardous waste	-	-	-	-	-	-
Other waste	-	-	-	-	-	-

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	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 customers.)

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

The Company recognizes without a doubt that helping employees achieve their full potential is fundamental to the company's continued 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 provide a safe environment and hygienic conditions. Training during induction and periodic training on usage of protective equipment, identifying and eliminating unsafe working conditions are top priority. Prevention of accidents is at the heart of what the company does in the commercial vehicle industry. That's also why "working safely" is a condition of employment. The Company leads by example and works hard to nurture 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 continuously focuses and ensures skill development of employees through its structured training and competency development programs. 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 well-being 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 / A)	Number	%(C / A)	Number	%(D / A)	Number	%(E / A)	Number	%(F / A)
Permanent employees											
Male	1295	1295	100%	1295	100%	-	-	1295	100%	NA	NA
Female	192	192	100%	192	100%	192	100%	-	-	NA	NA
Total	1487	1487	100%	1487	100%	192	13%	1295	87%	NA	NA
Other than Permanent employees											
Male	Not applicable										
Female											
Total											

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

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities*	
		Number	%(B / A)	Number	%(C / A)	Number	%(D / A)	Number	%(E / A)	Number	%(F / A)
Permanent workers											
Male	463	463	100%	463	100%	–	–	463	100%	NA	NA
Female	6	6	100%	6	100%	6	100%	–	–	NA	NA
Total	469	469	100%	469	100%	6	1%	463	99%	NA	NA
Other than Permanent workers											
Male	Not applicable										
Female											
Total											

\* ZF CVCS does not have a day-care facility. However, the Company has tie-ups with third party run day cares, that the employees could avail.

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

Benefits	FY22 (Current financial year)			FY21 (Previous financial year)		
	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%	36%	*Note	100%	36%	*Note
ESI	NA	66%	Y	NA	67%	Y
Others - please specify	NA	NA	NA	NA	NA	NA

\* Note: Gratuity is a company contribution

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 staunchly promotes equal and fair opportunities to disabled persons. Further, the company commits to develop the premises/offices accessible to differently abled employees and workers.

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 innovational power, and are key to business success. We welcome all different kinds of people to our teams around the globe and offer equal opportunities in a diverse working environment. We foster a culture that celebrates differences and promotes individuality, regardless of gender, age, ethnic background, sexual orientation, or physical and neurodiversity.

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.

	Yes / No (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 labor related topics and human rights. ZF CVCS's whistleblower policy provides a ethics hotline number @ +91-11-71279026 and also at international number @ 0049-30 5892 0101
Other than Permanent Workers	
Permanent Employees	

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

Category	FY22 (Current financial year)			FY21 (Previous financial year)		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees*						
Male	NA					
Female						
Total Permanent Workers*						
Male	463	463	100%	453	453	100%
Female	6	6	100%	6	6	100%

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

# Every location has a separate union except plant located at Pant Nagar.

8. Details of training given to employees and workers:

Category	FY22 (Current financial year)					FY21 (Previous financial year)				
	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)	%(B/A)	No. (C)	%(C/A)
Employees										
Male	685	685	100%	550	80%	685	685	100%	510	74%
Female	40	40	100%	30	75%	40	40	100%	25	63%
Total	725	725	100%	580	80%	725	725	100%	535	74%
Workers										
Male	2410	2410	100%	1978	82%	2300	2300	100%	1680	73%
Female	550	550	100%	406	74%	450	450	100%	335	74%
Total	2960	2960	100%	2384	81%	2750	2750	100%	2015	73%



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

Category	FY22 (Current financial year)			FY21 (Previous financial year)		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	1295	1295	100%	1373	1373	100%
Female	192	192	100%	187	187	100%
Total	1487	1487	100%	1560	1560	100%
<b>Workers</b>						
Male	463	-	Not Applicable - As per Long Term Settlement (LTS)	453	Not Applicable - As per Long Term Settlement (LTS)	-
Female	6			6		
Total	469			459		

The Company actively engages in performance and career development reviews of employees where they review and discuss the performance, development and their career path. The discussion focuses on the employee's individual goals and aligning the Company's principles to achieve well-being of their employees.

10. Health and safety management system:

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

Yes, 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?

The Company, as part of EHS management system, has introduced SHE FMEA(Safety, Health & Environment Failure mode 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 situation 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. (Y/N)

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/ No)

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 22 Current Financial Year	FY 21 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers		
Total recordable work-related injuries	Employees		1
	Workers		
No. of fatalities	Employees		Nil
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers		

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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 an 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:

Category	FY22 (Current financial year)			FY21 (Previous financial year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil					
Health & Safety						

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 shopfloor 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

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

ZF CVCS carries out periodical review of the tax master framed in its ERP system and updates the said tax master as and when there are amendments made in the tax and regulatory laws. ZF CVCS ensures that statutory dues are deducted and paid promptly. The related workings / computations are internally reviewed, and also reviewed by the appointed tax consultants. Further, ZF CVCS maintains the necessary reconciliation of the statutory dues payable and paid as per the books and the returns filed.

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 22 (Current Financial Year)	FY 21 (Previous Financial Year)	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
Employees	Nil			
Workers				

- 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) - No
- Details on assessment of value chain partner:

	% of value chain partners (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.)

- 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.

To improve the safety, poka yoke (a mistake-proofing mechanism) implementation and machine assessment have been completed in all sites (121 stations identified and completed). Further the same have been augmented with engineering controls.

### 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

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

The Company is in the business of providing vehicle actuation systems for commercial vehicles. The Company 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. 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.

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

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually / Half yearly / Quarterly / others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Emails, direct communication	Engagement at multiple frequencies was undertaken depending upon the purpose	Employee engagement activities, training, awareness and welfare programmes

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Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually / Half yearly / Quarterly / others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders/ Investors	No	Email, newspaper advertisement, website, Annual General Meetings, intimation to stock exchanges, annual / quarterly financials and investor meetings / conferences	Engagement at multiple frequencies was undertaken depending upon the purpose	Annual General Meeting and the like, other purposes on need-basis
Customers	No	On a need basis through multiple channels like physical, digital, etc.	Engagement at multiple frequencies was undertaken depending upon the purpose	Business related discussions, awareness and training programmes, workshops and seminars.
Channel Partners and Key partners	No	On a need basis through multiple channels like physical, digital, etc.	Engagement at multiple frequencies was undertaken depending upon the purpose	Business related discussions, awareness and training programmes, workshops and seminars.
Communities and NGOs	No	Through CSR activities by WABCO foundation	Engagement at multiple frequencies was undertaken depending upon the purpose	Achieving the CSR purposes
Suppliers	No	On a need basis through multiple channels like physical, digital, etc.	Engagement at multiple frequencies was undertaken depending upon the purpose	Business related discussions, awareness and training programmes, workshops and seminars.

### 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.

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.

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 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 conducts stakeholder surveys to identify material issues covering the aspects of environmental, social and governance. Based on the inputs, the Company improves and revises the policies and activities to better address the key issues.

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

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### 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	FY22 Current financial year			FY21 Previous financial year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	725	725	100%	725	725	100%
Other than permanent	25	25	100%	25	25	100%
Total employees	750	750	100%	750	750	100%
<b>Workers</b>						
Permanent	2690	2690	100%	2750	2750	100%
Other than permanent	60	60	100%	55	55	100%
Total workers	2750	2750	100%	2805	2805	100%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY22 Current financial year					FY21 Previous financial year				
	Total (A)	Equal to Minimum Wag		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)
<b>Employees</b>										
Permanent										
Male	1295	-	-	1295	100%	1373	-	-	1373	100%
Female	192	-	-	192	100%	187	-	-	187	100%
Other than permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Workers</b>										
Permanent										
Male	463	-	-	463	100%	453	-	-	453	100%
Female	6	-	-	6	100%	6	-	-	6	100%
Other than permanent										
Male	3897	-	-	3897	100%	3836	-	-	3836	100%
Female	266	-	-	266	100%	253	-	-	253	100%



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

	Male Number	Median remuneration / salary / wages of respective category	Female Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	6	13,89,500	1	22,20,000
Key Managerial Personnel (KMP)	2 (*MD is included in BoD also)	8,33,333	1	210
Employees other than BoD and KMP	1,717	1,21,721	35	92,653
Workers	4,396	26,180	273	18,606

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:

Category	FY22 Current financial year			FY21 Previous financial year		
	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						
Discrimination at workplace						
Child labour						
Forced Labour / Involuntary Labour						
Wages						
Other human rights related issues						

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

The Company uses mechanisms such as grievance redressal portal and POSH Act to address adverse consequences to the complainants.

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

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.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	The Company places strong reliance on compliance with laws and regulations. The Company internally monitors all compliance and there have been no adverse observations by local statutory / third parties during the year.
Forced /Involuntary Labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others - please specify	

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

Not applicable.

### Leadership indicators

- Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.  
Nil
- Details of the scope and coverage of any Human rights due diligence conducted.  
Nil
- 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?  
Nil
- Details on assessment of value chain partners:

	% of value chain partners were assessed (by value of business done with such partners)
Sexual harassment	ZF's code of conduct includes human rights issues in the supply chain. As part of the ZF group, the Company is in the process of placing mechanisms to assess human rights issues of the value chain partners.
Discrimination at workplace	
Child labour	
Forced Labour/Involuntary Labour	
Wages	
Other human rights related issues	

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

Not applicable.

### 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, in the following format:

Parameter	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
Total electricity consumption (A)	84,715.20	69,411.60
Total fuel consumption (B)	5,162.40	3,315.60
Energy consumption through other sources (C)	-	-
<b>Total energy consumption (A+B+C)</b>	<b>89,877.60</b>	<b>72,727.20</b>
Energy intensity per rupee of turnover ( <i>Total energy consumption/turnover in rupees</i> )	0.35	0.38

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, there has not been any independent assessment/ evaluation/assurance carried out by an external agency.

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

No, the PAT scheme is not applicable to the Company.

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

Parameter	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	–	–
(ii) Groundwater	10,573	11,075
(iii) Third party water	51,769	50,631
(iv) Seawater / desalinated water	NA	NA
(v) Others	–	–
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	62,342	61,706
Total volume of water consumption (in kilolitres)	62,342	61,706
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	0.01	0.01

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, there has not been any independent assessment / evaluation / assurance carried out by an external agency.

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).

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

Parameter	Please specify unit	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
NOx	Metric Ton	0.77	0.321
Sox	Metric Ton	0.0001	0.00003
Particulate Matter (PM)	Metric Ton	0.015	0.008
Persistent Organic Pollutants (POP)	Metric Ton	NA	NA
Volatile Organic Compounds (VOC)	Metric Ton	0.014	0.014
Hazardous Air Pollutants (HAP)	Metric Ton	NA	NA
Others - please Specify	Metric Ton	BDL	BDL

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, there has not been any independent assessment/ evaluation/assurance carried out by an external agency.

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

Parameter	Unit	FY 22 (Current Financial Year)*	FY 21 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	1046	961
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	18,858.1	15,888.2
<b>Total Scope 1 and Scope 2 emissions per rupee of Turnover</b>	Metric tonnes of CO <sub>2</sub> equivalent	19,904.10	16,849.20
<b>Total Scope 1 and Scope 2 emission intensity (optional)</b> - the relevant metric may be selected by the entity			

\* Note: - F22: Emission data was tracked and computed using the Air/GHG Emissions software by Sphera by recording the activity data activity data (quantity of fuel/ refrigerants/ electricity etc. consumed) in the software.

- F21: The activity data (quantity of fuel/ refrigerants/ electricity etc. consumed) was tracked and multiplied by the emission factor based on the standard databases such as CEA grid emission factor and DEFRA emission factor etc.

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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, there has not been any independent assessment/ evaluation/assurance carried out by an external agency.

7. Does the entity have any projects related to reducing Green House Gas emission? If Yes, then provide details.

The Company is committed to transitioning to renewable energy starting with Ambattur and Mahindra City in Tamil Nadu. In 2022, the Company is in the process of setting up a solar rooftop plant with a capacity of 650KWp (kilowatts peak) at Mahindra city. This will reduce carbon emissions of 10% CO2 emissions starting this year at this location.

Starting January 2022, The Company began procuring 1MW of solar energy annually from a third party for the Ambattur & Mahindra City plant. This resulted in CO2 reduction of 623 tonnes in Q1 2022.

The Company is also proposing to procure solar energy (5MW) from group captive sources at the Ambattur and Mahindra city sites which can help reduce emissions by 30% Co2 annually.

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

Parameter	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	27.80	24.60
E-waste (B)	2.60	5.00
Bio-medical waste (C)	0.01	0.01
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	4,374	3,454
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>4,404.40</b>	<b>3,483.60</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	3,978.24	3,517
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	3,978.24	3,517
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	13.23	14.40
(ii) Landfilling	17.60	12.70
(iii) Other disposal operations	Recyclers (Aluminium, paper, GI, plastics)	Recyclers (Aluminium, paper, GI, plastics)
<b>Total</b>	<b>30.83</b>	<b>27.10</b>

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, there has not been any independent assessment/ evaluation/assurance carried out by an external agency.

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

S. No.	Location of operations / offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not applicable			

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
Not applicable					

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

The Company is in compliance with the applicable laws and regulations.

S. 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
Nil				

### 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: The Company's renewable energy consumption contributed for about 5% of the total energy consumption in 2022. The same was contributing to about 3% in 2021. This is a reflection of the Company's initiative to protect and restore the environment which aligns with the goal to promote sustainable energy consumption.

Parameter	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A)	4,845.60	2,120.40
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
<b>Total energy consumed from renewable sources (A + B + C)</b>	<b>4,845.60</b>	<b>2,120.40</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	79,869.60	67,291.2
Total fuel consumption (E)	5,162.40	3,315.60
Energy consumption through other sources (F)	-	-
<b>Total energy consumed from non-renewable sources (D + E + F)</b>	<b>85,032.00</b>	<b>70,606.80</b>

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, there has not been any independent assessment/ evaluation/assurance carried out by an external agency.

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2. Provide the following details related to water discharged:

Parameter	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment - please specify level of Treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment - please specify level of Treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment - please specify level of Treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment - please specify level of Treatment	146,400	139,080
(v) Others	-	-
- No treatment	-	-
- With treatment - please specify level of Treatment	-	-
<b>Total water discharged (in kilolitres)</b>	<b>15,659</b>	<b>13,284</b>

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, there has not been any independent assessment/ evaluation/assurance that has been carried out by an external agency.

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:

Name of the area: Lucknow, Jamshedpur, Chennai and Chengalpet

Nature of operations: Manufacturing of automotive components and accessories

Water withdrawal, consumption and discharge in the following format:

Parameter	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater *	11,255	10,745
(iii) Third party water #	51,454	52,611
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)</b>	<b>62,709</b>	<b>63,356</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>62,342</b>	<b>61,706</b>
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	<b>0.01</b>	<b>0.01</b>
<b>Water intensity (optional)</b> - the relevant metric may be selected by the Entity	-	-
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-



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Water withdrawal, consumption and discharge in the following format: - *continued*

Parameter	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
(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	-	-
<b>Total water discharged (in kilolitres)</b>	<b>15,659</b>	<b>13,284</b>

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.

\* Water is used through groundwater in Lucknow and Jamshedpur plants.

# Water is sourced from third parties for Chennai and Chengalpet plants.

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

Parameter	Unit	FY 22 (Current Financial Year)	FY 21 (Previous Financial Year)
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	The Company is yet to track this information and is in the process of evaluating and deciding its future course on this on a go forward basis.	
<b>Total Scope 3 emissions per rupee of turnover</b>			
<b>Total Scope 3 emission intensity</b> ( <i>optional</i> ) - 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.

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.

Not applicable

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 outcome of such initiatives, as per the following format:

The Company has introduced innovative technologies to reduce the impact on the environment. In the entire chain of manufacturing, the emphasis is on preserving natural resources. Processes designed by the Company are designed to minimize the use of raw materials, to conserve water and energy. Power consumption is tracked and reviewed periodically. Replacement of old pumps, optimization of energy consumption, elimination of redundant processes and machines resulted in significant energy savings.

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Implementation of centralized energy management system	The implementation aims to reduce non-working energy and compressor utilization to reduce energy consumption.	Reduces energy consumption by 20%
2	Anodizing Chiller heat exchanger design change	Anodizing Chiller heat exchanger design change using direct titanium coil which reduces the energy consumption	Reduces 150 KWH/day at Maraimalai Nagar plant
3	Energy efficient motors to reduce energy consumption	Replaced IE2 motor to energy efficient IE3 motor in 45 places	Resulted in 40K units savings in energy consumption
4	Replaced air-to-air cooler with replacement panel coolers	Replaced the coolers in 25 places in CNC machines	Resulted in annual savings of 150 Kunits

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Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
5	Modifying the chillers	Plasma chillers modified from 50 KW to 18KW based on improved pulsar and rectifier with reduced heat generation components	Savings of 175K units per year
6	Changing from compressed air to air blowers	Air Blowers to be used instead of compressed air in all applicable washing machines	Savings of 100K units per year

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. The 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.
- Risks addressed include natural calamities, IT security risks, production related risks, supply chain related risks. However, due to the COVID-19 global pandemic, the Company has focused on employee health and Safety and potential safety issues arising from prolonged shutdown. The Company considers this a critical plan wherein additional measures are placed at different sites, additional preventive measures like thermal screening, social distancing, fumigation of identified work places, use of masks by employees, use of natural ventilation, avoid use of biometric, modify seating arrangement in canteens etc, release of 10 Golden Rules to Help Safeguard ZF CVCS INDIA Employees from COVID-19 and increase awareness to employees, vaccination for all employees and monitoring across all sites and departments wise by SHE team and restricted to entry' in to office.
- 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 such instances noted by the Company in the value chain due to the company's product.
9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.
- None

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

The Company ensures that utmost care is considered when engaging in government affairs and public policy advocacy. The Company has internal teams that coordinate these efforts. Strategic decisions on advocacy are involved by employees from top management and only approved personnel participate in this process. The Company may engage in policy discussions that matter to the Company's business and its customers, in areas including privacy, intellectual property, and sustainability. The Company strives to help policy makers at every level of government understand our products, our innovations, and our business.

#### **Essential indicators**

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

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- 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.

Not applicable, as there were no adverse orders from regulatory authorities.

### Leadership indicators

- Details of public policy positions advocated by the entity:

The Company does not engage in policy advocacy. However, as a responsible corporate citizen it is committed to promoting growth, technological progress, energy conservation, sustainability and road safety.

As part of the industry, the Company makes recommendations, provides views and opinions to regulators and associations.

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually / Half yearly / Quarterly / Others - please specify)	Web Link, if available
1	ABS for Commercial Vehicles (2013)	Public event, Technology Demonstration at Test Track	No	NA	PressReader.com - Digital Newspaper & Magazine Subscriptions
2	Electronic Stability Control (ESC) - 2017	Public event, Technology launch at Test Track	No	NA	WABCO INDIA Showcases Electronic Stability Control (globenewswire.com)
3	Intelligent Trailer Program (ITP) - 2018 (to promote trailer ABS)	Public event, Technology launch at Test Track	No	NA	intelligent trailer program: Wabco launches Intelligent Trailer Program in India, Auto News, ET Auto (indiatimes.com)
4	Advanced Driver Assistance Systems like Lane Departure Warning, Collision Mitigation System, Collision Avoidance System, Etc.	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	Yes	NA	NA
5	Technology roadmaps for India	Representing ZF Group at TSR Committee (Technical, Safety and Regulations committee) of Automotive Components Manufacturers Association (ACMA) to define and align technology roadmaps	Yes	NA	NA

### PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

As a responsible corporate citizen, the Company engages in social responsibility and community development activities. This year the activities were conducted through internal engagement of employees and resources, driving activities which would help the needy sections of the society as per the Company's CSR policy with specific focus towards areas surrounding the company's plant locations. The activities during the year were largely directed towards skill development, promoting education, preventive healthcare, safety education, support on fighting COVID 19 etc.

### Essential indicators

- Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.  
Not applicable as there were no projects undertaken that required an SIA in the current financial year.

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

Not applicable as there were no projects requiring an R&R.

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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 22 (Current Financial Year)	FY 21 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	4.26%	5.66%
Sourced directly from within the district and neighbouring districts	36%	42%

### 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
Not applicable	

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

The Company focuses on CSR activities as specified in Schedule VII of the Companies Act, 2013. CSR projects are recommended by the CSR Committee and approved by the Board.

Environmental sustainability and social wellbeing, amongst others, are in the forefront when implementing CSR projects. The projects predominantly support communities in and around the Company plant and office locations. For further information, please refer to our annual report on CSR activities for the year.

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.  
Not applicable as there were no adverse orders in intellectual property related disputes.
6. Details of beneficiaries of CSR Projects  
Refer to annual report on CSR activities.

### 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.

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2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about environmental and social parameters relevant to the product, safe and responsible usage, Recycling and/or safe disposal:  
Safety is our top priority. Our products on the SBA and air processing constituting about 24% of our total turnover in 2022 carry safety instructions.

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

	FY 22 (Current Financial Year)			FY 21 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil			Nil		
Advertising						
Cyber-security						
Delivery of essential Services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

4. Details of instances of product recalls on account of safety issues:  
There are no product recalls on account of safety issues.
5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? If available, provide a web-link of 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.
6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.  
Nil

### Leadership indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).  
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.  
The Company is involved in continuous communication with the customers to inform any risk of disruption of any essential services. Dedicated sales and customer support teams have consistent communication to keep the customers abreast of any issues in the supply chain.
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 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](https://www.wabco-customercentre.com/catalog/en_IN?cclcl=en_IN)
5. Provide the following information relating to data breaches:
- Number of instances of data breaches along-with impact  
Nil
  - 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.

### 2. Board of directors

#### 2.1 Composition and category of directors:

As of 31<sup>st</sup> March 2022, the total strength of the Board of Directors (the Board) was 7 Directors. All the Directors except the Managing Director are Non-Executive Directors. Out of the Six Non-Executive Directors, three Directors viz., Mr. M Lakshminarayan (Chairman), Mr. Mahesh Chhabria and Dr. Lakshmi Venu are Independent Directors. The Chairman is not related to any promoter of the Company as defined under

#### 2.3 Attendance and other directorships:

The details of attendance of the Directors at the Board meetings, during the year, and at the last Annual General Meeting held on 24<sup>th</sup> September 2021 and also the number of other Directorships and committee membership's chairmanships as on 31<sup>st</sup> March 2022 are as follows:

Name of the director Messrs	DIN	Category	Attendance particulars		Number of directorships* and committee member <sup>!</sup> / chairmanships**		
			Board meeting	Last AGM	Other directorships	Committee memberships	Committee chairmanships
M. Lakshminarayan	00064750	C-I	6	Yes	10	8	4
P. Kaniappan	02696192	MD-NI	6	Yes	2	1	-
Mahesh Chhabria	00166049	NE-I	6	Yes	7	1	1
Dr. Lakshmi Venu \$ ++	02702020	NE-I	4	No	6	4	-
Philippe Colpron \$	08344534	NE-NI	4	Yes	1	-	-
Dr. Christian Brenneke \$	08344547	NE-NI	4	Yes	Nil	-	-
Alexander De Bock \$	08745365	NE-NI	6	Yes	1	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.

C-I : Chairman Independent.

MD-NI: Managing Director - Non-Independent Director.

NE-I : Non-Executive - Independent Director.

NE-NI : Non-Executive - Non-Independent Director.

++ : As approved by the members of the Company at the Annual General Meeting held on 24<sup>th</sup> September 2021 the term of Dr. Lakshmi Venu, Independent director of the Company, is for a term of five consecutive years from 19<sup>th</sup> May 2021 to 18<sup>th</sup> May 2026.

Regulation 17(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulation). The number of Independent Directors is one third of Board's total strength. Thus, the Company meets with the requirements of composition of the board as per Listing Regulation.

#### 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 in order to assist the Directors for planning their schedules to participate in the meetings. During the year 2021-22, the Board met 6 times on 17<sup>th</sup> May 2021, 28<sup>th</sup> July 2021, 5<sup>th</sup> October 2021, 26<sup>th</sup> October 2021, 10<sup>th</sup> December 2021 and 27<sup>th</sup> January 2022 and the gap between two meetings did not exceed 120 days.



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

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

- Dr. Lakshmi Venu has been appointed as Managing Director of Sundaram Clayton Limited w.e.f. 6<sup>th</sup> May 2022.
- 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 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. Functional heads are present whenever necessary and appraise all the directors about the developments. They also make presentations to the board and audit committee of directors. Apart from this, the observations of audit carried out by the internal auditors is placed at the audit committee of the directors. The board also reviews the declarations made by the Managing Director, Company Secretary and Legal Officer of the Company regarding compliance of all applicable laws on quarterly basis.

#### 2.5 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) 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](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html). All the board members and senior management personnel have affirmed compliance with the Code for the year ended 31<sup>st</sup> March 2022. 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.

#### 2.6 Appointment of directors:

In terms of Regulation 36(3) of the Listing Regulation, a brief resume of directors, proposed to be appointed / 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.

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### 2.7 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 Block	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	✓	✓		✓	✓		

### 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.

#### 3.1 Brief description of terms of reference:

The Audit Committee of the Company is entrusted with the following responsibilities to supervise the Company's internal control and financial reporting process:

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.
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 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;

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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 consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

### 3.2 Composition, name of members and the chairman of the Audit Committee:

The Committee consists of the following directors:

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. 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 24<sup>th</sup> September 2021. 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:

Date of the meeting	Members present Messrs
17 <sup>th</sup> May 2021	Mahesh Chhabria, M Lakshminarayan, Dr. Lakshmi Venu and Alexander De Bock

Date of the meeting	Members present Messrs
28 <sup>th</sup> July 2021	Mahesh Chhabria, M Lakshminarayan, Dr.Lakshmi Venu and Alexander De Bock
5 <sup>th</sup> October 2021	Mahesh Chhabria, M Lakshminarayan, and Alexander De Bock
26 <sup>th</sup> October 2021	Mahesh Chhabria, M Lakshminarayan, and Alexander De Bock
10 <sup>th</sup> December 2021	Mahesh Chhabria, M Lakshminarayan, Dr.Lakshmi Venu and Alexander De Bock
27 <sup>th</sup> January 2022	Mahesh Chhabria, M Lakshminarayan, Dr.Lakshmi Venu and Alexander De Bock

### 4. Disclosures

- 4.1 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.
- 4.2 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.
- 4.3 The Company has a Whistle Blower Policy and no personnel is denied the access to the audit committee.
- 4.4 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.
- 4.5 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 31<sup>st</sup> March 2022.
- 4.6 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\\_in.html#policiesandcodeofconduct\\_acc\\_657742\\_0](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_in.html#policiesandcodeofconduct_acc_657742_0)
  - Code of Business conduct and ethics by the Board Members & Senior Management
  - Corporate Social Responsibility Policy
  - Related Party Transaction Policy
  - Whistle Blower Policy
  - Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
  - Policy on Criteria for Determining Materiality of Events
  - Dividend Policy

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- 4.7 The Auditors were paid an amount of ₹ 66.50 lakhs as remuneration for the year 2021-22. Details are provided in note to the financial statements.
- 4.8 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.

### 5. Nomination and Remuneration Committee

The Board has constituted a Nomination and Remuneration Committee in terms of Section 178 of the Companies Act, 2013. Composition, name of members and the chairman of the Committee:

The committee consists of the following directors:

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

The Nomination and Remuneration committee was reconstituted on 19<sup>th</sup> May, 2021, by inducting Mr. Mahesh Chhabria, as member of the Committee.

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:

Date of the meeting	Members present Messrs
17 <sup>th</sup> May 2021	Dr. Lakshmi Venu, M Lakshminarayan, and Dr. Christian Brenneke
27 <sup>th</sup> January 2022	Dr. Lakshmi Venu, M Lakshminarayan, and Dr. Christian Brenneke

#### 5.1 Brief description of the Terms of reference:

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

- 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.
- To carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on his performance.
- To recommend to the Board, all remuneration, in whatever form, payable to Directors, key managerial personnel and senior management.
- 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.

#### 5.2 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\\_in.html#policiesandconduct\\_acc\\_657742\\_0](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_in.html#policiesandconduct_acc_657742_0)

#### 5.3 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.

#### 5.4 Particulars of remuneration paid to the Managing Director during the financial year 2021-22 (₹ in lakhs)

Name of the director	Salary	Contribution to PF and other funds	Perquisites & Allowances	Performance Bonus	Total
Mr P Kaniappan	155.82	11.70	69.00	243.23	479.75

#### 5.5 Particulars of sitting fees and commission paid/payable to non-executive directors/non-executive independent directors and directors during the financial year 2021-22.

Name of the directors - Messrs	Sitting fee (₹)	Commission (₹)@	Total (₹)
M Lakshminarayan	3,80,000	20,00,000	23,80,000
Dr. Lakshmi Venu	2,20,000	20,00,000	22,20,000
Mahesh Chhabria	2,60,000	30,00,000	32,60,000
<b>Total</b>	<b>8,60,000</b>	<b>70,00,000</b>	<b>78,60,000</b>

@ 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 14<sup>th</sup> August 2019, non-executive independent directors are being paid commission not exceeding 1% of the net profits of the Company.



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The Board at its meeting dated 20<sup>th</sup> May 2022, has considered and approved the commission payable to non-executive independent directors amounting to ₹ 20 Lakhs each and the Board further approved an additional consideration of ₹ 10 Lakhs to Mr. Mahesh Chhabria, non-executive independent directors. 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. None of the directors are related to each other.

### 6. Stakeholders Relationship Committee:

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

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

The committee consists of the following directors:

Name of the directors - Messrs.	Status
M Lakshminarayan	Non-executive, Independent Director
P Kaniappan	Managing Director
Alexander De Bock	Non-executive, Non-Independent director

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](mailto: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:

Date of the meeting	Members present Messrs.
17 <sup>th</sup> May 2021	M Lakshminarayan, P Kaniappan and Alexander De Bock
28 <sup>th</sup> July 2021	M Lakshminarayan, P Kaniappan and Alexander De Bock
26 <sup>th</sup> October 2021	M Lakshminarayan, P Kaniappan and Alexander De Bock
27 <sup>th</sup> January 2022	M Lakshminarayan, P Kaniappan and Alexander De Bock

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, non-receipt of declared dividends, etc. The Company, as a matter of policy, disposes investor services complaints within a span of seven days. Complaints received and redressed during the year 2021-22

No. of Complaints received during the year	1
No. of complaints resolved during the year	1
No. of complaints pending unresolved as on 31.03.2022	-

6.2 All the complaints were resolved and, as on 31<sup>st</sup> March 2022, no complaint was pending. All requests for dematerialization of shares were carried out within the stipulated time period.

### 7. Risk Management Committee

As on 31<sup>st</sup> March, 2022 the Risk Management Committee consists of the following directors:

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)

The risk management committee was reconstituted on 28<sup>th</sup> July, 2021, by inducting Mr. Mahesh Chhabria, as member of the Committee. Composition of the committee is in accordance with the requirements of Regulation 21 of the Listing Regulation.

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:

Date of the meeting	Members present Messrs.
18 <sup>th</sup> February 2022	P Kaniappan, R S Rajagopal Sastry and V Ramanathan
11 <sup>th</sup> March 2022	Christian Brenneke, Philippe Colpron, Mahesh Chhabria, P Kaniappan, R S Rajagopal Sastry and V Ramanathan

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The terms of reference of the committee includes monitoring/ reviewing the risk management plan, the annual risk management framework, and periodically review the process for systematic identification and assessment of the business risks, critical risk exposures and report to the Board and develop recommend and review the Company's Risk Management Policy to the Board.

### 8. 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 of date, the committee consists of the following directors:

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:

Date of the meeting	Members present Messrs
17 <sup>th</sup> May 2021	P Kaniappan, M Lakshminarayan and Dr. Lakshmi Venu

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.

### 9. Separate Meeting of Independent Directors

One separate Meeting of the Independent Directors as required under Regulation 25 (3) of SEBI (LODR) Regulations 2015) was held on 31<sup>st</sup> March, 2022.

### 10. 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.

### 11. General body meeting:

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

Year	Location	Date	Time
2018-19	AGM The Narada Gana Sabha, (Sathguru Gnananandha Hall) No.314, T.T.K. Road, Alwarpet, Chennai 600018	14.08.2019	09.30 A.M.
2019-20	AGM Through Video Conferencing (VC) / Other	25.09.2020	02.00 P.M.
2020-21	Audio Visual Means (OAVM)	24.09.2021	02.00 P.M.

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

AGM Date	Item of Business
14.08.2019	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. M Lakshminarayan, (DIN: 00064750), as a Non-Executive and Independent Director for another term of five consecutive years from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2024, 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.</li> <li>2. Re-appointment of Mr. Narayan K Seshadri (DIN: 00053563) as a Non-Executive and Independent Director for another term of one year from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, 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.</li> </ol>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

AGM Date	Item of Business
25.09.2020	Nil
24.09.2021	<p>1. Re-appointment of Dr. Lakshmi Venu (DIN: 02702020), as a Non-Executive and Independent Director for a term of five consecutive years from 19th May, 2021 to 18th 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.</p> <p>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 ₹ 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.</p> <p>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.</p>

None of the subjects placed before the shareholders in the last / ensuing Annual General Meeting required / requires approval by a postal ballot.

### 11.2 Postal Ballot

Year	Postal Ballot No.	Date	Time
2021-22	3	15.01.2022	02.00 P.M.

During the year, the Members of the Company approved the following business by way of Special Resolution through Postal Ballot (through remote e-Voting mechanism),

- i) Pursuant to Section 13 and other applicable provisions of the Companies Act, 2013 read with relevant rules made thereunder, including any modification (s) thereto or re-enactment(s) thereof for the time being in force, any other applicable law(s), regulation(s), Policy(ies) or guidelines and subject to the provisions of Memorandum and Articles of Association of the Company, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Listing agreement entered into by the Company with the Stock Exchanges and subject to approval of the Registrar of Companies and any other regulatory authorities, as may be applicable, consent of the Members of the Company be and is hereby accorded to change the name of the Company from WABCO India Limited to **"ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED"**.

The new name of the Company be given effect from the date of issue of fresh "Certificate of Incorporation pursuant to change of name" by the Registrar of Companies and accordingly the present name "WABCO India Limited" wherever it occurs in the Memorandum of Association and Articles of Association of the Company be substituted by the new name **"ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED"**

The Board had appointed Mr. K.Sriram, Partner, M/s S Krishnamurthy & Co. Company Secretaries Chennai (COP No. 2215) as Scrutiniser to scrutinise votes cast electronically in a fair and transparent manner.

Further, in compliance with the provisions of sections 108 and 110 of the Act read with Rule 20 and 22 of the Rules, as amended and the provisions of Regulation 44 of the Listing Regulations, Members were provided with the facility to cast their votes electronically, through the e-Voting services provided by National Securities Depository Limited, Depository of the Company on the

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

resolution set forth in this Notice of Postal Ballot, through remote e-Voting.

Particulars	Percentage of total e-votes	Result
Votes cast in favour of the Resolution	99.998	Passed with requisite majority
Votes cast against the Resolution	0.002	
Total	100	

### 12. Unclaimed Shares

Pursuant to Regulation 39 of the Listing Regulation, equity shares aggregating to 1,472 shares of Rs.5/- each held by 30 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 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 01/04/2021.	31	1,554
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 31/3/2022	1	82
Shares transferred to the IEPF Suspense account during the year ended 31/3/2022.	Nil	Nil
Aggregate number of shareholders and the outstanding shares lying in the suspense account on 31/03/2022.	30	1,472

### 13. 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 01/04/2021.	718	45,102
No. of shareholders who approached listed entity for transfer of shares from IEPF Authority Account during the year	14	1,474
No. of shareholders of whose shares were transferred from unclaimed Suspense Account to the IEPF Authority Account during the year	Nil	Nil
No. of shareholders whose shares were transferred to the IEPF Authority Account during the year	35	2,187
No. of shares transferred from the IEPF Authority Account during the year to the shareholders	1	82
Aggregate number of shareholders and the outstanding shares lying in the IEPF Authority Account during the year	752	47,207

Unclaimed Dividend pertaining to the year 2013-14 was transferred to the IEPF account.

### 14. Complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Details are provided in the Principle 5 of Section 6 in Business Responsibility and Sustainability Report.

### 15. Means of communication

#### 15.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in the English and vernacular newspapers. These are not sent individually to the shareholders.

#### 15.2 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".

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### 15.3 Website:

The Company has in place a functional web site addressed as [https://www.zf.com/mobile/en/company/investor\\_relations/zf\\_india\\_investor\\_relations/zf\\_india\\_ir.html](https://www.zf.com/mobile/en/company/investor_relations/zf_india_investor_relations/zf_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

National Stock Exchange of India Ltd. (NSE) **ZFCVINDIA**  
Exchange Plaza, C-1, Block G,  
Bandra - Kurla Complex, Bandra (E),  
Mumbai 400 051

**ISIN allotted by depositories** INE342J01019  
(Company ID Number)

(Note: Annual listing fees for the year 2022-23 have been duly paid to the above stock exchanges).

## 16. General shareholder information

### 16.1 Annual General Meeting:

Date and time/Venue : 27<sup>th</sup> July 2022 at 15.00 hrs. (IST) through Video Conferencing (VC) / Other Audio Visuals Means (OAVM)

### 16.2 Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March

Financial calendar  
2022-23 (Tentative) :

Financial reporting for  
the quarter ending : Financial calendar

30<sup>th</sup> June 2022 : between 15<sup>th</sup> July to  
14<sup>th</sup> August 2022

30<sup>th</sup> September 2022 : between 15<sup>th</sup> October to  
14<sup>th</sup> November 2022

31<sup>st</sup> December 2022 : between 15<sup>th</sup> January to  
14<sup>th</sup> February 2023

31<sup>st</sup> March 2023 : between 15<sup>th</sup> to 30<sup>th</sup> May 2023

Annual General Meeting  
(next year) : July / August / September 2023

### 16.3 Particulars of dividend payment

The Board of Directors had recommended a dividend of ₹ 12 per share for the year 2021-22, absorbing a sum of ₹ 2,276.11 lakhs and subject to the approval of the shareholders in the ensuing annual general meeting. This dividend will be paid on or before 25<sup>th</sup> August 2022 to the shareholders as on record date.

### 16.4 Listing on Stock Exchanges:

<b>Name of the stock exchange</b>	<b>Stock code</b>
BSE Ltd. (BSE)	<b>533023</b>
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	

### 16.5 Market Price Data: (Amount in ₹)

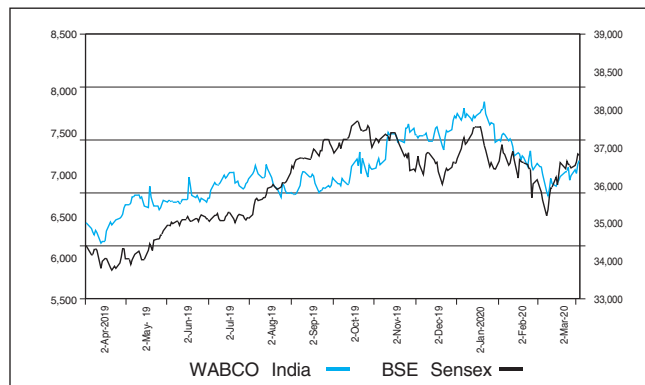
Month	National Stock Exchange of India Limited		BSE Limited	
	Share Price		Share Price	
	High	Low	High	Low
April - 2021	6984.85	5950.00	6968.90	5961.25
May - 2021	7270.00	6381.00	7255.55	6384.05
June - 2021	7871.95	6746.75	7870.45	6755.50
July - 2021	7499.70	6818.00	7500.00	6817.35
August - 2021	7850.00	6825.30	7851.10	6841.00
September - 2021	7447.60	6815.25	7438.45	6890.00
October - 2021	8196.15	7122.10	8183.20	7102.85
November - 2021	8725.70	7354.95	8716.00	7367.30
December - 2021	8600.00	7726.50	8599.60	7711.50
January - 2022	8780.05	7925.00	8777.70	7920.85
February - 2022	8180.80	7251.10	8150.40	7264.00
March - 2022	7699.80	6900.00	7695.55	6823.00



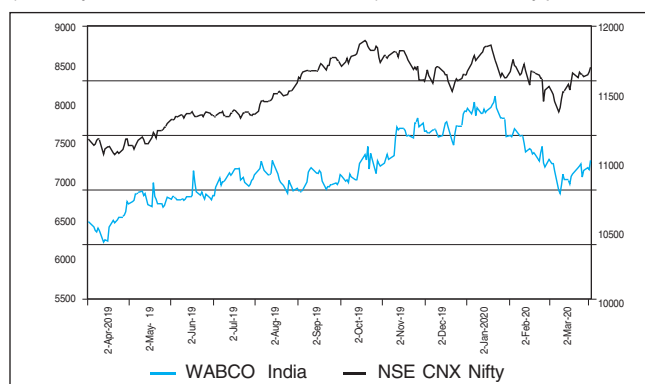
## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### 16.6 Performance of WABCO India shares against the Performance of BSE Sensex and NSE CNX Nifty

ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED (Formerly known as WABCO INDIA Limited) Vs BSE Sensex performance



ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED (Formerly known as WABCO INDIA Limited) Vs NSE CNX Nifty performance



### 16.7 Share Transfer Agents (STA) and Share Transfer System:

- Messrs. Integrated Registry Management Services Private Limited as the Registrars & Share Transfer Agents (STA) with effect from 1st April 2021. Integrated Registry Management Services Private Limited is registered with SEBI as the Share Transfer Agent(STA) in Category II. Movement of data related to the shareholders to the new RTA has been completed. Shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company.
- 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
- 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 7 days.

- 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.
- 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.
- 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.
- The Company, as required under Listing Regulation, has designated the following e-mail IDs, namely [srirams@integratedindia.com](mailto:srirams@integratedindia.com) (share transfer agent)/ [muthulakshmi.m@zf.com](mailto:muthulakshmi.m@zf.com) (compliance officer) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- 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.

16.8 Shareholding Pattern as on 31<sup>st</sup> March 2022 is available in annexure 3 forming part of the Directors Report.

16.9 Distribution of Shareholding as on 31st March 2022:

Shareholding (Range)	No. of Shares	%	No. of Members	%
Upto 5000	1,292,939	6.82	22916	99.71
5,001 - 10,000	128,490	0.68	18	0.08
10,001 - 20,000	227,497	1.20	15	0.07
20,001 - 50,000	564,600	2.98	16	0.07
50,001 - 1,00,000	511,547	2.70	7	0.03
1,00,001 & above	16,242,511	85.63	10	0.04
Total	18,967,584	100.00	22,982	100.00

- Dematerialization of shares and liquidity:  
The entire promoter holding is in dematerialised form. Out of 47,41,900 shares held by persons other than promoters,

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

46,49,637 of shares have been dematerialized as on 31st March 2022 accounting for 98.05%

- 16.11 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.
- 16.12 Details regarding plant locations is made available in the Business Responsibility and Sustainability Report.
- 16.13 Address for investors Correspondence:
- (i) For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company. Integrated Registry Management Services Private Limited  
2<sup>nd</sup> Floor, Kences Towers  
No.1 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 & general correspondence Email :  
srirams@integratedindia.in  
cvcs.info.india@zf.com

### 17. Non-mandatory disclosure

#### 17.1 Shareholder rights:

The half-yearly results of the Company will be published in English and vernacular newspapers and are also displayed on the Company's website, namely [https://www.zf.com/mobile/en/company/investor\\_relations/zf\\_cv\\_india\\_investor\\_relations/zf\\_cv\\_india\\_ir.html](https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html). The results are not sent to the shareholders individually.

#### 17.2 Audit Qualifications:

The statutory financial statements of the Company are unqualified.

### 18. 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 the 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\_RTAMB/P/CIR/2021/655 issued by SEBI on November 3rd 2021, 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\_RTAMB/P/CIR/2021/655)

#### e. KYC Details

SEBI Vide Circular. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

- 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](http://www.nsdl.co.in) and [www.cdslindia.com](http://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 31<sup>st</sup> March, 2015 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 3<sup>rd</sup> 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 29<sup>th</sup> 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:

### 19. PARTICULARS OF UNCLAIMED DIVIDEND

Financial year	Date of Declaration	Date of transfer to special account	Date of transfer to IEPF
2014-15	30.07.2015	30.08.2015	30.08.2022
2015-16	29.07.2016	29.08.2016	29.08.2023
2016-17	18.09.2017	18.10.2017	18.10.2024
2017-18	27.07.2018	27.08.2018	27.08.2025
2018-19	14.08.2019	13.09.2019	13.09.2026
2019-20 (I)	19.03.2020	18.04.2020	18.04.2027
2021-22	24.09.2021	28.10.2021	28.10.2028

### 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

To

The Shareholders of ZF COMMERCIAL VEHICLECONTROL 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 31<sup>st</sup> March 2022.

For and on behalf of the Board

M LAKSHMINARAYAN  
Chairman  
DIN: 00064750

Chennai  
20<sup>th</sup> May, 2022

## 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 March 11, 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, 2022, 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.

#### Auditor's 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, 2022.
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

K SUDHAKAR  
Partner

Place : Chennai  
Date : May 20, 2022

Membership No: 214150  
ICAI UDIN: 22214150AJIDWG4641

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### INDEPENDENT AUDITORS' REPORT

To

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 2022, 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 2022, and its profit and other comprehensive loss, 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 obtained by us 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.

##### Description of Key Audit Matter

a. Revenue recognition - 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"><li>- 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.</li><li>- 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.</li></ul>



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

	<ul style="list-style-type: none"><li>- 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.</li><li>- 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).</li><li>- Performed analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and to identify unusual transactions.</li><li>- Obtained independent balance confirmations from the Company's customers on sample basis.</li></ul>
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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 standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained 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' Responsibility 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.
  - 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 2022 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 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
  - a) The Company has disclosed the impact of pending litigations as at 31 March 2022 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 accounts, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
    - provide any guarantee, security or the like to or 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 accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
    - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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- provide any guarantee, security or the like from or 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) 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 Companies Act, 2013 to the extent it applies to payment of dividend.

As stated in note 44 to the 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.

- (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 by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. 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 : May 20, 2022

Membership No: 214150  
UDIN: 22214150AJICCP2128

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### 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) on the Standalone Financial Statements for the year ended 31 March 2022

(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 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, in respect of which the requisite information is as below. The Company has not made any investments in firms, limited liability partnership or any other parties.
  - (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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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- (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 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<sup>st</sup> 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 Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities, except in the case of Provident fund dues where there have been delays for certain months in the range of 1-9 days and the aggregate amount involved is INR 1,678.56 lakhs.  
  
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 Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31<sup>st</sup> March 2022 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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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- (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.
- (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.



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

- (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 Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (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 Sec.135(6) of the said Act, except in respect of the following:

Financial Year	Amount unspent on corporate social responsibility activities for "On-going Projects" (in lakhs)	Amount transferred to Special Account within 30 days from the end of the Financial Year (in lakhs)	Amount transferred after the due date (specify the date of transfer) (in lakhs)
2020-21	627.82	-	627.82 (June 30, 2021)

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

K SUDHAKAR  
Partner

Place : Chennai  
Date : May 20, 2022

Membership No: 214150  
UDIN: 22214150AJICCP2128

## 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 2022

Name of the statute	Nature of 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
The Central Sales Tax Act, 1956	Sales Tax	13.59	2015-16	Deputy Commissioner, (Commercial Taxes) Uttarakhand

\* net of amount paid under protest, wherever applicable.

### Annexure B to the Independent Auditors' 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 2022.

#### 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 Companies Act, 2013

#### 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 2022 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 2022, 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 Responsibility 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

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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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 (hereinafter referred to as "the Act").

### Auditors' 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 whether 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 such internal financial controls, 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 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 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 Standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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 : 20 May 2022

Membership No: 214150  
UDIN: 22214150AJICCP2128

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Standalone Balance Sheet as at 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	44,087.25	41,488.93
Capital work-in-progress	3.2	2,026.10	4,973.67
Right of use assets	3.1	8,530.48	1,406.14
Intangible assets	3.1	948.36	329.42
Financial assets			
(i) Investments	4.1	100.00	–
(ii) Other financial assets	4.2	1,916.56	1,274.67
Non-current tax assets (net)	6.1	4,504.08	4,292.20
Deferred tax asset (net)	14	1,846.40	660.02
Other non-current assets	5	4,240.32	5,406.41
<b>Total non-current assets</b>		<b>68,199.55</b>	<b>59,831.46</b>
<b>Current assets</b>			
Inventories	7	14,477.26	11,371.60
Financial assets			
(i) Investments	4.1	39,810.73	63,996.80
(ii) Trade receivables	8	66,638.33	58,545.41
(iii) Cash and cash equivalents	9	8,824.63	15,678.77
(iv) Bank balances other than (iii) above	9.1	58,085.26	30,518.93
Other current assets	5	7,631.94	9,687.87
<b>Total current assets</b>		<b>195,468.15</b>	<b>189,799.38</b>
<b>Total assets</b>		<b>263,667.70</b>	<b>249,630.84</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	948.38	948.38
Other equity	11	210,459.38	198,691.96
<b>Total equity</b>		<b>211,407.76</b>	<b>199,640.34</b>
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Lease liabilities	16	26.72	443.40
Provisions	12	2,387.03	1,160.68
Government grants	13	–	3.72
<b>Total non-current liabilities</b>		<b>2,413.75</b>	<b>1,607.80</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Lease liabilities	16	361.91	513.65
(ii) Trade payables	15		
- Dues to micro & small enterprises		1,840.74	1,092.62
- Dues to other than micro & small enterprises		33,615.21	33,110.55
(iii) Other financial liabilities	16.1	4,853.38	4,660.01
Provisions	12	2,399.47	1,905.94
Other current liabilities	17	5,325.46	5,005.42
Current tax liabilities (net)	6.2	1,450.02	2,094.51
<b>Total current liabilities</b>		<b>49,846.19</b>	<b>48,382.70</b>
<b>Total equity and liabilities</b>		<b>263,667.70</b>	<b>249,630.84</b>
Significant Accounting Policies.	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 : 20 May 2022

P KANIAPPAN  
Managing Director  
DIN: 02696192  
R S RAJAGOPAL SASTRY  
Chief Financial Officer

As per our report of even date  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration no. 101248WW-100022

K SUDHAKAR  
Partner  
Membership No. 214150

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Standalone statement of Profit & Loss for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Notes	for the year ended March 31, 2022	for the year ended March 31, 2021
Revenue from operations	18	254,335.39	186,350.01
Other income	19	3,752.92	3,888.86
<b>Total income</b>		<b>258,088.31</b>	<b>190,238.87</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	20	164,934.31	113,582.87
Changes in inventories of finished goods and work-in-progress	21	(601.96)	(159.56)
Employee benefits expense	22	32,868.58	29,044.31
Finance costs	23	190.18	199.19
Depreciation and amortisation expense	24	9,243.17	9,039.93
Other expenses	25	31,879.74	23,305.61
<b>Total expenses</b>		<b>238,514.02</b>	<b>175,012.35</b>
<b>Profit before tax</b>		<b>19,574.29</b>	<b>15,226.52</b>
Tax expense	28		
- Current tax		6,434.31	5,360.91
- Deferred tax		(1,067.46)	(514.88)
		<b>5,366.85</b>	<b>4,846.03</b>
<b>Profit for the year (I)</b>		<b>14,207.44</b>	<b>10,380.49</b>
<b>Other comprehensive income:</b>	29		
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gains and (losses) on defined benefit plans		(472.50)	(260.45)
Income tax effect		118.92	65.55
<b>Other comprehensive income/(loss) for the year, net of tax (II)</b>		<b>(353.58)</b>	<b>(194.90)</b>
<b>Total comprehensive income for the year, net of tax (I + II)</b>		<b>13,853.86</b>	<b>10,185.59</b>
Earnings per equity share of INR 5 each	30		
Basic		74.90	54.73
Diluted		74.90	54.73
Significant accounting policies.	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 : 20 May 2022

P KANIAPPAN  
Managing Director  
DIN: 02696192

R S RAJAGOPAL SASTRY  
Chief Financial Officer

As per our report of even date  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration no. 101248WW/100022

K SUDHAKAR  
Partner  
Membership No. 214150

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Standalone statement of changes in equity for the year ended March 31, 2022

(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		
<b>At April 1, 2020</b>	18,967,584	948.38
Issue of share capital	–	–
<b>At March 31, 2021</b>	18,967,584	948.38
Issue of share capital	–	–
<b>At March 31, 2022</b>	<u>18,967,584</u>	<u>948.38</u>

#### b Other equity

For the year ended March 31, 2022

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
<b>At 1 April 2021</b>	<b>24,776.38</b>	<b>5.00</b>	<b>173,910.58</b>	–	<b>198,691.96</b>
Profit for the year	–	–	14,207.44	(353.58)	13,853.86
Other comprehensive income (Note 29)	–	–	(353.58)	353.58	–
<b>Total</b>	<b>24,776.38</b>	<b>5.00</b>	<b>187,764.44</b>	–	<b>212,545.82</b>
Dividend	–	–	(2,086.44)	–	(2,086.44)
<b>At 31 March 2022</b>	<b>24,776.38</b>	<b>5.00</b>	<b>185,678.00</b>	–	<b>210,459.38</b>

For the year ended March 31, 2021

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
<b>At 1 April 2020</b>	24,776.38	5.00	163,724.99	–	188,506.37
Profit for the year	–	–	10,380.49	(194.90)	10,185.59
Other comprehensive income (Note 29)	–	–	(194.90)	194.90	–
<b>Total</b>	<b>24,776.38</b>	<b>5.00</b>	<b>173,910.58</b>	–	<b>198,691.96</b>
Dividend	–	–	–	–	–
<b>At 31 March 2021</b>	<b>24,776.38</b>	<b>5.00</b>	<b>173,910.58</b>	–	<b>198,691.96</b>

Significant Accounting Policies. (Note 2)

Notes to the 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 : 20 May 2022

P KANIAPPAN  
*Managing Director*  
 DIN: 02696192

R S RAJAGOPAL SASTRY  
*Chief Financial Officer*

As per our report of even date  
 For B S R & Co. LLP  
*Chartered Accountants*  
 Firm's Registration no. 101248WW-100022

K SUDHAKAR  
*Partner*  
 Membership No. 214150



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Standalone statement of Cash Flows for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
<b>A. CASH FLOW FROM / (USED) IN OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>19,574.29</b>	15,226.52
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and amortisation expense	<b>9,243.17</b>	9,039.93
Impairment charge on property plant and equipment (net)	-	266.00
(Profit)/ loss on property plant and equipment sold / discarded (net)	-	23.36
(Profit)/ loss on sale of financial instruments (net)	<b>(1,881.56)</b>	(2,120.47)
Provision/ (release of provision) for doubtful trade receivables and advances (net)	<b>258.74</b>	108.23
Interest income	<b>(1,867.64)</b>	(1,630.57)
Finance costs	<b>190.18</b>	199.19
Net foreign exchange differences (unrealised)	<b>(159.39)</b>	(213.74)
<b>Operating profit before working capital / other changes</b>	<b>25,357.79</b>	20,898.45
Adjustments for :		
(Increase)/ decrease in inventories	<b>(3,105.66)</b>	(114.13)
(Increase)/ decrease in trade receivables	<b>(7,991.40)</b>	(22,082.83)
(Increase)/ decrease in other financial assets	<b>(455.60)</b>	14.55
(Increase)/ decrease in other assets	<b>3,584.35</b>	(1,171.27)
Increase / (decrease) in provisions and other liabilities	<b>1,563.71</b>	1,271.17
Increase/ (decrease) in financial liabilities	<b>566.43</b>	539.51
Increase/ (decrease) in trade payables	<b>1,310.65</b>	18,571.07
<b>Cash generated from operations</b>	<b>20,830.27</b>	17,926.52
Income tax paid	<b>(7,004.68)</b>	(4,084.82)
<b>Net cash flow from/(used) in operating activities</b>	<b>13,825.59</b>	13,841.70
<b>B. CASH FLOW FROM / (USED) IN INVESTING ACTIVITIES:</b>		
Purchase of property, plant, equipment and intangible assets (including capital work in progress, capital advances and capital creditors)	<b>(10,072.13)</b>	(7,007.39)
Payment for acquiring right of use assets	<b>(7,559.20)</b>	-
Purchase of investments	<b>(215,789.20)</b>	(527,679.78)
Proceeds from sale of investments	<b>241,856.82</b>	520,040.47
Investment in subsidiary	<b>(100.00)</b>	-
(Purchase of) / proceeds from maturity of bank deposits	<b>(27,752.62)</b>	9,866.97
Interest income	<b>1,581.64</b>	2,399.96
<b>Net cash flows from/(used) in investing activities</b>	<b>(17,834.69)</b>	(2,379.77)

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Standalone statement of Cash Flow for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
<b>C. CASH FLOW FROM / (USED) IN FINANCING ACTIVITIES</b>		
Dividends paid	(2,086.44)	-
Dividend distribution tax	-	(389.88)
Payment of lease liabilities including interest on lease liabilities	(758.60)	(1,467.27)
<b>Net cash flows from/(used) in financing activities</b>	<b>(2,845.04)</b>	<b>(1,857.15)</b>
<b>Net increase in cash and cash equivalents [A+B+C]</b>	<b>(6,854.14)</b>	<b>9,604.78</b>
Cash and cash equivalents at the beginning of the year	15,678.77	6,073.99
Cash and cash equivalents as at end of the year	8,824.63	15,678.77
Components of cash and cash equivalents		
i) Cash on hand	9.61	9.61
ii) On current accounts	8,815.02	15,669.16
<b>Cash and cash equivalents as per balance sheet (refer note 9)</b>	<b>8,824.63</b>	<b>15,678.77</b>

Significant Accounting Policies. (Note 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 : 20 May 2022

P KANIAPPAN  
*Managing Director*  
DIN: 02696192

R S RAJAGOPAL SASTRY  
*Chief Financial Officer*

As per our report of even date  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration no. 101248WW-100022

K SUDHAKAR  
*Partner*  
Membership No. 214150

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31 March 2022

#### 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.

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 20 May 2022.

The Company's Erstwhile ultimate holding company (Wabco Holding Inc.,) has entered into a definitive agreement with ZF Friedrichshafen (the acquirer) for the merger of Wabco Holding Inc., with a wholly owned subsidiary of the acquirer subject to regulatory approvals. Pursuant to the completion of aforesaid acquisition of the Company & parent company by ZF Friedrichshafen AG, the Company is now a subsidiary of ZF Friedrichshafen AG.

#### 2. 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.

##### 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 Section 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

###### (a) Current versus 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 statements for the year ended 31 March 2022

**(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.

Sales tax / Value Added Tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is the tax collected on value added on the commodity by the seller 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 30 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

### Notes to the Standalone financial statements for the year ended 31 March 2022

of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Claims on the Company for price revision are accounted when facts and circumstances indicate that a price reduction is probable and the amount are reasonably estimable. The claims by the Company are recorded when it is accepted and it is reasonably certain that the amounts will be collected.

#### **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 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 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 recognised 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**

##### **1. 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.

##### **2. Revenue from research and development services**

Revenue relating to research & development services are recognized on a fixed hourly basis when the services are rendered.

##### **3. 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.

#### **c. 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 (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 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.

Notes to the Standalone financial statements for the year ended 31 March 2022

**(ii) Interest income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**iii. Investment income**

Profit on sale of investment is recognised only at the time when the investments are realised.

**(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 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, Work-in-progress and Contract 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.

**Traded goods, 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 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 18 - 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.



**Notes to the Standalone financial statements for the year ended 31 March 2022**

**(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, it 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 operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside 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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31 March 2022

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.

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 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 statement of profit and loss when the asset is derecognized.

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 assets (years)
Buildings	10-30
Plant and machinery	10-21
Tools, Dies & Jigs	3
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 are amortised using the straight-line method over a period based on management's estimate of useful lives of such software being 2 / 3 years, or over the license period of the software, whichever is shorter.

#### De-recognition 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 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 Company estimates the asset's recoverable amount. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable

**Notes to the Standalone financial statements for the year ended 31 March 2022**

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**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Right of use assets (ROU assets)**

At the lease commencement date, the ROU asset is measured at cost. The cost of the ROU asset comprises of:

- (i) the initial lease liability
- (ii) any prepaid lease payments less any incentives received
- (iii) initial direct costs incurred in establishing the lease and
- (iv) an estimate of costs to be incurred by the lessee in dismantling the underlying asset as required by the law.

It is subsequently reduced by the depreciation / amortisation / impairment losses. Depreciation / amortisation is charged on a straight line basis on the shorter of lease term or useful life of ROU asset which the lessee is reasonably certain to exercise the option to purchase the asset.

**Lease liability**

- a. At the lease commencement date, the lease liability is measured at the present value of the minimum lease payments outstanding as at the date, plan payments under any options that the lessee is reasonably certain to exercise. Lease liability is measured at amortised cost using the effective interest method.
- b. Lease term used to calculate the lease liability is determined based on an economic analysis of early termination, extension or other options included in the lease arrangement.
- c. Lease payments are discounted using the rate implicit in the lease, if this can be clearly determined or incremental borrowing cost.
- d. The carrying amount of the lease liability is subsequently increased by the interest due on the lease liability and reduced by the lease payments.
- e. Lease liability is disclosed under other financial liabilities.

**Subsequent measurement**

Subsequently, the lease liability and the ROU asset are recognised to reflect changes in:

- lease term
- the assessment of an option
- the amounts expected to be payable
- lease payments
- rates

**Notes to the Standalone financial statements for the year ended 31 March 2022****(n) Retirement and other employee benefits****i. Defined benefit plan.****1. Provident Fund**

Eligible employees of ZF CVCS India receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the 'WABCO India Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by extant Indian laws and regulations. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. 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.

**2. 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 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 following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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 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.

**Notes to the Standalone financial statements for the year ended 31 March 2022**

**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) Share based payments**

Employees (including senior executives) of the Company received compensation under the scheme of the ultimate holding Company, WABCO Holdings Inc., USA in the form of stock units, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Performance stock units (PSUs), the vesting of which would occur at levels ranging from none to 200% of the number of granted PSUs depending upon the achievement of three year cumulative earnings per share goals approved by the Compensation, Nominating and Governance Committee of the Board of Directors of WABCO Holdings Inc., USA. The Company assesses expected achievement levels at the end of each reporting period.

Restricted stock units (RSU's) vests to the employees on a proportionate basis over the period of 3 years provided the employees continues in employment.

The Company measures and recognizes the expense associated with all share-based payment awards made to employees including RSUs, PSUs based on estimated fair values obtained by the ultimate holding Company being the administrator of the scheme.

This plan was discontinued during the previous year pursuant to the merger of the erstwhile ultimate holding Company with ZF Friedrichshafen AG.

**(p) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

**Initial recognitions and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in two categories:

Debt instruments at amortised cost

Debt instruments at fair value through profit or loss (FVTPL)

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any

### Notes to the Standalone financial statements for the year ended 31 March 2022

discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 8.

#### **Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.



### Notes to the Standalone financial statements for the year ended 31 March 2022

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss account. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

##### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

##### **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31 March 2022

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Profit and Loss at the reclassification date.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities 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 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 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

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended the existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1 April 2022. Key Amendments relating to the financial statements which are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment (PPE) - For items produced during testing/trail phase, clarification added that revenue generated out of the same shall not be recognised in Statement of profit and loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets - Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
- Ind AS 103 - Business Combination - Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
- Ind AS 109 Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 3.1 Property plant and equipment, Right-of-use assets and intangible assets

Description	Property plant and equipment						Right of use assets			Intangible Assets		
	Freehold Land	Buildings	Plant & Machinery, Tools, Dies & Jigs	Furniture & Fixtures	Office & other equipments	Vehicles	Total	Leasehold Land	Buildings	Total	Computer Software and licences	Total
<b>Cost</b>												
As at 1 April 2020	1,829.06	9,600.24	58,251.24	370.33	4,364.82	470.52	74,886.21	698.80	1,976.31	2,675.11	1,998.53	1,998.53
Add: Additions	-	25.01	3,406.30	121.11	1,301.21	58.61	4,912.24	-	17.28	17.28	337.14	337.14
Less: Disposals	-	-	31.53	-	-	-	31.53	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>1,829.06</b>	<b>9,625.25</b>	<b>61,626.01</b>	<b>491.44</b>	<b>5,666.03</b>	<b>529.13</b>	<b>79,766.92</b>	<b>698.80</b>	<b>1,993.59</b>	<b>2,692.39</b>	<b>2,335.67</b>	<b>2,335.67</b>
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>1,829.06</b>	<b>9,845.30</b>	<b>70,042.86</b>	<b>594.15</b>	<b>7,838.41</b>	<b>584.17</b>	<b>90,733.95</b>	<b>8,258.00</b>	<b>1,993.59</b>	<b>10,251.59</b>	<b>3,394.21</b>	<b>3,394.21</b>
<b>Depreciation and amortization</b>												
As at 1 April 2020	-	2,238.89	25,352.15	157.08	2,260.83	194.63	30,203.58	11.91	653.10	665.01	1,592.76	1,592.76
Add: Charge for the year	-	448.18	6,492.50	41.29	993.78	29.45	8,005.20	10.73	610.51	621.24	413.49	413.49
Less: Disposals	-	-	34.66	-	-	-	34.66	-	-	-	-	-
Add: Impairment allowance	-	-	103.47	-	0.04	0.36	103.87	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>-</b>	<b>2,687.07</b>	<b>31,913.46</b>	<b>198.37</b>	<b>3,254.65</b>	<b>224.44</b>	<b>38,277.99</b>	<b>22.64</b>	<b>1,263.61</b>	<b>1,286.25</b>	<b>2,006.25</b>	<b>2,006.25</b>
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>-</b>	<b>3,148.32</b>	<b>38,286.11</b>	<b>294.91</b>	<b>4,634.61</b>	<b>282.75</b>	<b>46,646.70</b>	<b>86.30</b>	<b>1,634.81</b>	<b>1,721.11</b>	<b>2,445.85</b>	<b>2,445.85</b>
<b>Written down value</b>												
As at 31 March 2021	1,829.06	6,938.18	29,712.55	293.07	2,411.38	304.69	41,488.93	676.16	729.98	1,406.14	329.42	329.42
<b>As at 31 March 2022</b>	<b>1,829.06</b>	<b>6,696.98</b>	<b>31,756.75</b>	<b>299.24</b>	<b>3,203.80</b>	<b>301.42</b>	<b>44,087.25</b>	<b>8,171.70</b>	<b>358.78</b>	<b>8,530.48</b>	<b>948.36</b>	<b>948.36</b>

Note: All the title deeds of immovable properties are held in the name of the Company.

#### 3.2 Capital work in progress

Capital work in progress as at 31 March 2022 comprises expenditure for the plant in various stages of installation. Total amount of Capital work in progress is INR 2,026.10 lakhs (31 March 2021: INR 4,973.67 lakhs).

#### Ageing schedule

	As at 31 March 2022					As at 31 March 2021				
	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	1,129.84	258.17	638.09	-	2,026.10	3,488.75	1,484.92	-	-	4,973.67
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,129.84</b>	<b>258.17</b>	<b>638.09</b>	<b>-</b>	<b>2,026.10</b>	<b>3,488.75</b>	<b>1,484.92</b>	<b>-</b>	<b>-</b>	<b>4,973.67</b>

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.

#### 3.3 Impairment allowance

Pursuant to the merger of the Company's ultimate holding company with ZF Friedrichshafen AG ('ZF'), the Company has recognised an impairment charge of INR 266 lakhs during the previous year towards certain assets (including capital work in progress) pertaining to a line of business, which the Company would not be able to pursue.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>4. FINANCIAL ASSETS</b>		
<b>4.1 Investments</b>		
<b>Non-Current - unquoted</b>		
<b>Investment in subsidiary - measured at cost</b>		
1,000,000 (previous year: Nil) equity shares of INR 10 each fully paid up in "ZF CV Control Systems Manufacturing India Private Limited"	100.00	-
	<u>100.00</u>	<u>-</u>
<b>Current - quoted</b>		
<b>Investments at fair value through profit or loss (fully paid)</b>		
Mutual fund units	39,810.73	63,996.80
	<u>39,810.73</u>	<u>63,996.80</u>
Aggregate market value of quoted investments	<u>39,810.73</u>	<u>63,996.80</u>
<b>4.2 Other financial assets</b>		
<b>Non-Current</b>		
Non-current bank balances (refer note below)	732.54	546.25
Security deposits	1,184.02	728.42
	<u>1,916.56</u>	<u>1,274.67</u>
Note: Represents deposits placed with banks as margin money towards guarantees provided by the banks on behalf of the Company.		
<b>5. OTHER ASSETS</b>		
<b>Non-current</b>		
Capital advances (Unsecured considered good) *	1,606.80	985.73
Capital advances (Unsecured considered doubtful)	96.91	96.91
Less: Provision for doubtful advances	(96.91)	(96.91)
	<u>1,606.80</u>	<u>985.73</u>
Amount paid under protest	1,842.81	2,561.85
Grant receivable (export incentive)	-	1,144.70
Fair value of pension plan asset (net of provision) (refer note 33)	790.71	714.13
	<u>4,240.32</u>	<u>5,406.41</u>
<b>Current</b>		
Advances to vendors (Unsecured considered good) *	1,972.31	4,149.34
Advances to vendors (Unsecured considered doubtful)	685.56	413.82
Less: Provision for doubtful advances	(685.56)	(413.82)
	<u>1,972.31</u>	<u>4,149.34</u>
Grant receivable (export incentive)	4,528.36	4,161.08
Prepaid expenses	582.60	525.70
Balance with Government authorities	250.62	433.22
Others	298.05	418.53
	<u>7,631.94</u>	<u>9,687.87</u>

\* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 36.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>6.1 NON-CURRENT TAX ASSETS (NET)</b>		
Advance income tax (net of provision for tax)	4,504.08	4,292.20
	<u>4,504.08</u>	<u>4,292.20</u>
<b>6.2 CURRENT TAX LIABILITIES (NET)</b>		
Provision for taxation (net of advance income tax)	1,450.02	2,094.51
	<u>1,450.02</u>	<u>2,094.51</u>
<b>7. INVENTORIES (LOWER OF COST AND NET REALISABLE VALUE)</b>		
Raw materials *	10,527.95	8,121.37
Work-in-progress	299.13	190.14
Finished goods	2,962.55	2,469.58
Stores and spare parts	687.63	590.51
	<u>14,477.26</u>	<u>11,371.60</u>
* includes goods in transit	<u>1,888.26</u>	<u>1,989.31</u>
During the year ended 31 March 2022: INR 26.15 lakhs (31 March 2021: INR 53.97 lakhs) was recognised as an expense for inventories carried at net realisable value.		
<b>8. TRADE RECEIVABLES</b>		
<b>Trade receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	67,668.02	59,585.10
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	<u>67,668.02</u>	<u>59,585.10</u>
Less: Loss allowances (expected credit loss allowance)	<u>(1,029.69)</u>	<u>(1,039.69)</u>
	<u>66,638.33</u>	<u>58,545.41</u>

#### Trade receivables Ageing schedule

As at 31 March 2022

	Outstanding for following periods from due date of payment						Total
	Current but 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	-	-	-	-	-	-	-
	<u>58,996.27</u>	<u>6,985.44</u>	<u>887.87</u>	<u>159.38</u>	<u>218.17</u>	<u>420.89</u>	<u>67,668.02</u>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 8. TRADE RECEIVABLES - (continued)

##### Trade receivables Ageing schedule - (continued)

As at 31 March 2021

	Outstanding for following periods from due date of payment						Total
	Current but 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	53,682.31	4,716.44	468.68	261.26	197.01	259.40	59,585.10
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	-	-	-	-	-	-	-
	<b>53,682.31</b>	<b>4,716.44</b>	<b>468.68</b>	<b>261.26</b>	<b>197.01</b>	<b>259.40</b>	<b>59,585.10</b>

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 36.2. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days depending on the type of the customer.

	March 31, 2022	March 31, 2021
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#### 9. CASH AND CASH EQUIVALENTS

Cash on hand	9.61	9.61
Balances with banks:		
- On current accounts	<u>8,815.02</u>	<u>15,669.16</u>
	<b>8,824.63</b>	<b>15,678.77</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

- Cash on hand	9.61	9.61
- On current accounts	<u>8,815.02</u>	<u>15,669.16</u>
	<b>8,824.63</b>	<b>15,678.77</b>

##### 9.1. Other bank balances

Earmarked balances with banks	626.93	33.27
Current deposits with maturity greater than three, less than twelve months	<u>57,458.33</u>	<u>30,485.66</u>
	<b>58,085.26</b>	<b>30,518.93</b>

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)	66,638.33	58,545.41
Cash and cash equivalents (note 9)	8,824.63	15,678.77
Bank balances other than cash and cash equivalents (note 9.1)	58,085.26	30,518.93
Other financial assets (note 4.2)	1,916.56	1,274.67
Total financial assets at amortised cost	<u>135,464.78</u>	<u>106,017.78</u>



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>10. EQUITY SHARE CAPITAL</b>		
Authorised capital		
2,00,00,000 Equity shares of INR 5/- each (March 31, 2021 : 2,00,00,000)	1,000.00	1,000.00
	1,000.00	1,000.00
Issued, subscribed and fully paid-up capital		
1,89,67,584 (March 31, 2021 : 1,89,67,584) Equity shares of INR 5/- each	948.38	948.38
	948.38	948.38

#### Terms / rights attached to equity shares

The Company has only one class of equity share having a par value of INR 5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the assets of the Company, in proportion to the number of equity shares held by the shareholders.

#### Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	No. of shares	Amount
At April 01, 2020	18,967,584	948.38
Issued during the year	-	-
At March 31, 2021	18,967,584	948.38
Issued during the year	-	-
At March 31, 2022	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	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
WABCO Asia Private Limited, Singapore	14,225,684	711.28	14,225,684	711.28
ZF International UK Limited, United Kingdom	-	-	1,030,432	51.52

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	As at March 31, 2022		As at March 31, 2021	
	In numbers	% holding in the class	In numbers	% holding in the class
<b>Equity shares of INR 5 each fully paid</b>				
WABCO Asia Private Limited, Singapore	14,225,684	75.00%	14,225,684	75.00%
ZF International UK Limited, United Kingdom	-	-	1,030,432	5.43%
SBI Retirement Benefit Fund - Conservative Plan	1,732,405	9.13%	-	-
SBI Debt Hybrid Fund	-	-	1,334,876	7.04%

As per records of the Company, including its register of members, the above shareholding represents both legal and beneficial ownerships of shares.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### Details of shares held by promoters

	As at March 31, 2022		As at March 31, 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	–	–	1,030,432	5.43%	-100.00%
	<b>14,225,684</b>	<b>75.00%</b>	<b>15,256,116</b>	<b>80.43%</b>	<b>-100.00%</b>

	As at March 31, 2021		As at March 31, 2020		% 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	1,030,432	5.43%	–	–	100.00%
	<b>15,256,116</b>	<b>80.43%</b>	<b>14,225,684</b>	<b>75.00%</b>	<b>100.00%</b>

#### 11. OTHER EQUITY

	March 31, 2022	March 31, 2021
General reserve	24,776.38	24,776.38
<b>Other reserves</b>		
Capital reorganisation reserve	5.00	5.00
Retained earnings	185,678.00	173,910.58
	<b>210,459.38</b>	<b>198,691.96</b>

**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 Distribution made and proposed

##### Cash dividends on equity share declared and paid:

Final dividend for the year ended 31 March 2021: INR 11 per share	2,086.44	–
	<b>2,086.44</b>	–

##### Proposed dividends on equity shares:

Final dividend for the year ended 31 March 2022: INR 12 per share	2,276.11	–
	<b>2,276.11</b>	–

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability as at 31 March 2022.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>12. PROVISIONS</b>		
<b>Non-current</b>		
<b>Provision for employee benefits</b>		
Provision for provident fund	1,076.77	–
Provision for compensated absences	841.15	559.97
<b>Other provisions</b>		
Provision for warranties	469.11	600.71
Total	2,387.03	1,160.68
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for compensated absences	289.93	219.57
Provision for gratuity (net of fair value of plan assets)	740.74	717.72
Provision for provident fund	–	380.95
<b>Other provisions</b>		
Provision for warranties	1,368.80	587.70
Total	2,399.47	1,905.94
<b>Provision for warranties</b>		
At the beginning of the year	1,188.41	1,439.32
Created during the year	1,278.55	598.34
Utilized / reversed during the year	(629.05)	(849.25)
At the end of the year	1,837.91	1,188.41
<p>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.</p>		
<b>13. GOVERNMENT GRANTS</b>		
Opening Balance	3.72	3.72
Received during the year	–	–
Released to the statement of profit and loss	(3.72)	–
Closing Balance	–	3.72

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 14. DEFERRED TAX ASSETS (NET)

Nature - (Liability) / Asset	Balance Sheet		Statement of Profit and Loss	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Deferred tax liabilities</b>				
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	760.04	1,244.04	(484.00)	(594.84)
Others	71.98	-	71.98	-
Total (A)	<u>832.02</u>	<u>1,244.04</u>	<u>(412.02)</u>	<u>(594.84)</u>
<b>Deferred tax assets</b>				
Provision for doubtful trade receivables and advances	529.07	439.04	90.03	86.23
Provision for employee benefits and others	1,461.53	598.54	862.99	(253.65)
Provision for warranty	462.51	299.10	163.41	(63.15)
Others	225.31	567.38	(342.07)	216.16
Total (B)	<u>2,678.42</u>	<u>1,904.06</u>	<u>774.36</u>	<u>(14.41)</u>
Deferred tax expenses / (income) (A - B)			<u>(1,186.38)</u>	<u>(580.43)</u>
Net deferred tax (liabilities) / assets (B-A)	<u>1,846.40</u>	<u>660.02</u>		

	March 31, 2022	March 31, 2021
Reconciliation of deferred tax assets / (liabilities) - (net)		
As on April 1	660.02	79.59
Tax income/(expense) during the period recognised in profit and loss	1,067.46	514.88
Tax income/(expense) during the period recognised in OCI	118.92	65.55
As on March 31	<u>1,846.40</u>	<u>660.02</u>

#### 15. TRADE PAYABLES

##### Trade Payables

- Dues to micro & small enterprises (see note below)	1,840.74	1,092.62
- Dues to other than micro & small enterprises	33,615.21	33,110.55
	<u>35,455.95</u>	<u>34,203.17</u>

For amount outstanding to related parties and the terms and conditions relating to that, refer Note 36.2

Principal amount due to suppliers under MSMED Act	1,840.74	1,092.62
Interest accrued and due to suppliers under MSMED Act, on the above amount	6.71	9.01
Payment made to suppliers (other than interest) beyond the appointed day, during the year	564.99	161.43
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	11.97	10.13
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	111.10	99.13

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### Trade payables Ageing Schedule

##### As at 31 March 2022

	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding of micro enterprises and small enterprises	1,792.97	40.74	2.40	4.63	1,840.74
Total outstanding of creditors other than micro enterprises and small enterprises	32,586.62	332.67	296.88	399.04	33,615.21
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	<b>34,379.59</b>	<b>373.41</b>	<b>299.28</b>	<b>403.67</b>	<b>35,455.95</b>

##### As at 31 March 2021

	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding of micro enterprises and small enterprises	1,085.39	5.86	1.37	-	1,092.62
Total outstanding of creditors other than micro enterprises and small enterprises	31,845.34	879.57	103.15	282.49	33,110.55
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	<b>32,930.73</b>	<b>885.43</b>	<b>104.52</b>	<b>282.49</b>	<b>34,203.17</b>

There are no unbilled and "Not due" trade payables, hence the same are not disclosed in the ageing schedule.

March 31, 2022	March 31, 2021
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#### 16. LEASE LIABILITIES

##### Non - Current

Lease liabilities	<u>26.72</u>	<u>443.40</u>
	<b>26.72</b>	<b>443.40</b>

##### Current

Lease liabilities	<u>361.91</u>	<u>513.65</u>
	<b>361.91</b>	<b>513.65</b>

#### 16.1 Other financial liabilities

Capital creditors	649.19	1,022.25
Price adjustments (refer note below)	4,170.26	3,604.49
Unpaid dividends	33.93	33.27
	<u>4,853.38</u>	<u>4,660.01</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 Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>17. OTHER CURRENT LIABILITIES</b>		
Advance from customers	665.55	564.23
Statutory dues payable	932.06	1,961.47
Employee payables	3,727.85	1,970.92
Others	-	508.80
	<u>5,325.46</u>	<u>5,005.42</u>
For amount outstanding to related parties and the terms and conditions relating to that, refer Note 36.2		
<b>Break up of financial liabilities carried at amortised cost</b>		
Trade payables (note 15)	35,455.95	34,203.17
Lease liabilities (note 16)	388.63	957.05
Other financial liabilities (note 16.1)	4,853.38	4,660.01
	<u>40,697.96</u>	<u>39,820.23</u>
<b>18. REVENUE FROM OPERATIONS</b>		
<b>(i) Revenue from contract with customers</b>		
<b>Sale of products (A)</b>		
Air assist and full air actuation system for automotive and non-automotive applications and elements thereof	197,540.87	140,668.40
Spares	33,393.56	25,974.14
	<u>230,934.43</u>	<u>166,642.54</u>
<b>Sale /rendering of services (B)</b>		
Software services	11,523.28	8,652.44
Research and development services	2,645.76	2,421.49
Business support services	5,622.68	5,678.32
Other service income	1,476.31	585.43
	<u>21,268.03</u>	<u>17,337.68</u>
<b>(ii) Other operating revenue (C)</b>		
Scrap sales	1,249.28	694.73
Government grant (Export incentives - Refer note below)	367.15	1,208.02
Test Track usage income	516.50	467.04
	<u>2,132.93</u>	<u>2,369.79</u>
<b>Total (A+B+C)</b>	<u>254,335.39</u>	<u>186,350.01</u>

Note : Government grants represent export incentives that the Company is eligible for. There are no unfulfilled conditions or contingencies attached to these grants.



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>Disaggregated information</b>		
<b>Timing of revenue recognition</b>		
Goods / services transferred at a point in time	232,700.21	167,804.31
Services transferred over time	21,268.03	17,337.68
	<b>253,968.24</b>	<b>185,141.99</b>
<b>Contract balances</b>		
Trade receivables (refer note 8)	66,638.33	58,545.41
Contract liabilities (refer note 17)	665.55	564.23
Trade receivables are non-interest bearing and are generally on terms of 30 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).		
<b>Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price</b>		
Revenue as per contract price	257,700.35	188,242.79
Adjustments		
Discounts and price adjustments	(3,732.11)	(3,100.80)
Revenue from contract with customers	<b>253,968.24</b>	<b>185,141.99</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>19. OTHER INCOME</b>		
Net gain on sale of current investments	1,881.56	2,120.47
Interest income	1,867.64	1,630.58
Others	3.72	137.81
	<u>3,752.92</u>	<u>3,888.86</u>
<b>20. COST OF MATERIAL AND COMPONENTS CONSUMED</b>		
Inventories at the beginning of the year *	8,121.37	8,124.85
Add: Purchases	167,340.89	113,579.39
Less: Inventories at the end of the year *	10,527.95	8,121.37
<b>Cost of raw material and components consumed</b>	<u>164,934.31</u>	<u>113,582.87</u>
* - includes goods in transit		
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<b>Opening stock</b>		
Work-in-progress	190.14	113.63
Finished goods	2,469.58	2,386.53
	<u>2,659.72</u>	<u>2,500.16</u>
<b>Closing Stock</b>		
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>
	<u>(601.96)</u>	<u>(159.56)</u>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	28,533.12	24,283.09
Contribution to provident and other funds	2,053.96	2,017.47
Employees' share based payments cost (refer note 33.2)	-	843.08
Staff welfare expenses	2,281.50	1,900.67
	<u>32,868.58</u>	<u>29,044.31</u>
<b>23. FINANCE COSTS</b>		
Interest on lease liabilities	44.80	89.10
Interest on others	145.38	110.09
	<u>190.18</u>	<u>199.19</u>
<b>24. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation of property, plant and equipment (note 3.1)	8,368.71	8,005.20
Amortization of intangible assets (note 3.1)	439.60	413.49
Depreciation on right of use assets (note 3.1)	434.86	621.24
	<u>9,243.17</u>	<u>9,039.93</u>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>25. OTHER EXPENSES</b>		
Consumption of stores and spares	4,564.74	3,384.74
Power and fuel	1,908.03	1,479.64
Rent	746.34	215.52
Repairs to buildings	273.20	858.43
Repairs to machinery	1,179.72	874.28
Repairs others	12.52	29.48
Insurance	156.58	125.50
Rates and taxes	410.01	450.63
Professional fees (refer note (a) below for payment to auditors)	4,344.84	2,290.74
Travelling and conveyance	784.09	616.48
Freight, delivery and shipping charges	6,200.47	5,054.02
Research and development expenses	401.18	485.53
Impairment allowance / reversal for bad and doubtful debts / advances	258.74	108.23
Directors' sitting fees	9.06	15.80
Information technology expenses	1,702.38	1,171.33
CSR expenditure (refer note 26)	558.44	677.82
Royalty	5,945.49	4,094.65
Impairment charge on property plant and equipment (net) (refer note 3.1 and 3.3)	-	266.00
Loss on sale/scraping of assets	-	23.36
Net loss on foreign currency transactions	429.56	159.74
Warranty	1,105.91	89.48
Other expenses (including commission to independent directors)	888.44	834.21
	<u>31,879.74</u>	<u>23,305.61</u>
<b>(a) Auditor's remuneration*</b>		
<b>As auditor:</b>		
Audit fee #	53.50	48.00
Tax audit fee	2.00	2.00
Limited review	3.00	3.00
Certification	1.00	1.00
<b>In other capacity:</b>		
Taxation matters	5.50	6.00
Reimbursement of expenses	1.50	1.50
	<u>66.50</u>	<u>61.50</u>

\* Excludes Goods and Service Tax

# Audit fee includes INR 17.50 lakhs (previous year: INR 12 lakhs) towards additional efforts.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>26. CSR EXPENDITURE</b>		
<b>Details of CSR expenditure:</b>		
a) Amount required to be spent by the Company during the year	528.44	677.82
b) Amount spent during the year (in cash):		
(i) Construction / acquisition of asset	-	-
(ii) On purposes other than (i) above	274.68	50.00
c) Amount spent during the year (yet to be paid in cash):		
(i) Construction / acquisition of asset	-	-
(ii) On purposes other than (i) above	253.76	627.82
d) Shortfall at the end of the year	253.76	627.82
e) Total of previous years shortfall	-	-
f) Reason for shortfall	The Company is in the process of identifying suitable projects towards which the shortfall of the expenditure could be spent.	
g) Details of related party transactions	<b>Refer note below</b>	Refer note below
h) The movements in the provision for unspent CSR (relating to ongoing project) is as follows:		
Opening Balance	627.82	-
Amount required to be spent during the year	528.44	677.82
Less: Amount spent during the year out of requirement referred in note 26(a)	(274.68)	(50.00)
Less: Amount spent during the year from the previous year provision for unspent CSR	(46.04)	-
Closing Balance	<u>835.54</u>	<u>627.82</u>

Note: The above expenditure includes contribution to Wabco Foundation of INR 274.68 lakhs (31 March 2021: INR 50 lakhs) (also refer note 36)

### 27. RESEARCH AND DEVELOPMENT COST

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate INR. 4,136.86 Lakhs (31 March 2021 : INR. 3,297.02 Lakhs). The capital expenditure incurred during the year for research and development purposes aggregate INR. 219.87 Lakhs (31 March 2021 : INR. 362.12 Lakhs).

### 28. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

#### Profit or loss section

##### Current Tax:

Current income tax charge	6,434.31	5,360.91
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##### Deferred Tax:

Relating to the origination and reversal of temporary differences	(1,067.46)	(514.88)
Income tax expense reported in the statement of profit and loss	<u>5,366.85</u>	<u>4,846.03</u>

#### Other comprehensive income(OCI) section

Deferred tax related to items recognised in OCI during in the year:

Re-measurement gains and (losses) on defined benefit obligations (net)	(118.92)	(65.55)
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<b>Income tax charged to OCI</b>	<u>(118.92)</u>	<u>(65.55)</u>
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## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2022 and 31 March 2021:</b>		
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporate tax in India viz., 25.168% (PY - 25.168%) as follows:		
<b>Accounting Profit before income tax</b>	<b>19,574.29</b>	15,226.52
Enacted tax rate in India	<b>25.168%</b>	25.168%
Profit before income tax multiplied by enacted tax rate	<b>4,926.46</b>	3,832.21
<b>Effects of:</b>		
Non deductible expenses	<b>436.96</b>	624.70
Overseas taxes	<b>255.36</b>	947.72
Others	<b>(251.93)</b>	(558.60)
<b>Net effective income tax</b>	<b>5,366.85</b>	4,846.03

### 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
<b>During the year ended March 31, 2022</b>		
Re-measurement gains / (losses) on defined benefit plans	<b>(353.58)</b>	(353.58)
	<b>(353.58)</b>	(353.58)
<b>During the year ended March 31, 2021</b>		
Re-measurement gains / (losses) on defined benefit plans	<b>(194.90)</b>	(194.90)
	<b>(194.90)</b>	(194.90)

### 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.

	March 31, 2022	March 31, 2021
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit after tax	<b>14,207.44</b>	10,380.49
Weighted average number of shares		
- Basic	<b>18,967,584</b>	18,967,584
- Diluted	<b>18,967,584</b>	18,967,584
Earning per share of INR 5 each		
- Basic	<b>74.90</b>	54.73
- Diluted	<b>74.90</b>	54.73

**Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022**

*(All amounts are in lakhs of Indian Rupees unless otherwise stated)*

**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:

**Revenue from Contract with Customers**

The Company has applied judgements in determining the amount and timing of revenue from contracts with customers, including determining variable considerations.

**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 financial statements. Loss contingencies that are considered possible are not provided for but disclosed as contingent liabilities in the 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.

**32. EMPLOYEE BENEFITS OBLIGATION**

**Defined Benefit Plan**

**a. Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. 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.



**Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022**

*(All amounts are in lakhs of Indian Rupees unless otherwise stated)*

**1) 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.

**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:

**1) 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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>33. DEFINED BENEFIT PLAN</b>		
<b>A. Gratuity Plan</b>		
Current service cost	393.43	336.58
Net interest expense	48.42	8.83
<b>Components of defined benefit cost recognised in profit or loss</b>	<b>441.85</b>	<b>345.41</b>
<b>Re-measurement on the net defined benefit liability comprising:</b>		
Actuarial (gains)/losses changes arising from changes in demographic assumptions	(23.44)	–
Actuarial (gains)/losses changes arising from changes in financial assumptions	(149.29)	(13.02)
Actuarial (gains)/losses changes arising from experience adjustments	325.54	301.79
Return on plan assets (excluding amounts included in net interest expense)	68.44	–
<b>Components of defined benefit cost recognised in other comprehensive income</b>	<b>221.25</b>	<b>288.77</b>
	<b>663.10</b>	<b>634.18</b>

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	2,943.73	2,569.49
Fair value of plan assets	2,202.99	1,851.77
<b>Net assets / (liabilities) from defined benefit obligation</b>	<b>(740.74)</b>	<b>(717.72)</b>

Movements in the present value of the defined benefit obligation were as follows:

Opening defined benefit obligation	2,569.49	1,975.08
Current service cost	393.43	336.58
Interest cost	173.32	132.22
Actuarial (gains)/losses changes arising from changes in demographic assumptions	(23.44)	–
Actuarial (gains)/losses changes arising from changes in financial assumptions	(149.29)	(13.02)
Actuarial (gains)/losses changes arising from experience adjustments	325.54	301.79
Benefits paid	(345.32)	(163.16)
<b>Closing defined benefit obligation</b>	<b>2,943.73</b>	<b>2,569.49</b>

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	1,851.77	1,843.26
Investment Income	124.90	123.41
Return on plan assets (excluding amounts included in net interest expense)	(68.44)	–
Contributions	640.08	–
Benefits paid	(345.32)	(114.90)
<b>Closing fair value of plan assets</b>	<b>2,202.99</b>	<b>1,851.77</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### B. Provident Fund

The Company's Provident Fund is exempted under Section 17 of the Employees' Provident Fund Act, 1952. Conditions for the grant of exemption stipulate that the employer shall make good the deficiency, if any, in the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned has been higher in the past years. The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below:

	March 31, 2022	March 31, 2021
Current service cost	995.63	776.84
Net interest expense	891.98	885.39
Net interest income	<u>(876.02)</u>	<u>(750.18)</u>
Components of defined benefit cost recognised in profit or loss	<u>1,011.59</u>	<u>912.05</u>
<u>Re-measurement on the net defined benefit liability comprising:</u>		
Actuarial (gains)/losses changes arising from changes in financial assumptions	(328.42)	–
Actuarial (gains)/losses changes arising from experience adjustments	833.75	123.63
Return on plan assets (excluding amounts included in net interest expense)	<u>(223.17)</u>	<u>(141.17)</u>
<b>Components of defined benefit cost recognised in other comprehensive income</b>	<u>282.16</u>	<u>(17.54)</u>
	<u>1,293.75</u>	<u>894.51</u>

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	15,636.19	12,874.18
Fair value of plan assets	14,559.42	12,493.23
<b>Net assets / (liabilities) from defined benefit obligation</b>	<u>(1,076.77)</u>	<u>(380.95)</u>
Movements in the present value of the defined benefit obligation were as follows:		
Opening defined benefit obligation	12,874.18	11,067.86
Current service cost	995.63	776.84
Employee contributions	1,683.28	1,352.56
Transfers	842.01	(129.96)
Interest cost	891.98	885.39
Actuarial (gains)/losses changes arising from changes in financial assumptions	(328.42)	–
Actuarial (gains)/losses changes arising from experience adjustments	833.75	123.63
Benefits paid	<u>(2,156.22)</u>	<u>(1,202.14)</u>
<b>Closing defined benefit obligation</b>	<u>15,636.19</u>	<u>12,874.18</u>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>B. Provident Fund - (continued)</b>		
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	12,493.23	11,196.74
Investment Income	876.02	750.18
Employer's Contributions	970.08	776.84
Employee's Contributions	1,683.28	1,352.56
Transfers	469.87	(522.12)
Benefits paid	(2,156.23)	(1,202.14)
Return on plan assets (excluding amounts included in net interest expense)	223.17	141.17
<b>Closing fair value of plan assets</b>	<b>14,559.42</b>	<b>12,493.23</b>
<b>C. Pension</b>		
Current service cost	-	-
Net interest expense / (income)	(45.67)	(42.43)
Components of defined benefit cost recognised in profit or loss	(45.67)	(42.43)
<u>Re-measurement on the net defined benefit liability comprising:</u>		
Actuarial (gains)/losses changes arising from changes in demographic assumptions	114.01	-
Actuarial (gains)/losses changes arising from changes in financial assumptions	(77.23)	40.64
Actuarial (gains)/losses changes arising from experience adjustments	(67.69)	(68.96)
Return on plan assets (excluding amounts included in net interest expense)	-	-
<b>Components of defined benefit cost recognised in other comprehensive income</b>	<b>(30.91)</b>	<b>(28.32)</b>
	<b>(76.58)</b>	<b>(70.75)</b>
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	2,176.72	2,180.46
Fair value of plan assets	2,967.43	2,894.59
<b>Net assets / (liabilities) from defined benefit obligation</b>	<b>790.71</b>	<b>714.13</b>
Movements in the present value of the defined benefit obligation were as follows:		
Opening defined benefit obligation	2,180.46	2,177.43
Current service cost	-	-
Interest cost	139.44	143.62
Actuarial (gains) / losses changes arising from changes in demographic assumptions	114.01	-
Actuarial (gains) / losses changes arising from changes in financial assumptions	(77.23)	40.64
Actuarial (gains) / losses changes arising from experience adjustments	(67.69)	(68.96)
Benefits paid	(112.27)	(112.27)
<b>Closing defined benefit obligation</b>	<b>2,176.72</b>	<b>2,180.46</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022	March 31, 2021
<b>C. Pension - (continued)</b>		
Movements in the fair value of the plan assets were as follows:		
Opening fair value of plan assets	2,894.59	2,774.96
Interest income	185.11	231.90
Benefits paid	(112.27)	(112.27)
<b>Closing fair value of plan assets</b>	<b>2,967.43</b>	<b>2,894.59</b>

#### 33.1 The major categories of plan assets of the fair value of the total plan assets are as follows:

	Gratuity	
	31 March 2022	31 March 2021
<b>Investments details:</b>		
Investment with insurer	2,202.99	1,851.77
<b>Total</b>	<b>2,202.99</b>	<b>1,851.77</b>
<b>Investments details:</b>	Provident Fund Plan	
Others	14,559.42	12,493.23
<b>Total</b>	<b>14,559.42</b>	<b>12,493.23</b>
<b>Investments details:</b>	Pension Plan	
Investment with insurer	2,967.43	2,894.59
<b>Total</b>	<b>2,967.43</b>	<b>2,894.59</b>

#### The principal assumptions used for the purposes of the actuarial valuations are as follows:

Discount rate:		
Gratuity plan	7.25%	6.75%
Provident fund plan	6.98%	6.75%
Pension plan	6.80%	6.40%
Future salary increases:		
Gratuity plan	6.00%	6.00%
Attrition rate		
Gratuity plan	5.00%	5.00%

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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2022		31 March 2021	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
<b>Gratuity plan:</b>				
Discount rate	(279.38)	330.05	(124.78)	135.45
Future salary increases	330.89	(284.88)	135.78	(126.20)
Attrition rate	56.36	(83.60)	2.48	(2.60)
<b>Provident Fund plan:</b>				
Discount rate	(11.26)	11.57	(6.83)	7.06
<b>Pension:</b>				
Discount rate	(175.03)	202.88	(173.77)	201.49

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity		Pension	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Within the next 12 months (next annual reporting period)	293.53	274.16	189.24	191.72
Between 2 and 5 years	802.79	666.64	738.33	740.22
Beyond 5 years	6,482.85	5,055.74	3,442.50	3,207.73
<b>Total expected payments</b>	<b>7,579.17</b>	<b>5,996.54</b>	<b>4,370.07</b>	<b>4,139.67</b>

The average duration of the defined benefit plan obligation at the end of the reporting period for gratuity plan is 11.00 years (31 March 2021: 10.00 years) and pension plan is 8.00 years (31 March 2021: 8.00 years).

### 33.2 Share based payments

Under a global compensation plan announced and administered by WABCO Holdings Inc., USA, former ultimate holding company, some of the employees are eligible for compensation in form of stock units viz., Performance Stock Units ("PSU") and Restricted Stock Units ("RSU").

PSUs vesting of which would occur at levels ranging from none to 200% of the number of granted PSUs depending upon the achievement of three year cumulative earnings per share goals approved by the Compensation, Nominating and Governance Committee of the Board of Directors of the former ultimate holding company. The former ultimate holding company assessed expected achievement levels at the end of each reporting period. RSU's vests to the employees on a proportionate basis over the period of 3 years provided the employees continues in employment. The Company records a stock based compensation based on the estimated fair value of the award at the grant date and is recognised as an expense in the statement of profit or loss over the requisite period. "During the year 31 March 2021, all the outstanding stock options (RSUs and PSUs) were settled before the acquisition of WABCO Holdings Inc. by ZF Friedrichshafen AG in accordance with the terms of the merger agreement.

The following table summarize the stock options, RSUs and PSUs for each of the years presented :

	31 March 2022	31 March 2021
	Number	Number
Outstanding at 1 April	-	15,545
Granted during the year	-	4,427
Forfeited during the year	-	-
Exercised during the year	-	19,972
Outstanding at 31 March	-	-
Exercisable at 31 March	-	-



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2022	31 March 2021
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#### 34. LEASES

The Company has taken various premises including warehouses, offices and other assets under lease for which lease agreements are generally cancellable in nature and are renewable by mutual consent on agreed upon terms.

##### (i) Lease liabilities

###### Maturity analysis - contractual undiscounted cash flows

Not later than one year	421.65	564.60
Later than one year and not later than five years	27.31	473.85
More than five years	-	-

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 16 respectively. Cash flows on payment of lease liabilities including interest on lease liabilities are disclosed in 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	62.19
In respect of property tax matters	32.40	32.40
In respect of custom duty matters	-	20.73
In respect of sales tax matters *	1,199.96	18,717.16
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 2021: 28,075.74 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 Company has made a provision on a prospective basis from the date of the Supreme Court order. The Company will update its provision, on receiving further clarity on the subject.

##### B) Commitments

a) Capital commitments not provided for	3,122.90	1,632.63
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## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

#### 36. RELATED PARTY TRANSACTIONS

##### 36.1. 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  |
| Wholly owned subsidiary company | ZF CV Control Systems Manufacturing India Private Limited  |
| Fellow Subsidiary companies     | Guang Dong WABCO Fuwa Vehicle Brakes Co Limited  |
|                                 | WABCO (Thailand) Limited   |
|                                 | WABCO Arac Kontrol Sis.Des.Paz.Ltd.  |
|                                 | WABCO Automotive South Africa  |
|                                 | WABCO Compressor Manufacturing Co. USA   |
|                                 | WABCO Europe Neunkirchen   |
|                                 | WABCO Holdings Inc., USA   |
|                                 | WABCO IP Holdings LLC, USA   |
|                                 | WABCO Japan Inc., Japan  |
|                                 | 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 Commercial Vehicle Systems (Jinan) Co., Ltd., China<br>(formerly Shandong WABCO Automotive Products Co. Ltd, China) |
|                                 | ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China<br>(formerly WABCO China Co. Ltd, China)                      |

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

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 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 Digital Solutions India Private Limited  
(formerly WABCO Digital Solutions Private Limited)

ZF India Private Limited

#### 3) Others

WABCO India Limited Employees' Provident Fund Trust  
WABCO Foundation

#### Key Management Personnel

Mr. P Kaniappan - Managing Director  
Mr. R S Raja Gopal Sastry - Chief Financial Officer  
Mr. M C Gokul- Company Secretary (resigned w.e.f. 01-11-2021)  
Mrs. M Muthulakshmi, Company Secretary (w.e.f. 03-11-2021)  
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

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 36.2. RELATED PARTY TRANSACTIONS

Sl. No.	Nature of transactions	Name of the company	Fellow Subsidiary / Others		Key Management Personnel	
			Year ended		Year ended	
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
1.a	Purchase of goods	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	0.82	5.52	-	-
		WABCO (Thailand) Limited	-	5.53	-	-
		WABCO Compressor Manufacturing Co. USA	30.99	6.48	-	-
		WABCO Korea Ltd, Korea	-	3.65	-	-
		WABCO Radbremsen GmbH, Germany	-	(0.17)	-	-
		WABCO USA LLC, USA	0.67	-	-	-
		WABCO Vehicle Control systems, Poland	4.15	-	-	-
		ZF (Shanghai) Management Co.,	52.36	-	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,283.56	851.06	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	4,375.01	3,068.68	-	-
		ZF CV Systems Brasil Ltda, Brazil	115.83	81.87	-	-
		ZF CV Systems Global GmbH, Switzerland	1,942.74	-	-	-
		ZF CV Systems Hannover GmbH, Germany	2.60	93.07	-	-
		ZF CV Systems North America LLC, USA	2.57	1.89	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	-	20.83	-	-
		ZF Friedrichshafen AG	2,658.73	1,961.10	-	-
ZF India Private Limited	84.13	-	-	-		
		<b>10,554.16</b>	<b>6,099.51</b>	-	-	
1.b	Purchase of Property, Plant and Equipment	ZF CV Distribution Germany GmbH & Co. KG, Germany	274.31	-	-	-
		ZF CV Systems Hannover GmbH, Germany	159.03	-	-	-
		ZF India Private Limited	1,077.39	-	-	-
			<b>1,510.73</b>	-	-	-
2	Services received	Royalty				
		WABCO IP Holdings LLC, USA	137.71	102.14	-	-
		Royalty				
		ZF CV Systems Europe BV, Belgium	5,807.78	3,992.51	-	-
		Information Technology				
Support Services						
ZF CV Systems Europe BV, Belgium	1,260.00	315.00	-	-		
Other Services						
ZF Digital Solutions India Private Limited	-	4.25	-	-		
		<b>7,205.49</b>	<b>4,413.90</b>	-	-	
3	Sale of products	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	-	146.84	-	-
		WABCO (Thailand) Limited	421.08	185.11	-	-
		WABCO Arac Kontrol Sis.Des.Paz.Ltd.	14.81	-	-	-
		WABCO Asia Private Limited, Singapore	404.92	165.80	-	-
		WABCO Automotive South Africa	6.16	4.12	-	-
		WABCO Compressor Manufacturing Co. USA	4,696.35	3,532.02	-	-
		WABCO Europe Neunkirchen	-	518.27	-	-
		WABCO Japan Inc., Japan	1,750.72	1,690.55	-	-
		WABCO Korea Ltd, Korea	208.27	105.87	-	-
		WABCO Middle East and Africa FZCO, Dubai	587.29	786.20	-	-
		WABCO Reman Solutions	386.61	224.64	-	-
		WABCO USA LLC, USA	14,614.13	12,532.00	-	-
		WABCO Vostok LLC, Russia	173.93	19.10	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,374.40	1,110.68	-	-
		ZF CV Logistics Germany GmbH, Germany	2,676.23	1,277.97	-	-
		ZF CV Systems Brasil Ltda, Brazil	1,551.80	1,259.92	-	-

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 36.2. RELATED PARTY TRANSACTIONS - (continued)

Sl. No.	Nature of transactions	Name of the company	Fellow Subsidiary / Others		Key Management Personnel	
			Year ended		Year ended	
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
		ZF CV Systems Europe BV, Belgium	26,215.85	28,988.77	-	-
		ZF CV Systems Global GmbH, Switzerland	13,729.87	527.57	-	-
		ZF CV Systems Hannover GmbH, Germany	412.74	368.25	-	-
		ZF CV Systems North America LLC, USA	12,917.36	7,384.18	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	66.33	905.81	-	-
		ZF Digital Solutions India Private Limited	7.70	7.20	-	-
		ZF India Private Limited	31.74	-	-	-
			<b>82,248.29</b>	<b>61,740.87</b>	-	-
4	Rendering of Services					
	Business Support Services	ZF CV Systems Europe BV, Belgium	1,223.24	4,975.60	-	-
	Business Support Services	ZF CV Systems Global GmbH, Switzerland	4,365.79	442.58	-	-
	Business Support Services	WABCO (Thailand) Limited	4.65	4.07	-	-
	Business Support Services	ZF Digital Solutions India Private Limited	29.95	-	-	-
	Research and development services	ZF CV Systems Europe BV, Belgium	490.97	2,246.13	-	-
	Research and development services	ZF CV Systems Global GmbH, Switzerland	2,154.79	175.36	-	-
	Software services	ZF CV Systems Europe BV, Belgium	2,298.95	8,652.44	-	-
	Software services	ZF CV Systems Global GmbH, Switzerland	9,236.43	-	-	-
			<b>19,804.77</b>	<b>16,496.18</b>	-	-
5	Receivables / (Advances received)					
		Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	4.14	110.60	-	-
		WABCO (Thailand) Limited	77.70	45.90	-	-
		WABCO Arac Kontrol Sis.Des.Paz.Ltd.	14.40	-	-	-
		WABCO Asia Private Limited, Singapore	62.77	24.06	-	-
		WABCO Automotive South Africa	-	(0.61)	-	-
		WABCO Compressor Manufacturing Co. USA	1,233.20	1,008.37	-	-
		WABCO Europe Neunkirchen	-	(0.20)	-	-
		WABCO Japan Inc., Japan	403.71	430.22	-	-
		WABCO Korea Ltd, Korea	43.21	26.35	-	-
		WABCO Middle East and Africa FZCO, Dubai	80.12	348.16	-	-
		WABCO Reman Solutions	30.71	109.74	-	-
		WABCO USA LLC, USA	3,882.08	4,418.89	-	-
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	42.32	41.02	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	535.57	300.80	-	-
		ZF CV Logistics Germany GmbH, Germany	108.23	448.86	-	-
		ZF CV Systems Brasil Ltda, Brazil	441.40	479.84	-	-
		ZF CV Systems Europe BV, Belgium	(10.89)	10,186.29	-	-
		ZF CV Systems Global GmbH, Switzerland	13,615.82	514.21	-	-
		ZF CV Systems Hannover GmbH, Germany	87.24	247.75	-	-
		ZF CV Systems North America LLC, USA	3,930.05	3,355.22	-	-
		ZF CV Systems Poland Sp. z o.o., Poland	32.51	76.95	-	-
		ZF Digital Solutions India Private Limited	37.88	10.05	-	-
		ZF India Private Limited	7.54	0.67	-	-
			<b>24,659.71</b>	<b>22,183.14</b>	-	-
6	Payables / (Advances paid)					
		Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	1.96	1.08	-	-
		WABCO (Thailand) Limited	1.18	1.04	-	-

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 36.2. RELATED PARTY TRANSACTIONS - (continued)

Sl. No.	Nature of transactions	Name of the company	Fellow Subsidiary / Others		Key Management Personnel	
			Year ended		Year ended	
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
		WABCO Compressor Manufacturing Co. USA	1.17	3.65	-	-
		WABCO Holdings Inc., USA	-	1,577.00	-	-
		WABCO India Limited Employees' Provident Fund Trust	230.28	744.77	-	-
		WABCO IP Holdings LLC, USA	260.71	137.54	-	-
		WABCO Korea Ltd, Korea	1.33	1.37	-	-
		WABCO Radbremsen GmbH, Germany	(0.16)	(0.17)	-	-
		WABCO USA LLC, USA	(0.73)	(1.35)	-	-
		WABCO Vehicle Control systems, Poland	(12.55)	0.03	-	-
		ZF (Shanghai) Management Co.,	18.69	-	-	-
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	17.51	16.61	-	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	597.28	249.21	-	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	332.11	215.00	-	-
		ZF CV Systems Brasil Ltda, Brazil	(3.87)	(0.47)	-	-
		ZF CV Systems Europe BV, Belgium	2,944.10	1,838.69	-	-
		ZF CV Systems Global GmbH, Switzerland	754.80	21.21	-	-
		ZF CV Systems Hannover GmbH, Germany	2.00	5.80	-	-
		ZF CV Systems North America LLC, USA	2.14	0.49	-	-
		ZF Digital Solutions India Private Limited	-	4.25	-	-
		ZF Friedrichshafen AG	292.39	1,199.26	-	-
		ZF India Private Limited	126.72	-	-	-
			<b>5,567.06</b>	<b>6,015.01</b>	-	-
7	Remuneration to Key managerial personnel (including commission to independent directors)	Salaries and Allowances	-	-	349.29	324.94
		Contribution to provident and other funds	-	-	19.99	19.63
		Incentive	-	-	255.45	259.19
		Commission and sitting fees	-	-	68.60	57.80
		Others	-	-	-	421.91
			-	-	<b>693.33</b>	<b>1,083.47</b>
8	Reimbursement of expenses	ZF CV Systems Hannover GmbH, Germany	0.39	-	-	-
		ZF Digital Solutions India Private Limited	0.73	2.85	-	-
			<b>1.12</b>	<b>2.85</b>	-	-
9	Contribution to fund	WABCO India Limited Employees' Provident Fund Trust	3,107.77	2,123.04	-	-
			<b>3,107.77</b>	<b>2,123.04</b>	-	-
10	Investment made	ZF CV Control Systems Manufacturing India Private Limited	100.00	-	-	-
			<b>100.00</b>	-	-	-
11	Contribution towards CSR expenditure	WABCO Foundation	274.68	50.00	-	-
			<b>274.68</b>	<b>50.00</b>	-	-

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 statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 37. 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 March 31, 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
<b>Revenue from operations</b>	<b>138,911.06</b>	<b>115,424.33</b>	<b>254,335.39</b>
<b>Non-current assets *</b>	<b>59,832.51</b>	<b>–</b>	<b>59,832.51</b>
	India	Others	Total
Sale of Products	92,964.64	73,677.90	166,642.54
Sale/rendering of services	585.43	16,752.25	17,337.68
Others	2,369.79	–	2,369.79
<b>Revenue from operations</b>	<b>95,919.86</b>	<b>90,430.15</b>	<b>186,350.01</b>
<b>Non-current assets *</b>	<b>53,604.57</b>	<b>–</b>	<b>53,604.57</b>

\* Non-current assets for this purpose consists of property, plant and equipment, 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 90,044.43 lakhs (31 March 2021: INR 71,000.26 lakhs), arising from sales of products and rendering of services.

#### 38. 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, 2022:

Particulars	Date of Valuation	Fair Value Measurement using			
		Total	Quoted Price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Asset measured at fair value:</b> <b>FVTPL financial investments:</b>					
Quoted Mutual Funds	31 March 2022	39,810.73	39,810.73	–	

There have been no transfers between Level 1 and Level 2 during the period.

##### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March, 2021:

Particulars	Date of Valuation	Fair Value Measurement using			
		Total	Quoted Price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Asset measured at fair value:</b> <b>FVTPL financial investments:</b>					
Quoted Mutual Funds	31 March 2021	63,996.80	63,996.80	–	

All other financial liabilities & assets are carried at amortized cost and their carrying value approximates fair value.

**Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022**

*(All amounts are in lakhs of Indian Rupees unless otherwise stated)*

**39. 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.

	March 31, 2022		March 31, 2021	
	5% increase	5% decrease	5% increase	5% decrease
Impact of change in USD rates				
Trade receivables	531.87	(531.87)	524.24	(524.24)
Trade payables	13.97	(13.97)	112.47	(112.47)
Impact of change in Euro rates				
Trade receivables	724.82	(724.82)	634.37	(634.37)
Trade payables	85.56	(85.56)	192.26	(192.26)

**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 175,375.51 lakhs as at 31 March 2022 and 170,014.58 lakhs as at 31 March 2021, being the total of the carrying amount of balances with banks, deposits with banks, trade receivables and other financial assets. As at 31 March 2022, 78% of the total dues was receivable from top 10 customers (as at 31 March 2021 - 71%). 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 statements for the year ended 31<sup>st</sup> March 2022

(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	
<b>As at March 31, 2022</b>						
Trade and other payables	35,455.95	35,455.95	–	–	–	35,455.95
Lease liabilities	388.63	421.65	27.31	–	–	448.96
Other financial liabilities	4,853.38	4,853.38	–	–	–	4,853.38
	40,697.96	40,730.98	27.31	–	–	40,758.29
<b>As at March 31, 2021</b>						
Trade and other payables	34,203.17	34,203.17	–	–	–	34,203.17
Lease liabilities	957.05	564.60	437.73	36.12	–	1,038.45
Other financial liabilities	4,660.01	4,660.01	–	–	–	4,660.01
	39,820.23	39,427.78	437.73	36.12	–	39,901.63

#### 40. 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.

	March 31, 2022	March 31, 2021
Trade payables	35,455.95	34,203.17
Other payables	16,803.99	15,787.33
Less: cash and cash equivalents and investments	(48,635.36)	(79,675.57)
<b>Net debt</b>	<b>3,624.58</b>	<b>(29,685.07)</b>
<b>Shareholders Equity</b>	<b>211,407.76</b>	<b>199,640.34</b>
Gearing ratio	<b>0.02</b>	<b>(0.15)</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

41. In respect of certain instances of alleged irregularities in disbursement/ settlement of provident fund dues paid out of the Employees' Provident Fund Trust ('the Trust') and salary payments to fixed-tenure employees in the earlier years, the management initiated investigations have been concluded and the report of the independent expert has also been shared with the stock exchange through appropriate filings. Basis the above report, no additional outlay over and above the INR 500 lakh provision accrued in the previous year is considered necessary.

42. Ratios as per the schedule III requirements:

a) **Current ratio = Current assets divided by Current liabilities**

Particulars	31 March 2022	31 March 2021
Current assets	195,468.15	189,799.38
Current liabilities	49,846.19	48,382.70
<b>Ratio</b>	<b>3.92</b>	<b>3.92</b>
% change from previous year	<b>0.00%</b>	–
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	211,407.76	199,640.34
<b>Ratio</b>	<b>–</b>	<b>–</b>
% change from previous year	<b>0.00%</b>	–
Reason for change more than 25% : Not applicable		

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

c) <b>Debt Service Coverage Ratio = Earnings available for debt services divided by total interest and principal repayments</b>		
<b>Particulars</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Profit after tax	14,207.44	10,380.49
<b>Add:</b>		
Depreciation and amortisation expense	9,243.17	9,039.93
Finance cost	190.18	199.19
<b>Earnings available for debt services</b>	<b>23,640.79</b>	<b>19,619.61</b>
Interest payments	190.18	199.19
Lease payments	568.42	1,268.08
<b>Total interest and principal repayments</b>	<b>758.60</b>	<b>1,467.27</b>
<b>Ratio</b>	<b>31.16</b>	<b>13.37</b>
% change from previous year	133.1%	–
Reason for change more than 25% : Closure of leases during the year. Further overall financial performance of the Company was higher in the current year		
d) <b>Return on Equity ratio = Profit after tax divided by average shareholder's equity</b>		
Profit after tax	14,207.44	10,380.49
Average shareholder's equity (refer note below)	205,524.05	194,547.55
<b>Ratio</b>	<b>6.91%</b>	<b>5.34%</b>
% change from previous year	29.4%	–
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% : The ratio has increased from the previous year on account of overall increase in business volumes.		
e) <b>Inventory turnover ratio = Cost of goods sold divided by average inventory</b>		
Cost of goods sold (refer note 1 below)	168,897.09	116,808.05
Average inventory (refer note 2 below)	12,924.43	11,314.54
<b>Ratio</b>	<b>13.07</b>	<b>10.32</b>
% change from previous year	26.6%	
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% : The ratio has increased from the previous year on account of increase in volume of operations.		
f) <b>Trade receivables turnover ratio = Sales divided by average trade receivables</b>		
Turnover (refer note 1 below)	253,968.24	185,141.99
Average trade receivables (refer note 2 below)	62,591.87	47,449.61
<b>Ratio</b>	<b>4.06</b>	<b>3.90</b>
% change from previous year	4.1%	
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 statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>g) Trade payables turnover ratio = Purchases divided by average trade payables</b>		
<b>Purchases (refer note 1 below)</b>	<b>171,905.63</b>	116,964.13
Average trade payables (refer note 2 below)	<b>34,829.56</b>	24,927.86
<b>Ratio</b>	<b>4.94</b>	4.69
% change from previous year	<b>5.3%</b>	-
<p>Note: 1. Purchases includes purchase of materials and consumption of stores and spares.</p> <p>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</p> <p>Reason for change more than 25% : Not applicable</p>		
<b>h) Net capital turnover ratio = Revenue from operations divided by workings capital</b>		
<b>Revenue from operations</b>	<b>254,335.39</b>	186,350.01
Working capital (refer note below)	<b>145,621.96</b>	141,416.68
<b>Ratio</b>	<b>1.75</b>	1.32
% change from previous year	<b>32.6%</b>	-
<p>Note: Working capital = Current assets - Current liabilities</p> <p>Reason for change more than 25% : Increase in revenue from operation on account of enhanced overall financial performance.</p>		
<b>i) Net profit ratio = Net profit after tax divided by Revenue from operations</b>		
Net profit after tax	<b>14,207.44</b>	10,380.49
Revenue from operations	<b>254,335.39</b>	186,350.01
<b>Ratio</b>	<b>5.59%</b>	5.57%
% change from previous year	<b>0.4%</b>	-
<p>Reason for change more than 25% : Not applicable</p>		
<b>j) Return on Capital employed = Earnings before interest and taxes (EBIT) divided by capital employed</b>		
Earnings before interest and taxes (refer note 1 below)	<b>19,764.47</b>	15,425.71
Capital employed (refer note 2 below)	<b>209,949.99</b>	199,937.37
<b>Ratio</b>	<b>9.41%</b>	7.72%
% change from previous year	<b>21.9%</b>	-
<p>Note: 1. EBIT = Profit before taxes + finance cost<sup>2</sup>. Capital employed = Total equity - Deferred tax assets + Lease liabilities</p> <p>Reason for change more than 25% : Not applicable</p>		
<b>k) Return on investments = Income generated from invested funds divided by Average invested funds in treasury investments</b>		
Income generated from invested funds	<b>3,749.20</b>	3,751.05
Average invested funds in treasury investments	<b>95,875.76</b>	94,359.02
<b>Ratio</b>	<b>3.91%</b>	3.98%
% change from previous year	<b>-1.8%</b>	-
<p>Reason for change more than 25%: Not applicable</p>		

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Standalone financial statements for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 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 Register 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 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 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.

#### 44. Events after the reporting period

The Board has proposed a final dividend of 240% (INR 12 per share of the face value of INR 5 each) for the year 2021-22 subject to the approval of the members at the ensuing Annual General Meeting.

Significant accounting policies (note 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 : 20 May 2022

P KANIAPPAN  
Managing Director  
DIN: 02696192  
R S RAJAGOPAL 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



# ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

## INDEPENDENT AUDITORS' REPORT

To

To the Members of **ZF Commercial Vehicle Control Systems India Limited**  
(formerly known as **WABCO India Limited**) for the year ended **31 March 2022**

### 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 2022 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 2022 of its consolidated profit and other comprehensive loss, 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 obtained by us, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matter

Key audit matter 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.

#### Description of Key Audit Matter

a. Revenue recognition - 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.	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: <ul style="list-style-type: none"><li>- 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.</li><li>- 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</li></ul>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

	<p>reference to controls over revenue cut offs at period end.</p> <ul style="list-style-type: none"><li>- 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.</li><li>- 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).</li><li>- Performed analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and to identify unusual transactions.</li><li>- Obtained independent balance confirmations from the Group's customers on sample basis.</li></ul>
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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 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.

### 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 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.

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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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

### Other Matter

The financial information of the subsidiary, whose financial information reflect total assets (before consolidation adjustments) of Rs. 100 lakhs as at 31 March 2022, total revenues (before consolidation adjustments) of Rs. Nil and net cash flows (before consolidation adjustments) amounting to Rs. 100 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the financial information certified by the Management.

### 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, based on our audit we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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.
  - 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, none of the directors of the Holding company, is disqualified as on 31 March 2022 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 with reference to financial statements of the Holding 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 Auditor's) 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 2022 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 2022.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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- 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 2022.
- d) (i) The management of the Holding Company have represented to us that, to the best of their knowledge and belief, as disclosed in the note 41 to the accounts, 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 to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management of the Holding Company have represented to us that, to the best of their knowledge and belief, as disclosed in the note 41 to the accounts, no funds have been received by the Holding Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, 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) contain any material mis-statement.
- 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 Companies Act, 2013 to the extent it applies to payment of dividend.

As stated in note 43 to the consolidated financial statements, the Board of Directors of the Holding 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.

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 and its subsidiary 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 and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. 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  
UDIN: 22214150AJIDAI8928

Place : Chennai  
Date : May 20, 2022

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### 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 2022

(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, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualifications or adverse remarks given under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Holding Company / Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	ZF Commercial Vehicle Control Systems India Limited	L34103TN2004PLC054667	Holding Company	(vii)(a)
2	ZF Commercial Vehicle Control Systems India Limited	L34103TN2004PLC054667	Holding Company	(xx)(b)

The above does not include information, in respect of a subsidiary company incorporated in India, whose financial information considered in the consolidated financial statements, have not been audited either by us or by other auditors

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

K SUDHAKAR  
Partner

Place : Chennai  
Date : May 20, 2022

Membership No: 214150  
UDIN: 22214150AJIDAI8928

### Annexure B to the Independent Auditors' 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 2022

**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 Companies Act, 2013**

**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 the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to 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 that date.

In our opinion, the Holding Company, has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022 based on the internal financial controls with reference to consolidated 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 Responsibility for Internal Financial Controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated 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 consolidated 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements.

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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 : May 20, 2022

Membership No: 214150  
UDIN: 22214150AJIDAI8928

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Consolidated Balance Sheet as at 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Notes	As at March 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3.1	44,087.25
Capital work-in-progress	3.2	2,026.10
Right of use assets	3.1	8,530.48
Intangible assets	3.1	948.36
Financial assets		
(i) Other financial assets	4.2	1,916.56
Non-current tax assets (net)	6.1	4,504.08
Deferred tax asset (net)	13	1,846.40
Other non-current assets	5	4,240.32
<b>Total non-current assets</b>		<u>68,099.55</u>
<b>Current assets</b>		
Inventories	7	14,477.26
Financial assets		
(i) Investments	4.1	39,810.73
(ii) Trade receivables	8	66,638.33
(iii) Cash and cash equivalents	9	8,924.63
(iv) Bank balances other than (iii) above	9.1	58,085.26
Other current assets	5	7,631.94
<b>Total current assets</b>		<u>195,568.15</u>
<b>Total assets</b>		<u>263,667.70</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	10	948.38
Other equity	11	210,459.38
<b>Total equity</b>		<u>211,407.76</u>
<b>Non-current liabilities</b>		
Financial liabilities		
(i) Lease liabilities	15	26.72
Provisions	12	2,387.03
<b>Total non-current liabilities</b>		<u>2,413.75</u>
<b>Current liabilities</b>		
Financial liabilities		
(i) Lease liabilities	15	361.91
(ii) Trade payables	14	
- Dues to micro & small enterprises		1,840.74
- Dues to other than micro & small enterprises		33,615.21
(iii) Other financial liabilities	16	4,853.38
Provisions	12	2,399.47
Other current liabilities	17	5,325.46
Current tax liabilities (net)	6.2	1,450.02
<b>Total current liabilities</b>		<u>49,846.19</u>
<b>Total equity and liabilities</b>		<u>263,667.70</u>

Significant Accounting Policies.

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 : 20 May 2022

P KANIAPPAN  
Managing Director  
DIN: 02696192  
R S RAJAGOPAL SASTRY  
Chief Financial Officer

As per our report of even date  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration no. 101248WW-100022

K SUDHAKAR  
Partner  
Membership No. 214150

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Consolidated statement of Profit & Loss for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Notes	31 <sup>st</sup> March 2022
Revenue from operations	18	254,335.39
Other income	19	3,752.92
<b>Total income</b>		<b>258,088.31</b>
<b>Expenses</b>		
Cost of raw materials and components consumed	20	164,934.31
Changes in inventories of finished goods and work-in-progress	21	(601.96)
Employee benefits expense	22	32,868.58
Finance costs	23	190.18
Depreciation and amortisation expense	24	9,243.17
Other expenses	25	31,879.74
<b>Total expenses</b>		<b>238,514.02</b>
<b>Profit before tax</b>		<b>19,574.29</b>
Tax expense	27	
- Current tax		6,434.31
- Deferred tax		(1,067.46)
		<b>5,366.85</b>
<b>Profit for the year (I)</b>		<b>14,207.44</b>
<b>Other comprehensive income:</b>	28	
Items that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement gains and (losses) on defined benefit plans		(472.50)
Income tax effect		118.92
<b>Other comprehensive income/(loss) for the year, net of tax (II)</b>		<b>(353.58)</b>
<b>Total comprehensive income for the year, net of tax (I + II)</b>		<b>13,853.86</b>
Earnings per equity share of INR 5 each	29	
Basic		74.90
Diluted		74.90
Significant accounting policies.	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 : 20 May 2022

P KANIAPPAN  
*Managing Director*  
DIN: 02696192

R S RAJAGOPAL SASTRY  
*Chief Financial Officer*

As per our report of even date  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration no. 101248WW/100022

K SUDHAKAR  
*Partner*  
Membership No. 214150

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Consolidated statement of changes in equity for the year ended March 31, 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### a Equity Share Capital

Equity shares of INR 5 each issued, subscribed and fully paid	No. of shares	Amount
<b>At April 01, 2021</b>	18,967,584	948.38
Issue of share capital	–	–
<b>At March 31, 2022</b>	18,967,584	948.38

#### b Other equity

For the year ended March 31, 2022

Particulars	Reserves and Surplus			Items of OCI	Total
	General reserve	Capital reorganisation reserve	Retained Earnings	Re-measurement of defined benefit liability	
<b>At 1 April 2021</b>	<b>24,776.38</b>	<b>5.00</b>	<b>173,910.58</b>	–	<b>198,691.96</b>
Profit for the year	–	–	14,207.44	(353.58)	13,853.86
Other comprehensive income (Note 29)	–	–	(353.58)	353.58	–
<b>Total</b>	<b>24,776.38</b>	<b>5.00</b>	<b>187,764.44</b>	–	<b>212,545.82</b>
Dividend	–	–	(2,086.44)	–	(2,086.44)
<b>At 31 March 2022</b>	<b>24,776.38</b>	<b>5.00</b>	<b>185,678.00</b>	–	<b>210,459.38</b>

Significant Accounting Policies. (Note 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 : 20 May 2022

P KANIAPPAN  
*Managing Director*  
 DIN: 02696192

R S RAJAGOPAL SASTRY  
*Chief Financial Officer*

As per our report of even date  
 For B S R & Co. LLP  
*Chartered Accountants*  
 Firm's Registration no. 101248WW-100022

K SUDHAKAR  
*Partner*  
 Membership No. 214150

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Consolidated statement of Cash Flows for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Particulars	March 31, 2022
<b>A. CASH FLOW FROM / (USED) IN OPERATING ACTIVITIES</b>	
<b>Profit before tax</b>	<b>19,574.29</b>
Adjustments to reconcile profit before tax to net cash flow:	
Depreciation and amortisation expense	9,243.17
(Profit) / loss on sale of financial instruments (net)	(1,881.56)
Provision / (release of provision) for doubtful trade receivables and advances (net)	258.74
Interest income	(1,867.64)
Finance costs	190.18
Net foreign exchange differences (unrealised)	(159.39)
<b>Operating profit before working capital / other changes</b>	<b>25,357.79</b>
Adjustments for:	
(Increase) / decrease in inventories	(3,105.66)
(Increase) / decrease in trade receivables	(7,991.40)
(Increase) / decrease in other financial assets	(455.60)
(Increase) / decrease in other assets	3,584.35
Increase / (decrease) in provisions and other liabilities	1,563.71
Increase / (decrease) in financial liabilities	566.43
Increase / (decrease) in trade payables	1,310.65
<b>Cash generated from operations</b>	<b>20,830.27</b>
Income tax paid	(7,004.68)
<b>Net cash flow from/(used) in operating activities</b>	<b>13,825.59</b>
<b>B. CASH FLOW FROM/(USED) IN INVESTING ACTIVITIES:</b>	
Purchase of property, plant, equipment and intangible assets (including capital work in progress, capital advances and capital creditors)	(10,072.13)
Payment for acquiring right of use assets	(7,559.20)
Purchase of investments	(215,789.20)
Proceeds from sale of investments	241,856.82
(Purchase of) / proceeds from maturity of bank deposits	(27,752.62)
Interest income	1,581.64
<b>Net cash flows from/(used) in investing activities</b>	<b>(17,734.69)</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Consolidated statement of Cash Flows for the year ended 31<sup>st</sup> March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Particulars	March 31, 2022
<b>C. CASH FLOW FROM / (USED) IN FINANCING ACTIVITIES</b>	
Dividends paid	(2,086.44)
Payment of lease liabilities including interest on lease liabilities	(758.60)
<b>Net cash flows from / (used) in financing activities</b>	<b>(2,845.04)</b>
<b>Net increase in cash and cash equivalents [A + B + C]</b>	<b>(6,754.14)</b>
Cash and cash equivalents at the beginning of the year	15,678.77
Cash and cash equivalents as at end of the year	8,924.63
Components of cash and cash equivalents	
i) Cash on hand	9.61
ii) On current accounts	8,915.02
<b>Cash and cash equivalents as per balance sheet (refer note 9)</b>	<b>8,924.63</b>

Significant accounting policies (note 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 : 20 May 2022

P KANIAPPAN  
Managing Director  
DIN: 02696192

R S RAJAGOPAL SASTRY  
Chief Financial Officer

As per our report of even date  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration no. 101248WW-100022

K SUDHAKAR  
Partner  
Membership No. 214150



### Notes to the Consolidated financial statements for the year ended 31 March 2022

#### 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.

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 20 May 2022.

The Group's Erstwhile ultimate holding company (Wabco Holding Inc.) has entered into a definitive agreement with ZF Friedrichshafen (the acquirer) for the merger of Wabco Holding Inc., with a wholly owned subsidiary of the acquirer subject to regulatory approvals. Pursuant to the completion of aforesaid acquisition of the Company & parent company by ZF Friedrichshafen AG, the Company is now a subsidiary of ZF Friedrichshafen AG.

#### 2. 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.

##### 2.1 Basis of Preparation

On 5 January 2022, ZF CV Control Systems Manufacturing India Private Limited was incorporated as a wholly owned subsidiary of the Company, having paid up capital of INR 10,000,000 (1,000,000 equity shares of INR 10 each). With the incorporation of subsidiary, the Group is required to prepare consolidated financial statements for the first time for the year ended 31 March 2022. Ind AS schedule III requires that except in case of first financial statements laid before the company after incorporation, the corresponding amounts (i.e. comparatives) for the immediately preceding period are to be disclosed in the financial statements including notes to accounts. Accordingly, the Group has presented consolidated financial statements for the year ended 31 March 2022 with no comparative figures since this being the first year of consolidation.

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 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.

##### 2.2 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.

The significant accounting policies are set out below in Section 2.3.

**Notes to the Consolidated financial statements for the year ended 31 March 2022**

**2.3 Summary of significant accounting policies**

**(a) 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;
- 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.

**(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 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.

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.

**Notes to the Consolidated financial statements for the year ended 31 March 2022**

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

**(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.

Sales tax/Value Added Tax (VAT)/Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is the tax collected on value added on the commodity by the seller 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 30 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, noncash consideration, and consideration payable to the customer (if any).

Claims on the Group for price revision are accounted when facts and circumstances indicate that a price reduction is probable and the amount are reasonably estimable. The claims by the Group are recorded when it is accepted and it is reasonably certain that the amounts will be collected.

**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 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**

**1. 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.

**2. Revenue from research and development services**

Revenue relating to research & development services are recognized on a fixed hourly basis when the services are rendered.

Notes to the Consolidated financial statements for the year ended 31 March 2022

**3. 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 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**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the consolidated statement of profit and loss.

**iii. Investment income**

Profit on sale of investment is recognised only at the time when the investments are realised.

**(d) 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.

**(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, work-in-progress and contract 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.

**Traded goods, 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.

**Notes to the Consolidated financial statements for the year ended 31 March 2022****(f) 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 18 - 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 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.

**(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, it 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 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.

**Notes to the Consolidated financial statements for the year ended 31 March 2022**

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 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.

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 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 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:

<b>Asset block</b>	<b>Useful life of the assets (years)</b>
Buildings	10-30
Plant and machinery	10-21
Tools, Dies & Jigs	3
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.



**Notes to the Consolidated financial statements for the year ended 31 March 2022**

**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 are amortised using the straight-line method over a period based on management's estimate of useful lives of such software 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 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.

**(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**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Right of use assets (ROU assets)**

At the lease commencement date, the ROU asset is measured at cost. The cost of the ROU asset comprises of:

- (i) the initial lease liability
- (ii) any prepaid lease payments less any incentives received
- (iii) initial direct costs incurred in establishing the lease and
- (iv) an estimate of costs to be incurred by the lessee in dismantling the underlying asset as required by the law.

It is subsequently reduced by the depreciation / amortisation / impairment losses. Depreciation / amortisation is charged on a straight line basis on the shorter of lease term or useful life of ROU asset which the lessee is reasonably certain to exercise the option to purchase the asset.

**Notes to the Consolidated financial statements for the year ended 31 March 2022****Lease liability**

- a. At the lease commencement date, the lease liability is measured at the present value of the minimum lease payments outstanding as at the date, plan payments under any options that the lessee is reasonably certain to exercise. Lease liability is measured at amortised cost using the effective interest method.
- b. Lease term used to calculate the lease liability is determined based on an economic analysis of early termination, extension or other options included in the lease arrangement.
- c. Lease payments are discounted using the rate implicit in the lease, if this can be clearly determined or incremental borrowing cost.
- d. The carrying amount of the lease liability is subsequently increased by the interest due on the lease liability and reduced by the lease payments.
- e. Lease liability is disclosed under other financial liabilities.

**Subsequent measurement**

Subsequently, the lease liability and the ROU asset are recognised to reflect changes in:

- lease term
- the assessment of an option
- the amounts expected to be payable
- lease payments
- rates

**(n) Retirement and other employee benefits****i. Defined benefit plan****1. Provident Fund**

Eligible employees of ZF CVCS India receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Group contributes a portion to the 'WABCO India Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by extant Indian laws and regulations. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. 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.

**2. 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.

### Notes to the Consolidated financial statements for the year ended 31 March 2022

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

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 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.

#### (o) Share based payments

Employees (including senior executives) of the Group received compensation under the scheme of the ultimate holding Company, WABCO Holdings Inc., USA in the form of stock units, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Performance stock units (PSUs), the vesting of which would occur at levels ranging from none to 200% of the number of granted PSUs depending upon the achievement of three year cumulative earnings per share goals approved by the Compensation, Nominating and Governance Committee of the Board of Directors of WABCO Holdings Inc., USA. The Group assesses expected achievement levels at the end of each reporting period.

Restricted stock units (RSU's) vests to the employees on a proportionate basis over the period of 3 years provided the employees continues in employment.

The Group measures and recognizes the expense associated with all share-based payment awards made to employees including RSUs, PSUs based on estimated fair values obtained by the ultimate holding Company being the administrator of the scheme.

This plan was discontinued during the previous year pursuant to the merger of the erstwhile ultimate holding Company with ZF Friedrichshafen AG.

#### (p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

Debt instruments at amortised cost

Debt instruments at fair value through profit or loss (FVTPL)

**Notes to the Consolidated financial statements for the year ended 31 March 2022**

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the consolidated statement of profit and loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 8.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

The Group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.
- b) Trade receivables.

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

### Notes to the Consolidated financial statements for the year ended 31 March 2022

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss account. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

##### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

##### **Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Profit and Loss at the reclassification date.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities 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 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 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

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended the existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1 April 2022. Key Amendments relating to the financial statements which are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment (PPE) - For items produced during testing/trial phase, clarification added that revenue generated out of the same shall not be recognised in consolidated statement of profit and loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets - Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
- Ind AS 103 - Business Combination - Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
- Ind AS 109 Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 3.1 Property plant and equipment, Right of Use assets and intangible assets

Description	Property plant and equipment						Right of use assets			Intangible Assets		
	Freehold Land	Buildings	Plant & Machinery, Tools, Dies & Jigs	Furniture & Fixtures	Office & other equipments	Vehicles	Total	Leasehold Land	Buildings	Total	Computer Software and licences	Total
<b>Cost</b>												
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>1,829.06</b>	<b>9,845.30</b>	<b>70,042.86</b>	<b>594.15</b>	<b>7,838.41</b>	<b>584.17</b>	<b>90,733.95</b>	<b>8,258.00</b>	<b>1,993.59</b>	<b>10,251.59</b>	<b>3,394.21</b>	<b>3,394.21</b>
<b>Depreciation and amortization</b>												
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>-</b>	<b>3,148.32</b>	<b>38,286.11</b>	<b>294.91</b>	<b>4,634.61</b>	<b>282.75</b>	<b>46,646.70</b>	<b>86.30</b>	<b>1,634.81</b>	<b>1,721.11</b>	<b>2,445.85</b>	<b>2,445.85</b>
<b>Written down value</b>												
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

#### 3.2 Capital work in progress

Capital work in progress as at 31 March 2022 comprises expenditure for the plant in various stages of installation. Total amount of Capital work in progress is INR 2,026.10 lakhs.

##### Ageing schedule

	As at 31 March 2022				Total
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1,129.84	258.17	638.09	-	2,026.10
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>1,129.84</b>	<b>258.17</b>	<b>638.09</b>	<b>-</b>	<b>2,026.10</b>

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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022
<b>4. FINANCIAL ASSETS</b>	
<b>4.1 INVESTMENTS</b>	
<b>Current - quoted</b>	
<b>Investments at fair value through profit or loss (fully paid)</b>	
Mutual fund units	39,810.73
	39,810.73
Aggregate market value of quoted investments	39,810.73
<b>4.2 OTHER FINANCIAL ASSETS</b>	
<b>Non-Current</b>	
Non-current bank balances (refer note below)	732.54
Security deposit	1,184.02
	1,916.56
Note: Represents deposits placed with banks as margin money towards guarantees provided by the banks on behalf of the Group.	
<b>5. OTHER ASSETS</b>	
<b>Non-Current</b>	
Capital advances (Unsecured considered good) *	1,606.80
Capital advances (Unsecured considered doubtful)	96.91
Less: Provision for doubtful advances	(96.91)
	1,606.80
Amount paid under protest	1,842.81
Fair value of pension plan asset (net of provision) (refer note 32)	790.71
	4,240.32
<b>Current</b>	
Advances to vendors (Unsecured considered good) *	1,972.31
Advances to vendors (Unsecured considered doubtful)	685.56
Less: Provision for doubtful advances	(685.56)
	1,972.31
Grant receivable (export incentive)	4,528.36
Prepaid expenses	582.60
Balance with government authorities	250.62
Others	298.05
	7,631.94
* For amount outstanding from related parties and the terms and conditions relating to that, refer Note 35.	
<b>6.1 NON-CURRENT TAX ASSETS (NET)</b>	
Advance income tax (net of provision for tax)	4,504.08
	4,504.08
<b>6.2 CURRENT TAX LIABILITIES (NET)</b>	
Provision for taxation (net of advance income tax)	1,450.02
	1,450.02

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022
<b>7. INVENTORIES (LOWER OF COST AND NET REALISABLE VALUE)</b>	
Raw materials *	10,527.95
Work-in-progress	299.13
Finished goods	2,962.55
Stores and spare parts	687.63
	<b>14,477.26</b>
*includes goods in transit	1,888.26
During the year ended 31 March 2022: INR 26.15 lakhs was recognised as an expense for inventories carried at net realisable value.	
<b>8. TRADE RECEIVABLES</b>	
<b>Trade receivables</b>	
Secured, considered good	-
Unsecured, considered good	67,668.02
Trade receivables which have significant increase in credit risk	-
Trade receivables - credit impaired	-
	<b>67,668.02</b>
Less: Loss allowance (expected credit Loss allowance)	<b>(1,029.69)</b>
	<b>66,638.33</b>

#### Trade receivables Ageing schedule

As at 31 March 2022

	Outstanding for following periods from due date of payment						Total
	Current but 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	-	-	-	-	-	-	-
	<b>58,996.27</b>	<b>6,985.44</b>	<b>887.87</b>	<b>159.38</b>	<b>218.17</b>	<b>420.89</b>	<b>67,668.02</b>

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 35.2. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days depending on the type of the customer.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022
<b>9. CASH AND CASH EQUIVALENTS</b>	
Cash on hand	9.61
Balances with banks:	
- On current accounts	8,915.02
	8,924.63
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:	
- Cash on hand	9.61
- On current accounts	8,915.02
	8,924.63
<b>9.1. Other bank balances</b>	
Earmarked balances with banks	626.93
Current deposits with maturity greater than three, less than twelve months	57,458.33
	58,085.26
Earmarked balances with banks primarily relate to unclaimed dividends and unspent corporate social responsibility amount.	
<b>Break up of financial assets carried at amortised cost</b>	
Trade receivables (note 8)	66,638.33
Cash and cash equivalents (note 9)	8,924.63
Bank balances other than cash and cash equivalents (note 9.1)	58,085.26
Other financial assets (note 4.2)	1,916.56
Total financial assets at amortised cost	135,564.78
<b>10. EQUITY SHARE CAPITAL</b>	
<b>Authorised capital</b>	
20,000,000 equity shares of INR 5 each	1,000.00
	1,000.00
<b>Issued, subscribed and fully paid-up capital</b>	
18,967,584 equity shares of INR 5 each	948.38
	948.38
<b>Terms / rights attached to equity shares</b>	
The Company has only one class of equity share having a par value of INR 5 per share. Each holder of equity shares is entitled to one vote per share.	
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the assets of the Company, in proportion to the number of equity shares held by the shareholders.	

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

	Number of shares	Amount
At April 1, 2021	18,967,584	948.38
Issued during the period	–	–
At March 31, 2022	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	March 31, 2022	
	Number of shares	Amount
WABCO Asia Private Limited, Singapore	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	March 31, 2022	
	In numbers	% holding in the class
<b>Equity shares of INR 5 each fully paid</b>		
WABCO Asia Private Limited, Singapore	14,225,684	75.00%
SBI Retirement Benefit Fund - 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 March 31, 2022		As at March 31, 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%)

March 31, 2022

#### 11. OTHER EQUITY

General reserve	24,776.38
<b>Other reserves</b>	
Capital reorganisation reserve	5.00
Retained earnings	185,678.00
	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 Group 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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2022
<b>11.1. Distribution made and proposed</b>	
<b>Cash dividends on equity shares declared and paid:</b>	
Final dividend for the year ended 31 March 2021: INR 11 per share	2,086.44
	2,086.44
<b>Proposed dividends on equity shares:</b>	
Final dividend for the year ended 31 March 2022: INR 12 per share	2,276.11
	2,276.11
Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability as at 31 March 2022.	
<b>12. PROVISIONS</b>	
<b>Non-current</b>	
<b>Provision for employee benefits</b>	
Provision for provident fund	1,076.77
Provision for compensated absences	841.15
<b>Other provisions</b>	
Provision for warranties	469.11
Total	2,387.03
<b>Current</b>	
<b>Provision for employee benefits</b>	
Provision for compensated absences	289.93
Provision for gratuity (net of fair value of plan assets)	740.74
<b>Other provisions</b>	
Provision for warranties	1,368.80
Total	2,399.47
<b>Provision for warranties</b>	
At the beginning of the year	1,188.41
Created during the year	1,278.55
Utilized / reversed during the year	(629.05)
At the end of the year	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.



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 13. DEFERRED TAX ASSETS (NET)

Nature - (Liability) / Asset	Balance Sheet	Statement of
	31 March 2022	Profit and Loss 31 March 2022
<b>Deferred tax liabilities</b>		
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	760.04	(484.00)
Others	71.98	71.98
<b>Total (A)</b>	<b>832.02</b>	<b>(412.02)</b>
<b>Deferred tax assets</b>		
Provision for doubtful trade receivables and advances	529.07	90.03
Provision for employee benefits and others	1,461.53	862.99
Provision for warranty	462.51	163.41
Others	225.31	(342.07)
<b>Total (B)</b>	<b>2,678.42</b>	<b>774.36</b>
<b>Deferred tax expenses / (income) (A - B)</b>		<b>(1,186.38)</b>
<b>Net deferred tax (liabilities) / assets (B-A)</b>	<b>1,846.40</b>	
<b>Reconciliation of deferred tax assets / (liabilities) - (net)</b>		<b>31 March 2022</b>
As on April 1		660.02
Tax income / (expense) during the period recognised in profit and loss		1,067.46
Tax income / (expense) during the period recognised in OCI		118.92
As on March 31		<b>1,846.40</b>

#### 14. TRADE PAYABLES

Trade Payables	
- Dues to micro & small enterprises	1,840.74
- Dues to other than micro & small enterprises	33,615.21
	<b>35,455.95</b>

For amount outstanding to related parties and the terms and conditions relating to that, refer Note 35.2

#### Trade payables Ageing Schedule

As at 31 March 2022

	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding of micro enterprises and small enterprises	1,792.97	40.74	2.40	4.63	1,840.74
Total outstanding of creditors other than micro enterprises and small enterprises	32,586.62	332.67	296.88	399.04	33,615.21
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	<b>34,379.59</b>	<b>373.41</b>	<b>299.28</b>	<b>403.67</b>	<b>35,455.95</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2022
<b>15. LEASE LIABILITIES</b>	
<b>Non - Current</b>	
Lease liabilities	26.72
	26.72
<b>Current</b>	
Lease liabilities	361.91
	361.91
<b>16 OTHER FINANCIAL LIABILITIES</b>	
Capital creditors	649.19
Price adjustments (refer note below)	4,170.26
Unpaid dividends	33.93
	4,853.38
<p>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.</p>	
<b>17. OTHER CURRENT LIABILITIES</b>	
Advance from customers	665.55
Statutory dues payable	932.06
Employee payables	3,727.85
	5,325.46
<p>For amount outstanding to related parties and the terms and conditions relating to that, refer Note 35.2</p>	
<b>Break up of financial liabilities carried at amortised cost</b>	
Trade payables (note 14)	35,455.95
Lease liabilities (note 15)	388.63
Other financial liabilities (note 16)	4,853.38
	40,697.96
<b>18. REVENUE FROM OPERATIONS</b>	
(i) <b>Revenue from contract with customers</b>	
<b>Sale of products (A)</b>	
Air assist and full air actuation system for automotive and non-automotive applications and elements thereof	197,540.87
Spares	33,393.56
	230,934.43
<b>Sale/rendering of services (B)</b>	
Software services	11,523.28
Research and development services	2,645.76
Business support services	5,622.68
Other service income	1,476.31
	21,268.03

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2022
<b>(ii) Other operating revenue (C)</b>	
Scrap sales	1,249.28
Government grant (Export incentives - Refer note below)	367.15
Test Track usage income	516.50
	<b>2,132.93</b>
<b>Total (A + B + C)</b>	<b>254,335.39</b>

Note - Government grants represent export incentives that the Group 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	232,700.21
Services transferred over time	21,268.03
	<b>253,968.24</b>

##### Contract balances

Trade receivables (refer note 8)	66,638.33
Contract liabilities (refer note 17)	665.55

Trade receivables are non-interest bearing and are generally on terms of 30 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).

	31 March 2022
<b>Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price</b>	
Revenue as per contract price	257,700.35
Adjustments	
Discounts and price adjustments	(3,732.11)
Revenue from contract with customers	<b>253,968.24</b>

#### 19. OTHER INCOME

Net gain on sale of current investments	1,881.56
Interest income	1,867.64
Others	3.72
	<b>3,752.92</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2022
<b>20. COST OF MATERIAL &amp; COMPONENTS CONSUMED</b>	
Inventories at the beginning of the year *	8,121.37
Add: Purchases	167,340.89
Less: Inventories at the end of the year *	10,527.95
<b>Cost of raw material and components consumed</b>	<b>164,934.31</b>
* - includes goods in transit	
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>	
<b>Opening stock</b>	
Work-in-progress	190.14
Finished goods	2,469.58
	<b>2,659.72</b>
<b>Closing Stock</b>	
Work-in-progress	299.13
Finished goods	2,962.55
	<b>3,261.68</b>
	<b>(601.96)</b>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>	
Salaries, wages and bonus	28,533.12
Contribution to provident and other funds	2,053.96
Staff welfare expenses	2,281.50
	<b>32,868.58</b>
<b>23. FINANCE COSTS</b>	
Interest on lease liabilities	44.80
Interest on others	145.38
	<b>190.18</b>
<b>24. DEPRECIATION AND AMORTIZATION EXPENSE</b>	
Depreciation of property, plant and equipment (note 3.1)	8,368.71
Amortization of intangible assets (note 3.1)	439.60
Depreciation on right of use assets (note 3.1)	434.86
	<b>9,243.17</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2022
<b>25. OTHER EXPENSES</b>	
Consumption of stores and spares	4,564.74
Power and fuel	1,908.03
Rent	746.34
Repairs to buildings	273.20
Repairs to machinery	1,179.72
Repairs others	12.52
Insurance	156.58
Rates and taxes	410.01
Professional fees (refer note (a) below for payment to auditors)	4,344.84
Travelling and conveyance	784.09
Freight, delivery and shipping charges	6,200.47
Research and development expenses	401.18
Impairment allowance / reversal for bad and doubtful debts / advances	258.74
Directors' sitting fees	9.06
Information technology expenses	1,702.38
CSR expenditure	558.44
Royalty	5,945.49
Net loss on foreign currency transactions	429.56
Warranty	1,105.91
Other expenses (including commission to independent directors)	888.44
	31,879.74

### 26. RESEARCH AND DEVELOPMENT COST

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate INR. 4,136.86 Lakhs. The capital expenditure incurred during the year for research and development purposes aggregate INR. 219.87 Lakhs.

### 27. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2022 are:

#### Profit or loss section

##### Current Tax:

Current income tax charge	6,434.31
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##### Deferred Tax:

Relating to the origination and reversal of temporary differences	(1,067.46)
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<b>Income tax expense reported in the statement of profit and loss</b>	<b>5,366.85</b>
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#### Other comprehensive income(OCI) section

Deferred tax related to items recognised in OCI during in the year:

Re-measurement gains and (losses) on defined benefit obligations (net)	(118.92)
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<b>Income tax charged to OCI</b>	<b>(118.92)</b>
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## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard rate of corporate tax in India viz., 25.168% as follows:

	31 March 2022
<b>Accounting Profit before income tax</b>	19,574.29
Enacted tax rate in India	25.168%
Profit before income tax multiplied by enacted tax rate	4,926.46
<b>Effects of:</b>	
Non deductible expenses	436.96
Overseas taxes	255.36
Others	(251.93)
Net effective income tax	5,366.85

#### 28. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

##### During the year ended 31 March 2022

	FVTOCI	Total
Re-measurement gains (losses) on defined benefit plans	(353.58)	(353.58)
	(353.58)	(353.58)

#### 29. 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:

	31 March 2022
Profit after tax	14,207.44
Weighted average number of shares	
- Basic	18,967,584
- Diluted	18,967,584
Earning per share of INR 5 each	
- Basic	74.90
- Diluted	74.90



Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

**30. 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 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 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:

**Revenue from Contract with Customers**

The Group has applied judgements in determining the amount and timing of revenue from contracts with customers, including determining variable considerations.

**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 32.

**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.

**31. EMPLOYEE BENEFITS OBLIGATION**

**Defined Benefit Plan**

**a. Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. 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 the 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 practise can have a significant impact on the defined benefit liabilities.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 31. EMPLOYEE BENEFITS OBLIGATION - (continued)

##### 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 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:

##### 1) 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.

31 March 2022

#### 32. DEFINED BENEFIT PLAN

##### A. Gratuity plan

Current service cost	393.43
Past service cost	-
Net interest expense	48.42
<b>Components of defined benefit cost recognised in profit or loss</b>	<b>441.85</b>
<b>Re-measurement on the net defined benefit liability comprising:</b>	
Actuarial (gains) / losses changes arising from changes in demographic assumptions	(23.44)
Actuarial (gains) / losses changes arising from changes in financial assumptions	(149.29)
Actuarial (gains) / losses changes arising from experience adjustments	325.54
Return on plan assets (excluding amounts included in net interest expense)	68.44
<b>Components of defined benefit cost recognised in other comprehensive income</b>	<b>221.25</b>
	<b>663.10</b>

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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	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	2,943.73
Fair value of plan assets	2,202.99
<b>Net assets / (liabilities) from defined benefit obligation</b>	<b>(740.74)</b>
Movements in the present value of the defined benefit obligation were as follows:	
Opening defined benefit obligation	2,569.49
Current service cost	393.43
Past service cost	-
Interest cost	173.32
Actuarial (gains)/losses changes arising from changes in demographic assumptions	(23.44)
Actuarial (gains)/losses changes arising from changes in financial assumptions	(149.29)
Actuarial (gains)/losses changes arising from experience adjustments	325.54
Benefits paid	(345.32)
<b>Closing defined benefit obligation</b>	<b>2,943.73</b>
Movements in the fair value of the plan assets were as follows:	
Opening fair value of plan assets	1,851.77
Investment Income	124.90
Return on plan assets (excluding amounts included in net interest expense)	(68.44)
Contributions	640.08
Benefits paid	(345.32)
<b>Closing fair value of plan assets</b>	<b>2,202.99</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

31 March 2022

#### B. Provident Fund

The Group's Provident Fund is exempted under Section 17 of the Employees' Provident Fund Act, 1952. Conditions for the grant of exemption stipulate that the employer shall make good the deficiency, if any, in the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned has been higher in the past years. The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below:

Current service cost	995.63
Past service cost	-
Net interest expense	891.98
Net interest income	(876.02)
<b>Components of defined benefit cost recognised in profit or loss</b>	<b>1,011.59</b>
Re-measurement on the net defined benefit liability comprising:	
Actuarial (gains)/losses changes arising from changes in financial assumptions	(328.42)
Actuarial (gains)/losses changes arising from experience adjustments	833.75
Return on plan assets (excluding amounts included in net interest expense)	(223.17)
<b>Components of defined benefit cost recognised in other comprehensive income</b>	<b>282.16</b>
	<b>1,293.75</b>

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 Group's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	15,636.19
Fair value of plan assets	14,559.42
Net assets / (liabilities) from defined benefit obligation	(1,076.77)

Movements in the present value of the defined benefit obligation were as follows:

Opening defined benefit obligation	12,874.18
Current service cost	995.63
Employee contributions	1,683.28
Transfers	842.01
Interest cost	891.98
Actuarial (gains) / losses changes arising from changes in financial assumptions	(328.42)
Actuarial (gains) / losses changes arising from experience adjustments	833.75
Benefits paid	(2,156.22)
<b>Closing defined benefit obligation</b>	<b>15,636.19</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	31 March 2022
Movements in the fair value of the plan assets were as follows:	
Opening fair value of plan assets	12,493.23
Investment Income	876.02
Employer's Contributions	970.08
Employee's Contributions	1,683.28
Transfers	469.87
Benefits paid	(2,156.23)
Return on plan assets (excluding amounts included in net interest expense)	223.17
<b>Closing fair value of plan assets</b>	<b>14,559.42</b>
<b>C. Pension</b>	
Current service cost	-
Net interest expense / (income)	(45.67)
<b>Components of defined benefit cost recognised in profit or loss</b>	<b>(45.67)</b>
<b>Re-measurement on the net defined benefit liability comprising:</b>	
Actuarial (gains)/losses changes arising from changes in demographic assumptions	114.01
Actuarial (gains)/losses changes arising from changes in financial assumptions	(77.23)
Actuarial (gains)/losses changes arising from experience adjustments	(67.69)
Return on plan assets (excluding amounts included in net interest expense)	-
<b>Components of defined benefit cost recognised in other comprehensive income</b>	<b>(30.91)</b>
	<b>(76.58)</b>
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 Group's obligation in respect of its defined benefit plans is as follows:	
Present value of defined benefit obligation	2,176.72
Fair value of plan assets	2,967.43
<b>Net assets/(liabilities) from defined benefit obligation</b>	<b>790.71</b>
Movements in the present value of the defined benefit obligation were as follows:	
Opening defined benefit obligation	2,180.46
Current service cost	-
Interest cost	139.44
Actuarial (gains)/losses changes arising from changes in demographic assumptions	114.01
Actuarial (gains)/losses changes arising from changes in financial assumptions	(77.23)
Actuarial (gains)/losses changes arising from experience adjustments	(67.69)
Benefits paid	(112.27)
<b>Closing defined benefit obligation</b>	<b>2,176.72</b>

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

31 March 2022

Movements in the fair value of the plan assets were as follows:

Opening fair value of plan assets	2,894.57
Interest income	185.12
Benefits paid	(112.27)
<b>Closing fair value of plan assets</b>	<u>2,967.42</u>

32.1 The major categories of plan assets of the fair value of the total plan assets are as follows:

<b>Investments details:</b>		<b>Gratuity</b>
Investment with insurer		2,202.99
<b>Total</b>		<u>2,202.99</u>
<b>Investments details:</b>		<b>Provident Fund Plan</b>
Others		14,559.42
<b>Total</b>		<u>14,559.42</u>
<b>Investments details:</b>		<b>Pension Plan</b>
Investment with insurer		2,967.42
<b>Total</b>		<u>2,967.42</u>

The principal assumptions used for the purposes of the actuarial valuations are as follows:

Discount rate:		
Gratuity plan		7.25%
Provident fund plan		6.98%
Pension plan		6.80%
Future salary increases:		
Gratuity plan		6.00%
Attrition rate		
Gratuity plan		5.00%

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.

<b>Gratuity plan:</b>	<u>31 March 2022</u>	
	<u>0.5% increase</u>	<u>0.5% decrease</u>
Discount rate	(279.38)	330.05
Future salary increases	330.89	(284.88)
Attrition rate	56.36	(83.60)

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### Provident Fund plan:

	31 March 2022	
	0.5% increase	0.5% decrease
Discount rate	(11.26)	11.57

#### Pension:

	31 March 2022	
	0.5% increase	0.5% decrease
Discount rate	(175.03)	202.88

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity	Pension
	31 March 2022	
Within the next 12 months (next annual reporting period)	293.53	189.24
Between 2 and 5 years	802.79	738.33
Beyond 5 years	6,482.85	3,442.50
<b>Total expected payments</b>	<b>7,579.17</b>	<b>4,370.07</b>

The average duration of the defined benefit plan obligation at the end of the reporting period for gratuity plan is 11.00 years and pension plan is 8.00 years.

### 33. LEASES

The Group has taken various premises including warehouses, offices and other assets under lease for which lease agreements are generally cancellable in nature and are renewable by mutual consent on agreed upon terms.

#### Lease liabilities

##### Maturity analysis - contractual undiscounted cash flows

	31 March 2022
Not later than one year	421.65
Later than one year and not later than five years	27.31
More than five years	-

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 15 respectively. Cash flows on payment of lease liabilities including interest on lease liabilities are disclosed in 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.

	31 March 2022
In respect of CENVAT and service tax matters	0.88
In respect of income tax matters	67.78
In respect of property tax matters	32.40
In respect of sales tax matters *	1,199.96
In respect of labour law disputes	7.67
In respect of property matters	6.09
*excludes penalty of INR 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

	31 March 2022
a) Capital commitments not provided for	3,122.90



## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

#### 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   |
| Holding company             | WABCO Asia Private Limited, Singapore   |
| Fellow Subsidiary companies | Guang Dong WABCO Fuwa Vehicle Brakes Co Limited<br>WABCO (Thailand) Limited<br>WABCO Arac Kontrol Sis.Des.Paz.Ltd.<br>WABCO Automotive South Africa<br>WABCO Compressor Manufacturing Co. USA<br>WABCO Europe Neunkirchen<br>WABCO Holdings Inc., USA<br>WABCO IP Holdings LLC, USA<br>WABCO Japan Inc., Japan<br>WABCO Korea Ltd, Korea<br>WABCO Middle East and Africa FZCO, Dubai<br>WABCO Radbremsen GmbH, Germany<br>WABCO Reman Solutions<br>WABCO USA LLC, USA ( formerly Meritor WABCO Vehicle Control Systems, USA)<br>WABCO Vehicle Control Systems, Poland<br>WABCO Vostok LLC, Russia<br>ZF (Shanghai) Management Co.,<br>ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China<br>(formerly Shandong WABCO Automotive Products Co. Ltd, China)<br>ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China<br>(formerly WABCO China Co. Ltd, China)<br>ZF CV Distribution Germany GmbH & Co. KG, Germany<br>(formerly WABCO Vertriebs, GmbH & Co., Germany) |

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

ZF CV Logistics Germany GmbH, Germany

(formerly WABCO Logistik GmbH, Germany)

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 Digital Solutions India Private Limited

(formerly WABCO Digital Solutions Private Limited)

ZF India Private Limited

### 3) Others

WABCO India Limited Employees' Provident Fund Trust

WABCO Foundation

### Key Management Personnel

Mr. P Kaniappan - Managing Director

Mr. RS Raja Gopal Sastry - Chief Financial Officer

Mr. M C Gokul- Company Secretary (resigned w.e.f. 01-11-2021)

Mrs. M Muthulakshmi, Company Secretary (w.e.f. 03-11-2021)

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

**ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED**

**Notes to the Consolidated financial statements for the year ended 31 March 2022**

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

**35.2. RELATED PARTY TRANSACTIONS**

Sl. No.	Nature of transactions	Name of the company	Fellow Subsidiary / Others	Key Management Personnel
			Year ended	Year ended
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2022
1.a	Purchase of goods	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	0.82	-
		WABCO Compressor Manufacturing Co. USA	30.99	-
		WABCO USA LLC, USA	0.67	-
		WABCO Vehicle Control systems, Poland	4.15	-
		ZF (Shanghai) Management Co.,	52.36	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,283.56	-
		ZF CV Distribution Germany GmbH & Co. KG, Germany	4,375.01	-
		ZF CV Systems Brasil Ltda, Brazil	115.83	-
		ZF CV Systems Global GmbH, Switzerland	1,942.74	-
		ZF CV Systems Hannover GmbH, Germany	2.60	-
		ZF CV Systems North America LLC, USA	2.57	-
		ZF Friedrichshafen AG	2,658.73	-
		ZF India Private Limited	84.13	-
		<b>10,554.16</b>	-	
1.b	Purchase of Property, Plant and Equipment	ZF CV Distribution Germany GmbH & Co. KG, Germany	274.31	-
		ZF CV Systems Hannover GmbH, Germany	159.03	-
		ZF India Private Limited	1,077.39	-
		<b>1,510.73</b>	-	
2	Services received	Royalty		
		WABCO IP Holdings LLC, USA	137.71	-
		Royalty		
		ZF CV Systems Europe BV, Belgium	5,807.78	-
Information Technology				
ZF CV Systems Europe BV, Belgium	1,260.00	-		
Support Services				
		<b>7,205.49</b>	-	
3	Sale of products	WABCO (Thailand) Limited	421.08	-
		WABCO Arac Kontrol Sis.Des.Paz.Ltd.	14.81	-
		WABCO Asia Private Limited, Singapore	404.92	-
		WABCO Automotive South Africa	6.16	-
		WABCO Compressor Manufacturing Co. USA	4,696.35	-
		WABCO Japan Inc., Japan	1,750.72	-
		WABCO Korea Ltd, Korea	208.27	-
		WABCO Middle East and Africa FZCO, Dubai	587.29	-
		WABCO Reman Solutions	386.61	-
		WABCO USA LLC, USA	14,614.13	-
		WABCO Vostok LLC, Russia	173.93	-
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	1,374.40	-
		ZF CV Logistics Germany GmbH, Germany	2,676.23	-
		ZF CV Systems Brasil Ltda, Brazil	1,551.80	-
		ZF CV Systems Europe BV, Belgium	26,215.85	-
		ZF CV Systems Global GmbH, Switzerland	13,729.87	-
		ZF CV Systems Hannover GmbH, Germany	412.74	-

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 35.2. RELATED PARTY TRANSACTIONS - (continued)

Sl. No.	Nature of transactions	Name of the company	Fellow Subsidiary / Others	Key Management Personnel
			Year ended	Year ended
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2022
		ZF CV Systems North America LLC, USA	12,917.36	–
		ZF CV Systems Poland Sp. z o.o., Poland	66.33	–
		ZF Digital Solutions India Private Limited	7.70	–
		ZF India Private Limited	31.74	–
			<b>82,248.29</b>	–
<b>4</b>	<b>Rendering of Services</b>			
	Business Support Services	ZF CV Systems Europe BV, Belgium	1,223.24	–
	Business Support Services	ZF CV Systems Global GmbH, Switzerland	4,365.79	–
	Business Support Services	WABCO (Thailand) Limited	4.65	–
	Business Support Services	ZF Digital Solutions India Private Limited	29.95	–
	Research and development services	ZF CV Systems Europe BV, Belgium	490.97	–
	Research and development services	ZF CV Systems Global GmbH, Switzerland	2,154.79	–
	Software services	ZF CV Systems Europe BV, Belgium	2,298.95	–
	Software services	ZF CV Systems Global GmbH, Switzerland	9,236.43	–
			<b>19,804.77</b>	–
<b>5</b>	<b>Receivables / (Advances received)</b>			
		Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	4.14	–
		WABCO (Thailand) Limited	77.70	–
		WABCO Arac Kontrol Sis.Des.Paz.Ltd.	14.40	–
		WABCO Asia Private Limited, Singapore	62.77	–
		WABCO Compressor Manufacturing Co. USA	1,233.20	–
		WABCO Japan Inc., Japan	403.71	–
		WABCO Korea Ltd, Korea	43.21	–
		WABCO Middle East and Africa FZCO, Dubai	80.12	–
		WABCO Reman Solutions	30.71	–
		WABCO USA LLC, USA	3,882.08	–
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	42.32	–
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	535.57	–
		ZF CV Logistics Germany GmbH, Germany	108.23	–
		ZF CV Systems Brasil Ltda, Brazil	441.40	–
		ZF CV Systems Europe BV, Belgium	(10.89)	–
		ZF CV Systems Global GmbH, Switzerland	13,615.82	–
		ZF CV Systems Hannover GmbH, Germany	87.24	–
		ZF CV Systems North America LLC, USA	3,930.05	–
		ZF CV Systems Poland Sp. z o.o., Poland	32.51	–
		ZF Digital Solutions India Private Limited	37.88	–
		ZF India Private Limited	7.54	–
			<b>24,659.71</b>	–

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 35.2. RELATED PARTY TRANSACTIONS - (continued)

Sl. No.	Nature of transactions	Name of the company	Fellow Subsidiary / Others	Key Management Personnel
			Year ended	Year ended
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2022
6	Payables / (Advances paid)	Guang Dong WABCO Fuwa Vehicle Brakes Co Limited	1.96	–
		WABCO (Thailand) Limited	1.18	–
		WABCO Compressor Manufacturing Co. USA	1.17	–
		WABCO India Limited Employees' Provident Fund Trust	230.28	–
		WABCO IP Holdings LLC, USA	260.71	–
		WABCO Korea Ltd, Korea	1.33	–
		WABCO Radbremsen GmbH, Germany	(0.16)	–
		WABCO USA LLC, USA	(0.73)	–
		WABCO Vehicle Control systems, Poland	(12.55)	–
		ZF (Shanghai) Management Co.,	18.69	–
		ZF Commercial Vehicle Systems (Jinan) Co., Ltd., China	17.51	–
		ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., China	597.28	–
		ZF CV Distribution Germany GmbH & Co. KG, Germany	332.11	–
		ZF CV Systems Brasil Ltda, Brazil	(3.87)	–
		ZF CV Systems Europe BV, Belgium	2,944.10	–
		ZF CV Systems Global GmbH, Switzerland	754.80	–
		ZF CV Systems Hannover GmbH, Germany	2.00	–
ZF CV Systems North America LLC, USA	2.14	–		
ZF Friedrichshafen AG	292.39	–		
ZF India Private Limited	126.72	–		
		<b>5,567.06</b>	–	
7	Remuneration to Key managerial personnel (including commission to independent directors)	Salaries and Allowances	–	349.29
		Contribution to provident and other funds	–	19.99
		Incentive	–	255.45
		Commission and sitting fees	–	68.60
		–	<b>693.33</b>	
8	Reimbursement of expenses	ZF CV Systems Hannover GmbH, Germany	0.39	–
		ZF Digital Solutions India Private Limited	0.73	–
			<b>1.12</b>	–
9	Contribution to fund	WABCO India Limited Employees' Provident Fund Trust	3,107.77	–
			<b>3,107.77</b>	–
10	Contribution towards CSR expenditure	WABCO Foundation	274.68	–
			<b>274.68</b>	–

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.

## ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

### Notes to the Consolidated financial statements for the year ended 31 March 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

#### 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 March 31, 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
<b>Revenue from operations</b>	<b>138,911.06</b>	<b>115,424.33</b>	<b>254,335.39</b>
<b>Non-current assets *</b>	<b>59,832.51</b>	<b>-</b>	<b>59,832.51</b>

**Other disclosures**

\* Non-current assets for this purpose consists of property, plant and equipment, 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 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, 2022:**

Particulars	Date of Valuation	Fair Value Measurement using			
		Total	Quoted Price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Asset measured at fair value:</b>					
<b>FVTPL financial investments:</b>					
Quoted Mutual Funds	31 March 2022	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.

**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.

**Notes to the Consolidated financial statements for the year ended 31 March 2022**

*(All amounts are in lakhs of Indian Rupees unless otherwise stated)*

**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.

	<b>March 31, 2022</b>	
	<b>5% increase</b>	<b>5% decrease</b>
Impact of change in USD rates		
Trade receivables	<b>531.87</b>	<b>(531.87)</b>
Trade payables	<b>13.97</b>	<b>(13.97)</b>
Impact of change in Euro rates		
Trade receivables	<b>724.82</b>	<b>(724.82)</b>
Trade payables	<b>85.56</b>	<b>(85.56)</b>

**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 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 2022, 78% of the total dues was receivable from top 10 customers. 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 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Contractual cashflows					Total
	Carrying amount	Less than 1 year	1 to 2 Years	2 to 5 Years	> 5 years	
<b>As at March 31, 2022</b>						
Trade and other payables	35,455.95	35,455.95	–	–	–	35,455.95
Lease liabilities	388.63	421.65	27.31	–	–	448.96
Other financial liabilities	4,853.38	4,853.38	–	–	–	4,853.38
	<b>40,697.96</b>	<b>40,730.98</b>	<b>27.31</b>	<b>–</b>	<b>–</b>	<b>40,758.29</b>

#### 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 2022
Trade payables	35,455.95
Other payables	16,803.99
Less: cash and cash equivalents and investments	(48,735.36)
<b>Net debt</b>	<b>3,524.58</b>
<b>Shareholders Equity</b>	<b>211,407.76</b>
Gearing ratio	<b>0.02</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022.

40. In respect of certain instances of alleged irregularities in disbursement/ settlement of provident fund dues paid out of the Employees' Provident Fund Trust ('the Trust') and salary payments to fixed-tenure employees in the earlier years, the management initiated investigations have been concluded and the report of the independent expert has also been shared with the stock exchange through appropriate filings. Basis the above report, no additional outlay over and above the INR 500 lakh provision accrued in the previous year is considered necessary.

#### 41. 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 has not traded or invested in Crypto currency or virtual currency during the financial year.
- iii) 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 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 2022

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

- iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities ('Funding Party') with the understanding 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.
- v) The Group does not 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).
- vi) The Group has no transactions with struck off companies during the year.
- vii) The Group has not been declared as wilful defaulter by any bank or financial institution or Government or any Government authority.

#### 42. a) Group Information

Name of the Entity	Principal activities	Country of	Ownership interest held	Ownership interest held by
<b>Subsidiary company</b>				
ZF CV Control Systems Manufacturing India Private Limited	Manufacturing of automobile components	India	100%	Nil

#### 42. 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 other comprehensive income	Amount
<b>Parent company</b>								
ZF Commercial Vehicle Control Systems India Limited	100.00%	211,407.76	100.00%	14,207.44	100.00%	(353.58)	100.00%	13,853.86
<b>Subsidiary company</b>								
ZF CV Control Systems Manufacturing India Private Limited	0.05%	100.00	-	-	-	-	-	-
<b>Less: Effect of intercompany eliminations / adjustments</b>	-0.05%	(100.00)	-	-	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>211,407.76</b>	<b>100.00%</b>	<b>14,207.44</b>	<b>100.00%</b>	<b>(353.58)</b>	<b>100.00%</b>	<b>13,853.86</b>

#### 43. Events after the reporting period of the Holding Company

The Board of the holding company has proposed has recommended a final dividend of 240% (INR 12 per share of the face value of INR 5 each) for the year 2021-22 subject to the approval of the members at the ensuing Annual General Meeting.

Significant accounting policies (note 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 : 20 May 2022

P KANIAPPAN  
 Managing Director  
 DIN: 02696192

R S RAJAGOPAL 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



