



ZF STEERING GEAR (INDIA) LTD.

Corporate Office :

A-601/602, ICC Trade Tower, Senapati Bapat Road,
Shivajinagar, Pune-411 016 (India), Tel. : 020 - 6728 9900
Corporate Identity Number (CIN) : L29130PN1981PLC023734



July 31, 2021

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

Sub: Annual Report for Financial Year 2020- 2021 and Notice of 41st Annual General Meeting (AGM)

Ref: BSE Scrip Code: 505163

Dear Sir/ Madam,

This is to inform you that pursuant to the Regulation 34(1) read with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed the following documents for Financial Year 2020- 2021, as circulated to the shareholders through electronic mode:

- Notice of 41st Annual General Meeting scheduled to be held on Saturday, August 28, 2021 through Video Conferencing/ Other Audio-Visual Means (e-AGM)
- Annual Report
- Business Responsibility Report (BRR)

Aforesaid documents are also available on the website of the Company, i.e, <http://www.zfindia.com/annual-reports.php> and on website of Central Depository Services (India) Limited at <https://www.cdslindia.com/index.html>

You are requested to take the aforesaid intimation on record.

Thank You,

Yours faithfully,
for **ZF Steering Gear (India) Limited**


Satish Mehta
Company Secretary



Regd. Office & Works :

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

PITHAMPUR PLANT ▶



41st
Annual Report
2020-2021



◀ PUNE PLANT



Steering Towards Future

ZF STEERING GEAR (INDIA) LIMITED

www.zfindia.com



BOARD OF DIRECTORS

Chairman

Mr. Dinesh Munot

Managing Director

Mr. Utkarsh Munot

Non-Executive Directors

Mr. Manish Motwani

Mr. Shridhar S. Kalmadi

Mr. S. A. Gundecha

Mrs. Eitika Munot

Mr. Sandeep Nelamangala

Mr. Adit Rathi

Mrs. Smita A. Lahoti

BOARD COMMITTEES

Audit Committee

Mr. S. A. Gundecha – Chairman

Mr. Manish Motwani

Mr. Utkarsh Munot

Mrs. Smita A. Lahoti

Stakeholders' Relationship Committee

Mr. S. A. Gundecha – Chairman

Mrs. Eitika Munot

Mr. Shridhar S. Kalmadi

Nomination and Remuneration Committee

Mr. S. A. Gundecha – Chairman

Mr. Manish Motwani

Mrs. Eitika Munot

Corporate Social Responsibility Committee

Mr. Dinesh Munot – Chairman

Mr. Utkarsh Munot

Mrs. Eitika Munot

Mr. Shridhar S. Kalmadi

REGISTERED OFFICE & WORKS

Gat Nos. 1242 / 1244,

Village Vadu Budruk,

Tal. Shirur, Dist. Pune – 412 216

Maharashtra

CIN: L29130PN1981PLC023734

Tel: 02137-305100

Fax: 02137- 305302

E-mail Id: enquiry@zfindia.com

Web: www.zfindia.com

BANKERS

HDFC BANK

Kotak Mahindra Bank

Yes Bank

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.

Block No. 202, A Wing, 2nd Floor,

Akshay Complex, Off. Dhole Patil Road,

Pune – 411 001

Tel: 020-26160084,

Fax: 020- 26163503

E- mail: pune@linkintime.co.in

AUDITORS

M/s. Joshi Apte & Co.

Chartered Accountants

INTERNAL AUDITORS

M/s. Kirtane & Pandit LLP

Chartered Accountants

SECRETARIAL AUDITOR

Mr. I.U. Thakur

Company Secretary

CHIEF FINANCIAL OFFICER (CFO)

Mr. Jinendra Jain

COMPANY SECRETARY

Mr. Satish Mehta

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NOTICE

NOTICE

Notice is hereby given that the **Forty-First Annual General Meeting** of the Members of **ZF STEERING GEAR (INDIA) LIMITED** will be held through two-way Video Conferencing or Other Audio Visual Means ("VC/OAVM"):

Day: Saturday

Date: August 28, 2021

Time: 10.30 a.m. (IST)

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the Financial Year ended on March 31, 2021, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Eitika Munot (DIN 01396661), who retires by rotation under Section 152(6) of the Companies Act, 2013, and being eligible, offers herself for reappointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section(s) 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (**the Act**), if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the Listing Regulations**), along with the Articles of Association of the Company, approval of the Members be and is hereby accorded for reappointment of Mr. Dinesh Munot (DIN:00049801) as the 'Chairman & Whole-Time Director' of the Company, for a period of five years with effect from July 28, 2021 to July 27, 2026, on the terms and conditions including remuneration as detailed below:

- a. Mr. Dinesh Munot shall perform his functions under the direct control and superintendence of the Board of Directors.
- b. Mr. Dinesh Munot shall be entitled to the following remuneration.
 - i. Salary: Rs. 22,00,000 per month with annual increment of 15% starting April 2022.
 - ii. Performance Bonus/ Commission: Mr. Dinesh Munot shall be entitled to an annual performance linked incentive, as may be determined by the Board of Directors/ Nomination and Remuneration Committee (NRC) of Directors.

- iii. Perquisites: In addition to the aforesaid Salary and Performance Bonus, Mr. Dinesh Munot shall be entitled to perquisites like house-rent allowance, stock-option, gas, electricity, water, furnishings, leave travel concession for self and family, club fees, personal accident insurance, medical reimbursement for self and family, Hospitalization insurance, Company's contribution to Provident fund/ special pay in lieu thereof, Company car/s with driver, telecommunication facilities, encashment of unavailed leave in accordance with the rules of the Company, retirement benefits as per the laws applicable and such other perquisites and allowances as may be approved by the Board of Directors or NRC, from time to time.

- iv. The perquisites and allowances shall be valued as per the Income Tax Rules, 1962, wherever applicable, otherwise at actual cost.

- c. General: Mr. Dinesh Munot shall have such powers, duties and responsibilities, as may be determined by the Board of Directors, from time to time

- The contract can be terminated by giving six months' notice by either party.

- Mr. Dinesh Munot shall abide by the Company's Code of Conduct, provisions contained in Section 166 of the Act and in the Articles of Association of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 197 read with Schedule V to the Act and any other applicable provisions of the Act and the rules made thereunder and Regulation 17 of the Listing Regulations, the consent of the Members of the Company be and is hereby specifically accorded, for payment of annual remuneration to Mr. Dinesh Munot, as per the Resolution even if such remuneration is in excess of 5% of the Net Profits of the Company for any financial year, as prescribed under Section 197, 198 or limits specified in Schedule V to the Act or, as prescribed under Regulation 17 of the Listing regulations, in excess of Rs.5,00,00,000 or 2.5% of the net profits of the Company, whichever is higher, notwithstanding the case/ situation wherein in any financial year, during the currency of Mr. Dinesh Munot's term as the Chairman and Whole-time Director, the Company has no profits or inadequate profits therein.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things and execute all such documents, instruments and writings, as may be required, to give effect to this resolution."

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section(s) 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (**the Act**), if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the Listing Regulations**) along with the Articles of Association of the Company, approval of the Members be and is hereby accorded to reappoint Mr. Utkarsh Munot (DIN:00049903) as the ‘Managing Director (**MD**)’ of the Company, for a period of five years with effect from May 19, 2021 to May 18, 2026, and whose term of office shall be liable to determination by retirement of the Director by rotation under Section 152(6) of the Act, on the terms and conditions including remuneration as detailed below:

- a. Mr. Utkarsh Munot shall perform his functions under the direct control and superintendence of the Chairman and Board of Directors.
- b. Mr. Utkarsh Munot shall be entitled to the following remuneration.
 - i. Salary: Rs. 15,00,000 per month with annual increment of 15% starting April 2022.
 - ii. Performance Bonus/ Commission: Mr. Utkarsh Munot shall be entitled to an annual performance linked incentive, as may be determined by the Board of Directors/ Nomination and Remuneration Committee (**NRC**) of the Directors.
 - iii. Perquisites: In addition to the aforesaid Salary and Performance Bonus, Mr. Utkarsh Munot shall be entitled to perquisites like house-rent allowance, stock-option, gas, electricity, water, furnishings, leave travel concession for self and family, club fees, personal accident insurance, medical reimbursement for self and family, Hospitalization insurance, Company's contribution to Provident fund/ special pay in lieu thereof, Company car/s with driver, telecommunication facilities, encashment of unavailed leave in accordance with the rules of the Company, retirement benefits as per the laws applicable and such other perquisites and allowances as may be approved by the Board of Directors or NRC, from time to time.
 - iv. The perquisites and allowances shall be valued as per the Income Tax Rules, 1962, wherever applicable, otherwise at actual cost.
- c. General: Mr. Utkarsh Munot shall have such powers, duties and responsibilities, as may be determined by the Board of Directors, from time to time

- The contract can be terminated by giving six months' notice by either party.
- Mr. Utkarsh Munot shall abide by the Company's Code of Conduct, provisions contained in Section 166 of the Act and in the Articles of Association of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 197 read with Schedule V to the Act and any other applicable provisions of the Act and the rules made thereunder and Regulation 17 of the Listing Regulations, the consent of the Members of the Company be and is hereby specifically accorded, for payment of annual remuneration to Mr. Utkarsh Munot, as per the Resolution even if such remuneration is in excess of 5% of the Net Profits of the Company for any financial year, as prescribed under Section 197, 198 or limits specified in Schedule V to the Act or, as prescribed under Regulation 17 of the Listing Regulations, in excess of Rs.5,00,00,000 or 2.5% of the net profits of the Company, whichever is higher, notwithstanding the case/ situation wherein in any financial year, during the currency of Mr. Utkarsh Munot's term as the Managing Director, the Company has no profits or inadequate profits therein.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things and execute all such documents, instruments and writings, as may be required, to give effect to this resolution.

By Order of the Board of Directors
for **ZF Steering Gear (India) Limited**

Satish Mehta
Company Secretary
ICSI Membership Number: F3219

July 24, 2021

Registered Office :

Gat No. 1242 / 44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune - 412216

CIN : L29130TN1981PLC023734

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has allowed the Company to conduct Annual General Meeting through video conferencing (“VC”) or other audio-visual means (“OAVM”). In this regard, MCA issued Circular No. 14/ 2020 dated April 8, 2020, Circular No.17/ 2020 dated April 13, 2020, Circular No.20/ 2020 dated May 5, 2020 and Circular No.02/ 2021 dated January 13, 2021 (“MCA Circulars”), prescribing the procedure and manner of conducting the Annual General Meeting through VC/ OAVM. Further, the Securities and Exchange Board of India (“SEBI”) also vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (“SEBI Circulars”) has provided certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) due to the COVID-19 pandemic. In compliance with the applicable provisions of the Companies Act 2013 (“the Act”), MCA Circulars and SEBI Circulars/ Listing Regulations and keeping in view with Government advisories on COVID-19, the Board of Directors has approved conducting of the 41st Annual General Meeting (AGM) of the Company through VC/ OAVM.
2. An Explanatory Statement pursuant to Section 102 of the the Act, setting out material facts relating to business under item numbers 3 & 4 to be transacted at the meeting, is annexed hereto and forms part of this Notice.
3. As the AGM shall be conducted through VC/ OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Brief profile of the Directors seeking reappointment viz. Mr. Dinesh Munot, Chairman, Mr. Utkarsh Munot, Managing Director and Mrs. Eitika Munot, Director of the Company, as stipulated under Regulation 36 of the Listing Regulations, and Secretarial Standard – 2 on General Meetings issued by The Institute of Company Secretaries of India, from time to time, as provided for under Section 118(10) of the Act, are given in the annexure to the Notice of the Annual General Meeting.
5. In terms of provisions of Section 107 of the Act, the resolutions as set out in the notice are being conducted through e-voting, and therefore the said resolutions will not be decided on a show of hands at the AGM.
6. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. Institutional/ Corporate Members (i.e. other than individuals, Hindu Undivided Family (HUF), Non-Resident Indians (NRI), etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or Governing Body Resolution/ Authority Letter etc., authorizing its representative(s) to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting and e-voting at AGM. The said resolution/ Authority Letter shall be sent through its registered email address to iuthakur@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com
8. In case of any queries regarding the Annual Report or any matter to be placed at the AGM, Members are requested to write to us at least ten (10) days before the AGM through email on enquiry@zfindia.com. The same will be replied by the Company suitably. Documents referred to in this Notice will be made available for inspection as per applicable statutory requirements.
9. Non-resident Indian Members are requested to inform immediately about the following to the Company or its Share Transfer Agent or the concerned Depository Participant, as the case may be:
 - a. The change in the residential status on return to India for permanent settlement
 - b. The particulars of the NRE Account with a Bank in India, if not furnished earlier.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. Pursuant to the provisions of Section 124 of the Act, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unclaimed dividends for the financial years 1995-96 to 2012-13 (Interim and Final) have been transferred to the IEPF. Unclaimed dividend for FY. 2013-14, is due for transfer in September 2021. Members who have not yet encashed the dividend warrants for financial years 2013-14, and thereafter are requested to contact the Company at the earliest.
12. Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account (in the name of the Company) within thirty days of such shares becoming due for transfer to the Fund.
13. The Members/ claimants whose shares and unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by the Authority from time to time. The Members/ claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.

14. It is in the Member's interest to claim any un-encashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the investor's account on time.
15. Members are requested to write to the Company for claiming the dividend for the aforesaid years. The details of unclaimed dividends of the aforesaid years are available on the Ministry of Corporate Affairs website at www.mca.gov.in and on the website of the Company viz. www.zfindia.com
16. Members holding shares in dematerialised form are requested to update/ intimate all changes, if any pertaining to their bank details such as name of the bank and branch address, bank account number, MICR Code, IFSC Code, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, Permanent Account Number (PAN), nominations, power of attorney, change of address, change of name, email address, contact numbers, mobile number, etc., to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agents, Link Intime India Pvt. Ltd., Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune -411001.
17. Members can avail the facility of Nomination in respect of securities held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed form duly filled – in to Company's RTA. The nomination forms can be obtained from RTA. Members holding shares in dematerialized form may contact their Depository Participant for availing this facility.
18. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrar and Transfer Agents, Link Intime India Pvt. Ltd.
19. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e., Friday, August 20, 2021 only shall be entitled to avail the facility of remote e-voting as well as e-voting at the AGM. The remote e-voting period commences from Wednesday, August 25, 2021 9.00 a.m. (IST) and ends on Friday, August 27, 2021 5.00 p.m. (IST).
20. Mr. I. U. Thakur, Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner. The Members who have cast their votes by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC/ OAVM but shall not be entitled to cast their votes again. The scrutinizer shall close the e-voting facility after expiry of 15 minutes from the conclusion of voting at the AGM. The scrutinizer shall first count the votes casted electronically at the meeting and there after unblock the votes cast through remote e-voting and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizers' report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
21. The results declared along with the report of the scrutinizer shall be placed on the website of the Company <http://www.zfindia.com/> and on the website of CDSL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Ltd. where the shares of the Company are listed.
22. In compliance with the aforesaid MCA Circulars and the SEBI Circular dated May 12, 2020, and Circular SEBI/ HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, Notice of the AGM along with the Annual Report 2020–21, is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21, will also be available on the Company's website www.zfindia.com, websites of the Stock Exchanges i.e., BSE Limited at www.bseindia.com and on the website of CDSL at www.evotingindia.com
23. The Notice calling the AGM has been uploaded on the website of the Company at www.zfindia.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
24. To support the 'Green Initiative', members who have not registered/ updated their email addresses and mobile number are requested to register/ update the same with 'Link Intime India Pvt. Ltd.', if shares are held in physical mode, or with their DPs, if the holding is in electronic mode. The registered e-mail address will be used for sending future communications.
25. Since the AGM will be held through VC/ OAVM, the Route Map is not annexed in this Notice.

Instructions for Remote Electronic Voting (Remote E – Voting) and E – Voting during AGM and joining AGM through VC/ OAVM:

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. The Members can join the AGM in the VC/ OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Pursuant to Para 3, Part A, Sub – Para X of the MCA Circular No. 14/ 2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/ OAVM and cast their votes through e-voting.
4. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/ 2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <http://www.zfindia.com/agm-egm.php>. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

THE INTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/ OAVM ARE AS UNDER:

- (i) The voting period begins on Wednesday, August 25, 2021 9.00 a.m. (IST) and ends on Friday, August 27, 2021 5.00 p.m. (IST). During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 20, 2021 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to the SEBI Circular No. **SEBI /HO/CFD/CMD/ CIR/P/ 2020/242** dated **09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the **demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participation in e-voting process.

- (iv) In terms of **SEBI Circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 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.

Pursuant to the aforementioned SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

| Type of shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL | <ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi/ Easiest facility, can login through their existing 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 https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi/ Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/ KARVY/ LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/ Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders holding securities in demat mode with NSDL | <ol style="list-style-type: none"> 1) Users already registered for NSDL IDeAS facility, may visit the e-Serviceswebsite of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. Then enter User ID and Password. After successful authentication, user will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services on e-Voting page. Click on company name or e-Voting service provider. User will be re-directed to e-Voting service provider website for casting vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) User is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) 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. 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 hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, user will be redirected to NSDL Depository site where e-Voting page is found. Click on company name or e-Voting service provider name and user will be redirected to e-Voting service provider website for casting vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | <p>Users can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/ CDSL for e-Voting facility. After successful login, they will be able to see e-Voting option. After clicking on e-Voting option, the user will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein they can see e-Voting feature. After clicking on company name or e-Voting service provider name, the user will be redirected to e-Voting service provider website for casting their vote during the remote e-Voting period or joining virtual meeting & 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 aforementioned website.

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

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

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual **shareholders holding in Demat form & physical shareholders.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

| | For Shareholders holding shares in Demat Form other than individual and Physical Form |
|-----|--|
| PAN | For Shareholders holding shares in Demat Form other than individual and Physical Form Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/ RTA. |

| | For Shareholders holding shares in Demat Form other than individual and Physical Form |
|--|---|
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (3). |

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <ZF Steering Gear (India) Ltd.> on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote and click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; enquiry@zfindia.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/ OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/ OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. **Member will be provided with a facility to attend the AGM through VC/ OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under Member/ members login by using the remote e-voting credentials. The link for VC/ OAVM will be available in Member/members login where the EVSN of Company will be displayed.**
5. Shareholders are encouraged to join the Meeting through Laptops/ IPads for better experience.
6. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via

Mobile Hotspot may experience Audio/ Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

8. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (enquiry@zfindia.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at (enquiry@zfindia.com). These queries will be replied to by the company suitably by email.
9. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.
10. Only those shareholders, who are present in the AGM through VC/ OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
11. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/ OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NUMBERS ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company** at enquiry@zfindia.com or to **RTA** at pune@linkintime.co.in.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

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

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

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

As required by Section 102 of the Companies Act, 2013 (hereinafter referred to as **the Act**) the following Statement setting out the material facts relating to the Special Business, mentioned under Item No. 3 and Item No. 4 of the accompanying Notice is attached herewith.

Further, this Explanatory Statement and the Annexure thereto may also be regarded as a disclosure under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **the Listing Regulations**).

Item No. 3

Mr. Dinesh Munot (DIN: 00049801) was reappointed as the Chairman & Managing Director of the Company, for a period of five years from July 28, 2016 to July 27, 2021, by the Members of the Company at their 36th Annual General Meeting held on September 28, 2016 and he was re-designated as the Chairman and Whole-time Director of the Company on August 1, 2019.

As the aforesaid tenure ends on July 27, 2021, the reappointment of Mr. Dinesh Munot as the Chairman and Whole-time Director of the Company, for a period of five years with effect from July 28, 2021 to July 27, 2026, was approved by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, in their Meeting held on May 15, 2021.

Mr. Dinesh Munot is an illustrious industrialist and a renowned personality, having over 45 years' of experience in the automotive industry. He has been associated with the Company since inception and he is the driving force behind the Company. He has successfully steered the Company's operations since the year 1986. His total involvement, perseverance and commitment to the goals of the Company, has brought the Company to this position.

He was elected as 'President' of Automotive Components Manufacturers' Association (**ACMA**).

He was invited to United Nations at Vienna to present the Auto-Cluster project in his capacity as ACMA President.

He was bestowed with 'Lifetime Achievement Award' by the Nagar Road Industry Chamber of Commerce, Pune. He was also awarded 'Outstanding Young Person of the Year' in the International Youth Year 1985.

Considering his eminence, seniority, expertise, vast experience in his field and outstanding contribution to the prosperity of the Company, the Board considers that the reappointment of

Mr. Dinesh Munot would be of immense benefit to the Company. Thus, the approval of Members is hereby sought by way of Special Resolution, for his reappointment as the Chairman and Whole Time Director of the Company for the period of five years with effect from July 28, 2021 to July 27, 2026.

As per the provisions of Section 196 of the Act, approval of the Members by way of a Special Resolution is required for appointment of Whole-time Director of the Company, who has attained the age of 70 years. Mr. Dinesh Munot has attained the age of 73 years, and hence, Special Resolution is proposed.

The approval of Members is also being sought, by way of Special Resolution, for payment of annual remuneration to Mr. Dinesh Munot, by way of salary, perquisites and other benefits, excluding Performance Bonus/ Commission, as Minimum Remuneration, notwithstanding that such remuneration may exceed 5% of the Net Profit as prescribed under Section 197 or limits specified in Schedule V to the Act and in excess of Rs.5,00,00,000 or 2.5% of net profits of the Company, whichever is higher, as prescribed under Regulation 17 of the Listing Regulations, notwithstanding the case/ situation wherein in any financial year, during the currency of Mr. Dinesh Munot's term as the Chairman and Whole-time Director, the Company has no profits or inadequate profits therein.

Except Mr. Dinesh Munot and his relatives (which includes Mr. Utkarsh Munot – Managing Director and Mrs. Eitika Munot – Director of the Company), none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the said reappointment.

A brief profile of Mr. Dinesh Munot pursuant to Regulation 36 of the Listing Regulations and Secretarial Standard 2 (SS – 2) on General Meetings issued by the Institute of Company Secretaries of India (ICSI), as provided for under Section 118(10) of the Act is provided in the Annexure to this statement.

The Board recommends item No. 3 as a Special resolution for approval by the Members of the Company.

Item No. 4

Mr. Utkarsh Munot (DIN:00049903) was appointed as the Whole-time Director and Chief Executive Officer (CEO) of the Company for a period of 5 years from May 19, 2016 to May 18, 2021, which was approved by the Members of the Company at the 36th Annual General Meeting held on September 28, 2016. He was re-designated as the Managing Director of the Company, with effect from August 1, 2019, as approved by the Members of the Company in the Extra-Ordinary General Meeting held on July 17, 2019.

As the aforesaid tenure of five years ended on May 18, 2021, reappointment of Mr. Utkarsh Munot as the Managing Director of

the Company, for a period of five years, with effect from May 19, 2021 to May 18, 2026, was approved by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, in their Meeting held on May 15, 2021.

Considering his outstanding contribution, capacity to shoulder responsibilities and the changes brought-in by him in the Company, and on the recommendation of the Board of Directors, approval of Members is sought for his reappointment as the Managing Director of the Company as per the aforementioned tenure and as per the terms and conditions specified in the resolution for his reappointment.

The approval of Members is also being sought, by way of Special Resolution, for payment of annual remuneration to Mr. Utkarsh Munot, by way of salary, perquisites and other benefits, excluding Performance Bonus/ Commission, as Minimum Remuneration, notwithstanding that such remuneration may exceed 5% of the Net Profit as prescribed under Section 197 or limits specified in Schedule V to the Act and in excess of Rs.5,00,00,000 or 2.5% of the net profits of the

Company, whichever is higher, as prescribed under Regulation 17 of the Listing Regulations, notwithstanding the case/ situation wherein in any financial year, during the currency of Mr. Utkarsh Munot's term as the Managing Director, the Company has no profits or inadequate profits therein.

Except Mr. Utkarsh Munot and his relatives (which includes Mr. Dinesh Munot – Chairman and Mrs. Eitika Munot – Director of the Company), none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the said reappointment.

A brief profile of Mr. Utkarsh Munot pursuant to Regulation 36 of the Listing Regulations and Secretarial Standard 2 (SS – 2) on General Meetings issued by the Institute of Company Secretaries of India (ICSI), as provided for under Section 118(10) of the Act is provided in the Annexure to this statement.

The Board recommends item No. 4 as a Special resolution for approval by the Members of the Company.

Annexure – I

Profile of the Directors being appointed/ reappointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings issued by The Institute of Company Secretaries of India, pursuant to Section 118(10) of the Companies Act, 2013.

| Name of the Director | Mrs. Eitika Munot | Mr. Dinesh Munot | Mr. Utkarsh Munot |
|----------------------|--|--|---|
| DIN | 01396661 | 00049801 | 00049903 |
| Designation | Non-Executive, Non-Independent Director | Chairman & Whole – Time Director | Managing Director |
| Age | 40 Years | 73 Years | 40 Years |
| Date of Appointment | September 15, 2014 | November 8, 1986. | October 31, 2006. |
| Qualifications | B.A., M.B.A. in HR | B.E. (Elc), M.I.E. | B.E. (Mech. and Mfg.) and Diploma in Business Admin. from North Eastern University, Boston, U.S.A. |
| Experience | Mrs. Eitika Munot was working as Manager Co-ordination (S.A.P & H.R.). She was appointed as the Non-executive, Non-Independent Director with effect from September 17, 2014. | Worked as an Executive Director in Kinetic Engineering Ltd. (before 1984).Worked as Chief Executive of the Company during 1984 - 1986. Managing Director of the Company from January 1, 1987 and Chairman and Managing Director from July 14, 2010 till August 1, 2019. Currently he is Chairman and Whole-Time Director of the Company. | Mr. Utkarsh Munot was working as 'Manager Works' in the Company since May 14, 2004. He was appointed as 'Executive Director' of the Company from November 1, 2006. He was appointed as 'Whole-time Director & Chief Executive Officer' on May 19, 2016. He took charge as the Managing Director of the Company with effect from August 1, 2019. |

| Name of the Director | Mrs. Eitika Munot | Mr. Dinesh Munot | Mr. Utkarsh Munot |
|--|---|--|--|
| Expertise | Human Resource, Information Technology and others | Veteran of Automobile Industry, Top Management & Strategy, New Product Development and such other areas | Management & Strategy, Operations & Engineering, Business Development, New Projects, Sales & Marketing and such other areas. |
| Directorships held in other Companies | Nil | Sanghvi Movers Limited Emtech Solutions Private Limited Yelben Engineering Private Limited | Emtech Solutions Private Limited Yelben Engineering Private Limited Indo-Bio Labs Private Limited |
| Membership of the Committees (in the Company) | Nomination and Remuneration Committee Corporate Social Responsibility Committee (CSR) | Corporate Social Responsibility Committee | Audit Committee Corporate Social Responsibility Committee |
| Membership of the Committees (Others) | Nil | Audit Committee – Sanghvi Movers Limited. | Executive Committee Member of ACMA and Management Committee Member of Indira Institute of Management, Pune. |
| No. of Equity Shares held in the Company | 2,712 equity shares of Rs. 10 each | 9,49,290 equity shares of Rs. 10 each | 11,91,494 equity shares of Rs. 10 each |
| Number of Board Meetings attended for the Financial Year 2020-21 | Four out of Four | Four out of Four. | Four out of Four. |
| Relationship Between Directors/ KMP inter-se | Mrs. Eitika Munot is wife of Mr. Utkarsh Munot, the Managing Director of the Company and Daughter – in – Law of Mr. Dinesh Munot, Chairman of the Company | Mr. Dinesh Munot is father of Mr. Utkarsh Munot, Managing Director, and father-in-law of Mrs. Eitika Munot, Director of the Company. | Mr. Utkarsh Munot is son of Mr. Dinesh Munot, Chairman and Whole-Time Director of the Company. Mr. Utkarsh Munot is husband of Mrs. Eitika Munot, Director of the Company. |

By Order of the Board of Directors
for **ZF Steering Gear (India) Limited**

Satish Mehta
Company Secretary
ICSI Membership Number: F3219

July 24, 2021

Registered Office :
Gat No. 1242 / 44, Village Vadu Budruk,
Tal. Shirur, Dist. Pune - 412216

CIN : L29130TN1981PLC023734

DIRECTORS' REPORT

Directors' Report

To the Members,

The Directors have pleasure in presenting the 41st Annual Report and the Company's Audited Financial Statements for the Financial Year (FY) ended on March 31, 2021.

Financial Results

The financial performance of the Company, for Financial Year ended on March 31, 2021, is summarized in the following table:

(Rs. in crore)

| Particulars | FY 2020-21 | FY 2019-20 |
|---|------------|------------|
| Sales (net) and other Income | 227.84 | 290.21 |
| Profit/ (Loss) before Depreciation, Exceptional Item and Tax | 44.64 | (30.3) |
| Depreciation and Amortization Expenses | 37.59 | 32.47 |
| Exceptional Item | - | 66.85 |
| Profit before Tax (PBT) | 6.76 | 2.99 |
| Tax Expense | (2.09) | 3.27 |
| Profit/ (Loss) for the year | 8.85 | (0.28) |
| Other comprehensive Income/ (Loss) | 0.74 | (0.88) |
| Total Comprehensive Income/ (Loss) for the year | 9.59 | (1.16) |
| Balance of Profit Brought Forward from previous year | 120.31 | 121.47 |
| Dividend including tax thereon – (pertaining to previous year paid during the year) | - | - |
| Transfer to General Reserve | Nil | Nil |
| Closing balance as per the Profit and Statement c/f | 129.9 | 120.31 |
| Earnings Per Share Basic and Diluted (Rs.) | 9.75 | (0.31) |

Dividend

In order to conserve resources of the Company and considering uncertain economic scenario due to second wave of Covid-19, the Board of Directors (**the Board**) has not recommended any dividend, for the financial year ended on March 31, 2021.

Covid-19 Pandemic

The calendar year 2020 was dominated by the COVID-19 pandemic and the ensuing global economic downturn, the most severe one, since the Global Financial Crisis. The pandemic led to a dramatic loss of human life worldwide and presented an unprecedented challenge to public health. The lockdowns and social distancing norms brought the already slowing global economy to a standstill. The global economy contracted by 3.3% in the year 2020.

The outbreak of Covid-19 virus and the ensuing lockdown, imposed across India, led to severe demand destruction and resulted in contraction of Gross Domestic Product (GDP) of the country. Business operations of the Company had to be paused for a few weeks. Health of the employees and workers became a priority. However, towards later part of the year, consequent to significant opening of the economic activity across the nation, the demand picked up compared to that of during the initial period of Covid-19.

India recently experienced a massive second wave of Covid-19 infections. Due to re-imposition of virus management measures, including lockdowns, which curbed economic activity and dampened market and consumer sentiment, Moody, an international Credit Rating Agency, slashed the Indian economic growth forecast for FY 2022 to 9.3%, from 13.7% made by them before second wave of the Pandemic in India.

However, in view of the targeted nature of containment measures and rapid progress on vaccinating the population the impact of the lockdown measures is not expected to be as severe as during the first wave. Also, the Company's management has made assessment of likely adverse impact on business and financial risks on account of second wave of Covid-19 and that the management does not see any medium to long term risks in the Company's ability to continue as a going concern and/ or meeting its liabilities.

Subsidiaries, Associates and Joint Ventures

The Company did not have any subsidiary or joint-venture/ associate as of March 31, 2021 and therefore, there are no Consolidated Financial Statements of the Company as of March 31, 2021.

Management Discussion and Analysis

Indian Economy

India's economy grew at 1.6 per cent in the fourth quarter of FY 2020-21, driven mainly by the manufacturing sector, recording a slight pickup in GDP growth. In the full fiscal year, the economy shrunk by 7.3 per cent as the Covid-19 pandemic ravaged the economy. The contraction in FY21 GDP is worse in more than 40 years, the government data shows.

Industry Overview

Number of Commercial Vehicles (CV) Sold

The overall sales of CVs fell to the lowest level in the past 11 years. The industry had already crashed in FY 2019-20 from an all-time high the previous year. The industry clocked an annual sale of 6.19 lakh units in FY 2020-21, down 20.5% to the previous year.

(Source: SIAM)

Financial Performance and state of the Company's affairs

(Numbers)

| Type | F.Y. 2020-21 | F.Y. 2019.20 | Growth |
|---------------------|-----------------|-----------------|---------|
| Power Steering | 90,777 | 1,66,178 | (45.4)% |
| Mechanical Steering | 78,474 | 84,381 | (7.0)% |

Renewable Energy

Solar Energy

Your Company's 5 MW Solar Power Project at Gujarat Solar Park, Charnka Village, District Patan (Kutch), Gujarat, generated 0.8 crore Units of Electricity with sales-revenue of Rs. 8.92 crore in the FY 2020-2021. The entire electricity is purchased by Gujarat Urja Vikas Nigam Limited (GUVNL), a Government of Gujarat Company, in terms of the multi-year Power Purchase Agreement.

The Company's rooftop solar project, situated at its Vadu Budruk plant, generated around 0.07 crore units of electricity in FY 2020-2021, which was captively consumed in the said plant.

Wind Energy

Eight Wind Turbine Machines, owned and operated by the Company, located in districts of Satara, Ahmednagar & Aurangabad, having aggregate capacity of 8.8 MW generated a total of 1.16 crore units in the FY 2020-2021. Out of this, 0.06 crore units were used as captive consumption, which accounted for approximately 7.6% of the energy-consumption of the Company's factory at Village Vadu Budruk, and remaining 1.09 crore units were sold to Maharashtra Electricity Board.

Revenue from Operations

During the year, sales of auto-components, that is Steering Gears and its components, were down by 31%, as explained above, resulting in reduction of Revenue from Operations by 29.7%.

Finance Cost

Finance cost charged to Statement of Profit & Loss, was Rs. 0.29 crore for FY 2020-2021 against Rs. 1.09 crore in FY 2019-20.

Other Income

During the year under review, gains from Other Income substantially jumped to Rs. 26.36 crore as against Rs.3.64 crore in the Financial Year 2019-20. The major contributor being gains, realised and unrealised, on financial assets/ investments of the Company. You may refer to Note No. 16 to the Financial Statements for details.

Financial Investments

As of March 31, 2021, Financial Investments of the Company stood at Rs. 120.42 crore as against Rs. 106.97 crore in FY 2019-20. Both these amounts reflect the market value of the financial investments held by the Company at end of the respective financial years.

Credit Rating

In the Month of February, 2021, ICRA – the Credit Rating Agency, had retained the Credit Rating A+ (A plus) for Long Term Fund based and Non-Fund based Credit Facilities and A1+ (A one plus) for Short Term Non-Fund Based Credit Facilities. Further, ICRA also revised the outlook on ratings of the Long Term Credit facilities from 'Negative' to 'Stable'.

Profitability

Despite lower Revenue from Operations and higher depreciation-charge, Profit Before Tax was higher at Rs. 6.76 crore compared to Rs.2.99 crore in FY 2019-20, thanks to the Other Income. After write-back of Deferred-Tax Provision of Rs. 2.09 crore, Profit After Tax and Other Comprehensive Income was Rs. 9.59 crore, registering Earnings of Rs. 9.75 Per Share of the Company.

Key Financial Ratios

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

| | FY 2020-21 | FY 2019-20 |
|------------------------------------|------------|------------|
| Debtor Turnover Ratio (in days) | 142.1 | 62.5 |
| Inventory Turnover Ratio (in days) | 115.2 | 48.5 |
| Interest Coverage Ratio | 24.31 | 3.7 |
| Current Ratio | 1.63 | 1.5 |
| Debt Equity Ratio | 0.06 | - |
| Operating Profit Margin | 3% | 1% |
| Net Profit Margin | 3.88% | -0.10% |
| Return on Net Worth | 2.35% | -0.10% |

i. Debtor Turnover Ratio

There was a significant rise in Debtor Turnover Ratio as opposed to previous Financial Year owing to bill discounting facility availed in the previous year.

ii. Inventory Turnover Ratio

The surge in Inventory Turnover Ratio during the year under the review is attributable to the reduction in sale-production cost but increase in inventory due to Work in progress and Godown Stock.

iii. Interest Coverage Ratio

The proliferation in Interest Coverage Ratio as compared to previous financial year is because of no interest on Term Loan during the Year

iv. Operating Profit Margin

Increase in Operating Profit Margin is attributable to the reduction in cost due to tight cost-control and that of Net Profit Margin is attributable to the Reduction in Cost and Tax Expenses.

v. Return on Net Worth

Better financial results and increase in profits led to positive augmentation of the return on net worth.

Segment wise Profitability

Auto-Components Segment reported loss of Rs. 22.67 crore in view of lower Revenue and higher Depreciation. Renewable Energy Segment reported Profit of Rs.5.80 crore and Profit from other (Un-allocable) segment/ Other Income was Rs. 25.72 crore.

Outlook, Opportunities and Threats

The outlook for the Commercial Vehicles (**CV**) industry in FY 2021-22 will remain dynamic and unpredictable, due to second wave of Pandemic and its effects, hike in fuel prices, less usage of public transport, shortage of some critical components using semi-conductors and rising prices of commodities. CV Manufacturers are back under pressure as sales have fallen after signs of revival in the first three months of the calendar year.

CRISIL, a Credit Rating Agency, in their Report issued on June 7, 2021, stated that the intense second wave of Covid-19 afflictions and consequent lockdowns will limit growth in the domestic Commercial Vehicle sales volume to 23-28 per cent this fiscal, compared with 32-37 per cent expected prior to its onset.

It is expected that the demand for Commercial Vehicles will revive in the second half of FY 2021-22 as economic activities improve, and also due to the lower capacity in the system after consecutive double-digit decline in FY 2019-20 and FY 2020-21. Demand for CVs, particularly medium and heavy CVs, is likely to also benefit from various government initiatives to

help revive the economy. However, Raw Material cost-inflation, especially in steel prices is a cause of concern, although all attempts shall be made to pass on this to our customers. Timely receipt of components from its suppliers, in view of reverse migration of workers at their end, has also become challenging task for the Company. The Company had to resort to occasional block-closures, in the first quarter of the current financial year, at their factories, either due to inadequate demand or delay in receipt of important components from its suppliers.

Expansion and Capital Expenditure

The Company's phase-wise expansion at Pithampur, Madhya Pradesh is in progress.

The Company is in a process to develop Power Steering for some new models of Tractors.

Internal Control System and its Adequacy

Your Company has aligned its current systems of internal financial control with the requirement of Companies Act 2013. The Internal Control framework is intended to increase transparency and accountability in the Company's process of designing and implementing a system of internal control.

The framework requires a company to identify and analyse risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness.

The Company has an effective Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. There is an Internal Audit department which checks all the vouchers, financial reports, registers etc. To maintain its objectivity and independence, the Board has also appointed an external Chartered Accountant firm, M/s. Kirtane & Pandit LLP, Chartered Accountants, which reports to the Audit Committee of the Board, in the capacity of Internal Auditors.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions in the organisation of the Company. The Audit Committee, Statutory Auditors and the process owners are periodically apprised of the internal audit findings. Important internal audit observations are also placed before the Board at its Meetings. Based on the report of Internal Auditor, process owners undertake corrective action, wherever required, in their respective areas and thereby strengthen the controls further. Audit observations and actions taken thereof are presented to the Audit Committee.

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

Based on its evaluation, the Company's Audit Committee has concluded that, as of March 31, 2021, the Company's internal financial controls were adequate and operating effectively.

Cautionary Statement

The above 'Management Discussion and Analysis Report' is a forward looking Statement based on the Company's projections, estimates and perceptions. These statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties. Actual results may vary materially from those projected here.

Conservation of Energy, Research and Development, Technology Absorption and Innovation, Foreign Exchange Earnings and Outgo:

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

Board of Directors and Key Managerial Personnel

At the year ended on March 31, 2021, the Board of Directors comprised of Four Non- Independent Directors (including two executive Directors) and Five Independent Directors. Pursuant to the requirements under the Companies Act, 2013, and the Articles of Association of the Company, Mrs. Eitika Munot (DIN: 01396661) retires by rotation and being eligible, offers herself for reappointment at the ensuing 41st Annual General Meeting of the Company.

During the current Financial Year, the Board, on recommendation of the Nomination and Remuneration Committee, has reappointed Mr. Dinesh Munot (DIN: 00049801) as the Chairman and Whole Time Director of the Company with effect from July 28, 2021, for the period of five years, and Mr. Utkarsh Munot (DIN: 00049903) as the Managing Director of the Company for the period of five years with effect from May 19, 2021.

The Resolutions for the aforesaid reappointments along with brief profiles of all the Directors proposed to be reappointed, form a part of the Notice of the 41st Annual General Meeting of the Company.

Board Diversity

The Company recognizes and embraces the importance of a diverse board in its success. The Company believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help the Company to retain its competitive advantage.

Independent Directors

Pursuant to the provisions of Section 149 of the Act and Regulation 25 of the Listing Regulations, the Independent Directors of the Company have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder

and Regulation 16(1)(b) of Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by Ministry of Corporate Affairs ("MCA") Notification dated October 22, 2019, regarding the requirement relating to enrolment in the Data Bank created by MCA for Independent Directors, has been received from all the Independent Directors of the Company.

Familiarisation Programmes for Independent Directors

Independent Directors play a pivotal role in upholding Corporate Governance norms and ensuring fairness in decision-making. Being experts in various fields, they also bring independent judgement on matters of strategy, risk management, controls and business performance.

At the time of appointing a new Independent Director, a formal letter of appointment is given to the Director, inter alia, explaining the role, duties and responsibilities of the Director. The Director is also explained in detail the compliances required from him/ her under the Act, SEBI Regulations and other relevant regulations.

Key Managerial Personnel

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

Performance Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and individual Directors pursuant to the provisions of the Act and the Listing Regulations.

Your Board has constituted Nomination and Remuneration Committee (hereinafter referred to as "**the Committee**"), in order to oversee, inter-alia, matters relating to:

1. Identify persons who are qualified to become directors and persons who can be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director;
3. Recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
4. Carry out evaluation of every director's performance including that of Independent Directors and

5. Devise a policy to be followed for identification, appointment, remuneration and evaluation of performance of directors including Company's Board diversity etc., as approved by the Board.

The Board evaluated its performance after seeking inputs from all the Directors based on criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members based on criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of Independent Directors, the performance of Non-Independent Directors and the Board as a whole and the Chairman of the Company was evaluated taking into account the views of Executive Directors and Non-Executive Directors.

The above evaluations were then discussed at the Board meeting after the meeting of the Independent Directors and the NRC, at which the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent director being evaluated.

Further, the Company has devised a Policy, for performance evaluation of Independent Directors, Board as a whole, Committees of the Board and other individual Executive/ Non-Executive Directors. The Policy includes criteria for performance evaluation. The criteria are based upon age, experience, quality of participation in Board/ Committee proceedings, attendance at meetings, contribution by strategic inputs and others. The criteria along with additional requirements prescribed by Section 149 of the Act are used for selection of Independent Directors.

The Company carried out the performance evaluation during the year under report. The Board of Directors expressed satisfaction with the evaluation process.

Directors' Responsibility Statement

The Directors state that:

- i. In the preparation of the annual financial statement for the financial year ended on March 31, 2021, the applicable Accounting Standards read with requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same.
- ii. the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021, and of the profit of the Company for the financial year ended on that date.

- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the Directors have prepared the annual financial statement on a 'going concern' basis.
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls, in their opinion, are adequate and are operating effectively and
- vi. the Directors have organised/ devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of the Listing Regulations, a detailed report on Corporate Governance is given in Annexure - II along with the Auditors' Certificate on its compliance, which forms part of this report.

Business Responsibility Report

The Business Responsibility Report, for the year ended on March 31, 2021, as stipulated under Regulation 34 of the Listing Regulations, forms part of this Annual Report. The Business Responsibility Report is also available on the Company's website at www.zfindia.com.

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

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

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

Contracts and Arrangements with Related Parties

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

Corporate Social Responsibility (CSR)

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

Risk Management

Your Company is not required to constitute a separate Risk Management Committee.

The Audit Committee has been entrusted with the responsibility to assist the Board in

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

The Company manages, monitors and reports on the major risks and uncertainties, those can impact its ability to achieve its strategic objectives. The Company has introduced several improvements in internal control management to drive a common integrated view of risks, optimal risk mitigation, responses and efficient management of internal control and assurance activities.

Auditors and Auditors' Report

Statutory Auditors

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

There are no qualifications, reservations or adverse remarks in the Statutory Auditors' Report for the Financial Year 2020-2021. The Statutory Auditors' Report is enclosed with the financial statements in the Annual Report.

Secretarial Auditor

The Board had appointed Mr. I. U. Thakur (PCS Registration No. 1402), Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2020-2021. The Secretarial Audit Report for the same is annexed herewith as Annexure IV. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark except that your Company was required to appoint Woman Independent Director w.e.f. April 1, 2020, in accordance with Regulation 17(1)(a) of the Listing Regulations. The said appointment was made by the Company w.e.f. June 27, 2020, due to nationwide lockdown which led to

the impediment in the Company's Operations. The Company was in constant pursuit of a competent candidate with an array of requisite skill-set and sufficient experience. After comprehensive research, the Company appointed Mrs. Smita Amol Lahoti (DIN: 08764528), as the Independent Woman Director with effect from June 27, 2020.

Disclosures

Meetings of the Board

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

Committees of the Board

Audit Committee

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

The Audit Committee performs its functions as set out under Part C of Schedule II to the Listing Regulations.

The detailed terms of reference of the Audit Committee is set out in the Corporate Governance Report.

Nomination and Remuneration Committee

The Company has Nomination and Remuneration Committee pursuant to Section 178 of the Act read with Rules made thereunder and Regulation 19 of the Listing regulations. The brief details pertaining to the same are given in the Corporate Governance Report, forming part of this Report.

The Nomination and Remuneration Committee performs its functions as set out under Part D, Para A of Schedule II to the Listing Regulations.

The detailed terms of reference and functions are set out in the Corporate Governance Report.

Remuneration Policy

The Board, has on the recommendation of the Nomination & Remuneration Committee, approved a policy for selection, appointment and remuneration of directors and senior management. The detailed Remuneration Policy is placed on the Company's website www.zfindia.com.

Stakeholders' Relationship Committee

The Board has constituted Stakeholders' Relationship Committee in accordance with the provisions of Section 178 of the Act read with rules made thereunder and Regulation 20 of the Listing Regulations.

The Stakeholders' Relationship Committee performs its functions as set out under Part D, Para B of Schedule II to the Listing Regulations.

The detailed terms of reference and functions are set out in Corporate Governance Report.

Corporate Social Responsibility Committee

The Company has constituted Corporate Social Responsibility Committee pursuant to the Section 135 of the Act and Rules made thereunder. The detailed functions and constitution thereof of the Corporate Social Responsibility Committee are set out in Corporate Governance Report.

Vigil Mechanism/ Whistle Blower Policy

The Vigil Mechanism of the Company also incorporates a whistle blower policy, in terms of Regulation 22 of the Listing Regulations. Protected disclosures can be made by a whistle blower through an e-mail/ telephone/ letter to the Chairman of the Audit Committee. The Policy on Vigil Mechanism and Whistle Blower may be accessed on the website of the Company at www.zfindia.com.

Extract of the Annual Return

The extract of the Annual return is placed on Company's website www.zfindia.com.

Industrial Relations

By and large, the Industrial Relations at all locations of the Company were amicable. However, a group of 79 workers, working in one section of the Company's Vadu Budruk factory at Pune, went on strike from February 12, 2021. The said strike was unconditionally withdrawn by the workers on June 22, 2021. The aforementioned plant was fully operational as the requisite alternate arrangements were made by the Company during the strike period. The Company's second plant at Pithampur, Madhya Pradesh, is operational as usual.

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

Particulars of Employees and related disclosures

Considering the provisions of Section 197 of the Act, read with the relevant rules and having referred to provisions of Section 136(1) of the Act, the Directors' Report is being sent to the Members of the Company, excluding details of particulars of employees and related disclosures. The said information/details are available for inspection at the Registered Office of the Company during working hours, on any working day. Any Member interested in obtaining this information may write to the Company Secretary and this information would be provided on request.

Disclosure – Policy on Prevention of Sexual Harassment at Workplace

The Company has in place, a policy on Prevention of Sexual Harassment at Workplace in line with the requirements of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013' and the Rules framed there under. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, temporary, trainee etc.) are covered under this Policy. During the year, no complaint with allegation of sexual harassment was received by the Company.

General

1. The Company held no deposits at the beginning of the year, nor accepted any deposits during the year under report.
2. All equity shares issued by the Company rank pari-passu in respect of right to receive dividend, voting rights or otherwise.
3. During the year under report, no shares were issued as sweat equity to any of the employees or others.
4. The Company does not have any subsidiary, and no remuneration was received by any Whole-time Director of the Company from a subsidiary.
5. During the year under report, no strictures or material orders were passed by any Regulator or a Court or a Tribunal, which may impact on the going concern status of the Company or its operations in future.
6. There has been no instance of fraud reported by the Auditors under Section 143(12) of the Act and Rules framed there under either to the Company or to the Central Government.
7. The Central Government, under Section 148(1) of the Act, has not prescribed maintenance of cost records in respect of the activities carried out by the Company.
8. During FY 2020-2021, the Company has complied with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the banks, government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board of Directors

Pune
July 24, 2021

Dinesh Munot
Chairman
(DIN: 00049801)

Annexure - I to the Directors' Report

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

A. Conservation of Energy

- Automatic power factor controller installed for entire factory to maintain power factor at unity.
- Factory shop floor's 250 W and 150 W overhead lamps replaced by 75W LED lamps, which provides better illumination and saves energy.
- Waste – water is treated and recycled for gardening of factory.
- To reduce wastage of water from G.I. pipeline, the said G.I. pipeline replaced by PVC pipeline.
- Energy Conservation (EC) initiatives Implemented in Pithampur plant:-
 - APFC - Automatic Power Factor Controller is added with low capacity capacitor to improve the power factor.
 - Maximum Demand (MD) controller is implemented
 - Compressor is set to Dynamic mode to earn power savings during low production hours.

Solar Energy

The Company's 5 MW Solar Energy Plant generated 0.8 crore units of electricity in F.Y. 2020-2021. These units were sold to GUVNL (Gujarat Urja Vikas Nigam Limited), as per the Power Purchase Agreement (PPA) signed with the Government of Gujarat. During the F.Y. 2020-21, Rooftop Solar Project at Vadu Budruk plant has generated 0.07 crore units of electricity in current year and captively consumed in the said plant.

Wind Energy

Eight Windmills, of aggregate 8.8 MW capacities, generated 1.16 crore units of electricity in F.Y. 2020-21. Out of this 0.06 crore units were captively consumed in the Company's plant at Vadu Budruk. This covered 7.57% of total power consumption of that plant for the year. Balance units were sold to Maharashtra Electricity Board.

B. Technology Absorption, Research And Development

1. Efforts made towards Technology Absorption

- a. Process/ equipment developments – New CNC machines installed for mechanical steering gear, mistake proofing implemented by interlocking of leak test with marking in mechanical steering gear, High pressure leak testing introduced for power steering gear, 08 New Poka-Yoke done (Total Poka-Yoke 370 Nos.)
- b. Value engineering and Value Analysis (VEVA) – Variable ratio power steering gear productionised, patent no – 363506 dated 31.03.2021.
- c. Up-gradation of existing Power steering gears, Vane pumps & other aggregates to suit BS-VI vehicles.
- d. New Products developed – Tilt & telescopic steering column assembly developed & productionised for JBM electric vehicles, 28CC Pump for defence application, AI vane pump for Light Commercial Vehicles (LCV), 8046 Higher Ratio power steering gear for ICMR requirement earlier supplied by Servo-com to strengthen make in India drive.
- e. New Model of Steering developed 8049 for Twin Steer Heavy Vehicles

2. Benefits derived as a result of the above efforts

- a. Product quality and cost reduction to meet customer expectation.
- b. Indigenization of various components of vane pump like mounter, pressure plate & front plate.
- c. Reduction in foreign exchange outgo.
- d. Conveyance for movement of material from assembly and painting to dispatch eliminates non value adding man power.
- e. Improvements in Manufacturing methods and quality standards.
- f. Aiming towards self-sufficiency in engineering skills for manufacturing range of steering gears and connected products.
- g. Development of cost effective, high performance engineering products

Indigenized Technology benefits Implemented in Pithampur plant:-

- Manpower saving from Low bake Cathodic Electro Deposition (CED) plant at Pithampur facility leading to Operational cost reduction.
- Manpower saving from the semi-automatic assembly line for the Heavy duty steering gear box assemblies at Pithampur facility.
- Manpower saving from the pneumatic cantering machine with operational cost reduction through oil consumption and productivity at Pithampur facility.
- Manpower saving from the fully automatic Nitrogen bush pressing at Pithampur facility.

3. Imported Technology in last three years –

Low Bake CED coating technology from PPG Europe through Asian PPG India.

4. Expenditure on (Research & Development)

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

C. Foreign Exchange Earnings and Outgo

| | Amount (Rs. In crore) |
|--|-----------------------|
| a. Earnings in Foreign Exchange | 6.93 |
| b. Expenditure in Foreign Exchange | 0.54 |
| c. Value of Imports calculated on CIF basis- | |
| - Raw Material, Components etc. | 7.33 |
| - Capital Goods | 0.39 |

For and on behalf of the Board of Directors

**Pune
July 24, 2021**

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

ANNEXURE - II to the Directors' Report

Corporate Governance Report

[Under Schedule V Part C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. ENTITY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Principles of Corporate governance are based on Transparency, Accountability, Independence and sustainable growth of the Company over long-term. The Company is fully committed to transparency and equity in all facets of its operations and its interactions with the members, employees, suppliers, customers, government and other stakeholders.

The Company's policies focus on the augmentation of long-term shareholders' value without compromising on integrity, social obligations, and regulatory compliances. While dealing with its stakeholders, the Company functions with in recognized standards of propriety, fair play, and justice and aims at creating a culture of openness

The Board of Directors (**'the Board'**) is responsible for and committed to the sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how management serves the short and long-term interests of the members and other stakeholders.

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

ETHICS AND GOVERNANCE POLICIES/ CODES

The Company's employees and the Board adhere to ethical standards which ensure integrity, transparency, independence and accountability in dealing with all the stakeholders. The Company has devised various codes/ policies which ensure that the day to day functions/ duties are carried out in an ethical manner and in conformity with the aforementioned principles. Some of these policies are:

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

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

The aforementioned policies are available on the website of the Company www.zfindia.com.

2. BOARD OF DIRECTORS

The Members of the Board of Directors of the Company are eminent personalities from various fields who bring in a wide range of skills and experience to the Board and they are entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company.

The Company has obtained the requisite disclosures from the Directors in respect of their directorship in other companies and membership in the committees thereof.

As on the date of this report, the Company's Board comprises 9 Directors, all professionals in their own right, who bring in a wide range of skills and experience to the Board. All the Directors of the Company, except the Chairman and the Managing Director, are non-executive Directors. Out of 7 non-executive Directors, 2 are women Directors. Out of 9 Directors, 5 are independent directors, which includes 1 woman Independent Director.

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

DETAILS OF COMPOSITION OF THE BOARD, CATEGORY, ATTENDANCE OF DIRECTORS, NUMBER OF OTHER COMMITTEE MEMBERSHIPS ARE GIVEN BELOW:

| Sr. No. | Name of the Director | Category of Directorship | Attendance Particulars | | No. of other directorship and committee membership/ chairmanship | | |
|---------|---------------------------------------|---|--|-------------------------------------|--|----------------------|------------------------|
| | | | Board Meetings during the F.Y. 2020-21 | Last AGM Held on September 19, 2020 | Other Directorship # | Committee Membership | Committee Chairmanship |
| 1 | Mr. Dinesh Munot (Chairman) | Executive Director | 4/4 | Yes | 4 | 1 | - |
| 2 | Mr. Utkarsh Munot (Managing Director) | Executive Director | 4/4 | Yes | 4 | 2 | - |
| 3 | Mr. Manish Motwani | Non-Executive, Independent Director | 4/4 | Yes | 8 | - | - |
| 4 | Mr. Shridhar S. Kalmadi | Non-Executive, Independent Director | 3/4 | - | 6 | - | - |
| 5 | Mr. S. A. Gundecha | Non-Executive, Independent Director | 4/4 | Yes | - | - | - |
| 6 | Mrs. Eitika Munot | Non-Executive, Non-Independent Director | 4/4 | Yes | - | - | - |
| 7 | Mr. Sandeep Nelamangala | Non-Executive, Non-Independent Director | 4/4 | Yes | 4 | 1 | - |
| 8 | Mr. Adit Rathi | Non- Executive, Independent Director | 4/4 | Yes | 8 | - | - |
| 9 | Mrs. Smita Lahoti | Non- Executive, Independent Director | 4/4 | Yes | - | - | - |

Includes Directorship in Private Companies

BOARD MEETINGS AND BOARD-COMMITTEE MEETINGS

As on March 31, 2021, the Board has 4 Committees, namely the Audit Committee, the Nomination & Remuneration Committee, the Stakeholders' Relationship Committee and the Corporate Social Responsibility (CSR) Committee. The Board is authorized to constitute additional functional Committees, from time to time, depending on business needs.

NUMBER OF BOARD MEETINGS HELD WITH DATES

The Board Meeting dates are normally pre-determined. During the year under the review, the Board of Directors had 4 Meetings. These were held on June 27, 2020, August 1, 2020, October 24, 2020, and January 30, 2021.

The Company adhered to the Secretarial Standards prescribed by the Institute of Company Secretaries of India under the provisions of Section 118(10) of the Act.

The information, including as specified in Schedule II to the Listing Regulations, is regularly made available to the Board, whenever applicable and materially significant, for discussion and consideration. The Company's Board/ Committees are presented with detailed notes, along with agenda, well in advance of the meetings. The Agendas for the Board/ Committee Meetings is set by the Company Secretary in consultation with the Chairmen of the respective Committees.

DISCLOSURE PURSUANT TO SCHEDULE V OF THE LISTING REGULATIONS, LISTED ENTITIES IN WHICH ANY OF THE DIRECTOR(S) OF THE COMPANY HOLDS DIRECTORSHIP INCLUDING THE CATEGORY OF THE SAID DIRECTORSHIP.

| Sr. No | Name of the Director | Name of Listed Entity | Category of Directorship |
|--------|-------------------------|-----------------------|--|
| 1. | Mr. Dinesh Munot | Sanghvi Movers Ltd. | Non-Executive, Independent Director |
| 2. | Mr. Sandeep Nelamangala | Bosch Limited | Whole-Time Director (consequent to his appointment as an Alternate Director) |
| 3. | Mr. Adit Rathi | Kalyani Forge Limited | Non-Executive, Independent Director |

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

| Board Committees | Audit Committee | Nomination & Remuneration Committee | Stakeholders' Relationship Committee | Corporate Social Responsibility Committee (CSR) | Independent Directors Meeting held on 20.03. 2021 |
|------------------------------|-----------------|-------------------------------------|--------------------------------------|---|---|
| Meetings held | 4 | 1 | 2 | 1 | 1 |
| Directors' Attendance | | | | | |
| Mr. Dinesh munot | N.A. | N.A. | N.A. | 1 | N.A. |
| Mr. Utkarsh Munot | 4 | N.A. | N.A. | 1 | N.A. |
| Mr. Manish Motwani | 4 | 1 | N.A. | N.A. | 1 |
| Mr. Shridhar S. Kalmadi | N.A. | N.A. | 1 | 1 | 1 |
| Mr. S.A. Gundecha | 4 | 1 | 2 | N.A. | 1 |
| Mrs. Eitika Munot | N.A. | 1 | 2 | 1 | N.A. |
| Mr. Sandeep Nelamangala | N.A. | N.A. | N.A. | N.A. | N.A. |
| Mr. Adit Rathi | N.A. | N.A. | N.A. | N.A. | LOA |
| Mrs. Smita Lahoti | 4 | N.A. | N.A. | N.A. | 1 |

N.A. – Not a Member of the Committee

RELATIONSHIP BETWEEN DIRECTORS INTER-SE

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

CORE SKILLS/ EXPERTISE/ COMPETENCIES OF THE BOARD OF DIRECTORS

Disclosure pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

| Name of the Director | Category | Core Skills/ Expertise/ Competencies |
|-------------------------|--|--|
| Mr. Dinesh Munot | Chairman & Whole-time Director | Veteran of Automobile Industry, Top Management & Strategy, New Product Development and such other areas |
| Mr. Utkarsh Munot | Managing Director | Management & Strategy, Operations & Engineering, Business Development, New Projects, Sales & Marketing and such other areas. |
| Mr. Manish Motwani | Non-Executive, Independent Director | Entrepreneurship, Finance, Technical Collaborations and others |
| Mr. Shridhar S Kalmadi | Non-Executive, Independent Director | Engineering with Specialization in Automobiles, CSR and others |
| Mr. S A. Gundecha | Non-Executive, Independent Director | Accounting, Legal, Governance, Regulatory. Joint-Ventures and others |
| Mrs. Eitika Munot | Non-Executive, Non- Independent Director | Human Resource, Information Technology and others |
| Mr. Sandeep Nelamangala | Non-Executive, Non- Independent Director | Global Business Leadership, Marketing, Risk-Management, Engineering and others |
| Mr. Adit Rathi | Non-Executive, Independent Director | Industrialist, Top Management, Technology & Engineering and others |
| Mrs. Smita A Lahoti | Non-Executive, Independent Director | Accounts/ IFRS/ Audit/ Taxation/ Company Law and others |

3. INDEPENDENT DIRECTORS

The Company has appointed Independent Directors, who are renowned persons having expertise/ experience in their respective fields/ professions. None of the Independent Directors is a Promoter or related to Promoters. They do not have any pecuniary relationship with the Company and further do not hold two per cent or more of the total voting power of the Company.

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

Pursuant to the provisions of Section 149 of the Act and Regulation 25 of the Listing Regulations, the Independent Directors of the Company have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, pursuant to the provisions of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by Ministry of Corporate Affairs (MCA) Notification dated October 22, 2019, all the Independent Directors are duly enrolled on the Independent Directors' Data Bank created by MCA and maintained by The Indian Institute of Corporate Affairs.

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

CONFIRMATION AS REGARDS TO INDEPENDENCE OF THE INDEPENDENT DIRECTORS

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

FAMILIARIZATION PROGRAMS FOR INDEPENDENT DIRECTORS

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

4. AUDIT COMMITTEE

The Audit Committee consists of Independent Directors Mr. S.A. Gundecha as the Chairman of the Committee, Mrs. Smita Lahoti, Mr. Manish Motwani and Mr. Utkarsh Munot, Managing Director. Mrs. Smita Lahoti was appointed as a member of the Committee with effect from August 1, 2020. The Members of the Audit Committee have relevant expertise in the field of Accounting and Financial Management.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and, inter-alia, performs the following functions:

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

- 5) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 - 6) reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - 7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - 8) approval or any subsequent modification of transactions of the Company with related parties;
 - 9) scrutiny of inter-corporate loans and investments;
 - 10) valuation of undertakings or assets of the Company, wherever it is necessary;
 - 11) evaluation of internal financial controls and risk management systems;
 - 12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - 13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - 14) discussion with internal auditors of any significant findings and follow up there on;
 - 15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - 16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - 17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - 18) to review the functioning of the whistle blower mechanism and ensure that:
 - the mechanism provides for adequate safeguards against victimisation of persons who use such mechanism
 - mechanism makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases
 - 19) approval of appointment of chief financial officer after assessing the qualifications, experience and background of the candidate;
 - 20) Risk identification, evaluation and mitigation and control process for such risks, oversight of the Risk Management System/ Plan of the Company and review thereof.
 - 21) Audit Committee to have an authority to investigate into any matter in relation to the items specified above or referred to it by the board and for this purpose the Audit Committee to have power to obtain professional advice from external sources and have full access to information contained in the records of the company.
 - 22) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- The Audit Committee mandatorily reviews the following information:
- 1) management discussion and analysis of financial condition and results of operations;
 - 2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - 3) management letters/ letters of internal control weaknesses issued by the statutory auditors;
 - 4) internal audit reports relating to internal control weaknesses; and
 - 5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.
 - 6) statement of deviations (if applicable):
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).
- The meetings of the Audit Committee are also attended by the Chief Financial Officer and Statutory Auditors as the special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board in line with Secretarial Standard 1 issued by The Institute of Company Secretaries of India under the provisions of Section 118(10) of the Act.
- The Audit Committee met 4 times during the financial year ended on March 31, 2021, on June 27, 2020, August 1, 2020, October 24, 2020 and January 30, 2021.

The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under Regulation 18 of the Listing Regulations and Section 177 of the Act or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are covered.

5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (**the Committee**) consists of Independent Directors Mr. S.A. Gundecha, as the Chairman, Mr. Manish Motwani and the Non – Executive Director Mrs. Eitika Munot. The Company Secretary acts as a Secretary to the Committee.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, on-going succession planning and appointment procedures for both internal and external appointments. The role of Nomination and Remuneration Committee, inter-alia, includes:

- 1) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- 2) To carry out evaluation of every Director's performance.
- 3) To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- 4) Review the performance of the Board of Directors, and Key Managerial Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors, Key Managerial Personnel, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company;
- 5) To formulate the criteria for evaluation of Independent Directors and the Board as a whole
- 6) To devise a policy on Board diversity.
- 7) To recommend/ review remuneration of the Executive Directors' based on their performance and defined assessment criteria.
- 8) To recommend whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- 9) To recommend to the Board, all remuneration, in whatever form, payable to senior management.

The Nomination and Remuneration Committee of the Company follows defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

- a) composition of the Board, which commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- b) size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law
- c) balance of skills and expertise in view of the objectives and activities of the Company;
- d) avoidance of any present or potential conflict of interest;
- e) professional qualifications, expertise and experience in specific area of relevance to the Company;
- f) availability of time and other commitments for proper performance of duties;

The Minutes of the Committee Meeting(s) are noted by the Board at the immediately succeeding Board Meetings in compliance with Secretarial Standard 1 issued by The Institute of Company Secretaries of India as provided for under Section 118(10) of the Act. During the year under review, the Committee met on June 25, 2020.

PERFORMANCE EVALUATION:

The Committee has put in place an evaluation framework and criteria for evaluation of performance of the Chairman, the Board, Board Committees and Executive/ Non-Executive/ Independent directors through a peer evaluation, excluding the Director being evaluated.

The evaluations for the Directors, the Board, the Board Committees and the Chairman of the Board were undertaken through circulation of separate questionnaires, one for the Directors, one for the Board, one for the Board Committees and one for the Chairman of the Board. The performance of the Board was assessed on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The evaluation criterion for the Directors is based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as members of the Board. The evaluation criteria for the Chairman of the Board besides the general criteria adopted for assessment of all Directors, focused incrementally on leadership abilities, effective management of meetings and preservation of interest of stakeholders. The evaluation of the Committees was based

on the assessment of the compliance with the terms of reference of the Committees.

POLICY ON BOARD DIVERSITY:

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

Details of remuneration paid to the Whole-time Directors for the year ended on March 31, 2021, are as under:

(Rupees in crore)

| Particulars | Mr. Dinesh Munot | Mr. Utkarsh Munot |
|---------------------------------------|------------------|-------------------|
| Salary | 2.47 | 1.65 |
| Perquisites | 2.18 | 1.44 |
| Commission | - | - |
| Total | 4.65 | 3.09 |
| Present Term of Five Years (*) | | |
| From | July 28, 2021 | May 19, 2021 |
| To | July 27, 2026 | May 18, 2026 |

(*) subject to approval of the Members at the 41st Annual General Meeting

DETAILS OF REMUNERATION PAID TO THE NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDED ON MARCH 31, 2021 ARE AS UNDER:

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

(Rupees)

| Name | Sitting Fees |
|-------------------------|--------------|
| Mr. S.A. Gundecha | 4,60,000 |
| Mr. Shridhar S. Kalmadi | 2,60,000 |
| Mr. Manish Motwani | 4,00,000 |
| Mrs. Eitika Munot | 3,50,000 |
| Mr. Adit Rathi | 2,00,000 |
| Mrs. Smita Lahoti | 3,10,000 |

None of the Non-Executive Directors was paid any incentive or commission during the year. There was no other pecuniary relationship or transaction with any Non-Executive Director of the Company, during the year.

DETAILS OF EQUITY SHARES OF THE COMPANY HELD BY THE DIRECTORS AS ON MARCH 31, 2021 ARE GIVEN BELOW:

| Sr. No | Name of the Director | Designation | Number of Shares |
|--------|-------------------------|--------------------------------|------------------|
| 1 | Mr. Dinesh Munot | Chairman & Whole time Director | 9,49,290 |
| 2 | Mr. Utkarsh Munot | Managing Director | 11,91,494 |
| 3 | Mr. Manish Motwani | Independent Director | 607 |
| 4 | Mr. Shridhar S Kalmadi | Independent Director | Nil |
| 5 | Mr. S. A. Gundecha | Independent Director | 1,250 |
| 6 | Mrs. Eitika Munot | Non-Independent Director | 2,712 |
| 7 | Mr. Sandeep Nelamangala | Non-Independent Director | Nil |
| 8 | Mr. Adit Rathi | Independent Director | Nil |
| 9 | Mrs. Smita A. Lahoti | Independent Director | Nil |

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee (**the Committee**) consists of Independent Directors Mr. S.A. Gundecha - being the Chairman and Mr. Shridhar S. Kalmadi and the Non-Executive, Non-independent Director Mrs. Eitika Munot. Mr. Shridhar S. Kalmadi joined the Committee with effect from April 1, 2020. The Company Secretary acts as a Secretary to the Committee.

The Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' grievances. The Committee looks into redressing of shareholders' complaints like transfer/ transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends etc. and recommends measures for overall improvement in the quality of investor services.

The Committee's composition and the terms of reference meet with the requirements of Regulation 20 of the Listing Regulations and provisions of the Act.

The Minutes of the Committee Meetings are noted by the Board of Directors at the succeeding Board Meeting pursuant to the Secretarial Standard 1 as per the provisions of Section 118(10) of the Act.

During the financial year 2020-21 the Committee met on June 25, 2020 and October 24, 2020. The attendance record of the members of the Committee is given above in tabular form.

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

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

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

7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Committee's constitution and terms of reference meet with the requirements of the Act.

During the year under review, the following Directors were the members of the Committee. Members: Mr. Dinesh Munot - Chairman, Mr. Utkarsh Munot - Managing Director, Mr. Shridhar S. Kalmadi - Non Executive, Independent Director and Mrs. Eitika Munot-Non Executive, Non Independent Director. The Company Secretary acted as the Secretary to the Committee.

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

During the financial year, the Committee met on March 20, 2021. The attendance record of the members of the Committee is given above (under Point No. 2) in tabular form.

8. RISK MANAGEMENT COMMITTEE

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

DISCLOSURE IN RELATION TO RECOMMENDATIONS MADE BY ANY COMMITTEE WHICH WAS NOT ACCEPTED BY THE BOARD:

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

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

The Independent Directors met on March 20, 2021, without the presence of the Non-Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated the performance of the Non-Independent Directors, the Board of Directors as a whole and the Committees of the Board, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of Information between the Company Management and the Board.

CERTIFICATE UNDER REGULATION 34(3) OF THE LISTING REGULATIONS:

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

CREDIT RATINGS OBTAINED BY THE COMPANY ALONG WITH THE REVISIONS DURING THE FY 2020-21:

ICRA retained rating A+ (A Plus) for long term fund based credit facilities and Long term Non-Fund based facilities and rating of A1 + (A One Plus) for the Short term Non-fund based credit facilities. The outlook on the aforesaid ratings was revised from 'Negative' to 'Stable' during the year.

GENERAL BODY MEETINGS

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

| Year | AGMs | Location | Dates | Time | Special Resolutions Passed |
|------------------------|----------------------|---|------------|---------|---|
| 2017-18 | 38 th AGM | Registered. Office: Gat No. 1242/44, Village Vadubudruk, Tal. Shirur, Dist. Pune -412216 | 27.06.2018 | 3 p.m. | No Special Resolution was passed |
| Held during FY 2019-20 | EGM | NavalmalFirodia Seminar Hall No. 4-West, Mahratta Chamber of Commerce Industries and Agriculture, 505 A Wing, 5th Floor, MCCA Trade Tower, SenapatiBapat Road, Pune 411016. | 17.07.2019 | 10 a.m. | Special Resolutions passed for 1) Sale of shares of Robert Bosch Automotive Steering Pvt. Ltd. held by the Company to Robert Bosch Automotive Steering GmbH. 2) Change in Designation of Mr. Dinesh Hirachand Munot (DIN 00049801) and Minimum Remuneration 3) Change in Designation of Mr. Utkarsh Munot (DIN 00049903) and change in Terms Of Remuneration. 4) Reappointment of Mr. Manish Motwani (DIN 00394860), as an Independent Director of the Company. 5) Reappointment of Mr. S. A. Gundecha (DIN 00220352), as an Independent Director of the Company |
| 2018-19 | 39 th AGM | Registered. Office: Gat No. 1242/44, Village Vadubudruk, Tal. Shirur, Dist. Pune -412216 | 20.09.2019 | 3 p.m. | Special Resolutions passed for 1) Reappointment of Mr. Shridhar S. Kalmadi (DIN 00044301) as an Independent Director of the Company. 2) Reappointment of Mr. Jitendra A. Pandit (DIN 05359478) as an Independent Director of the Company. |
| 2019-20 | 40 th AGM | | 19.09.2020 | 10 a.m. | No Special Resolution was passed |

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

DISCLOSURES:

- Transactions with related parties, as per requirements of IND AS-24, are disclosed in the Notes annexed to the Audited Financial Statements.
- The Company has not entered into any transaction of a material nature, with any of the Related Parties that had or may have a potential conflict with the interests of the Company at large. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The Policy is available on the website of the Company (www.zfindia.com).
- There have been no instances of non-compliance with any of the legal provisions of law by the Company or any penalty or strictures imposed by the stock exchange or SEBI or any other statutory authority on any matter related to the capital markets during the last 3 years.
- Disclosures have also been received from the senior management relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, there were no such transactions

during the financial year 2020-21 having potential conflict with the interest of the Company at large.

- Details of remuneration paid to the Statutory Auditors: The total fees, for all services, paid by the Company, in the FY 2020-21, to the Statutory Auditors is Rs. 12,39,000 (including GST).

RISK MANAGEMENT FRAMEWORK

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

COMMODITY PRICE/ FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

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

CODE OF CONDUCT:

The updated Code of Conduct (**the Code**) includes duties of Independent Directors. The Code is available on the website of the Company www.zfindia.com. Pursuant to the provisions under the Listing Regulations, a Confirmation from the Managing Director regarding compliance with the Code by all the Directors and Senior Management forms part of this Report.

WHISTLE BLOWER POLICY:

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

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

The Whistle Blower Policy has been disclosed on the Company's website www.zfindia.com.

MEANS OF COMMUNICATION:

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

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

Presentations to Institutional Investors/ Analysts: During the financial year, no such presentations have been made.

Website: The Company's website www.zfindia.com contains a separate section 'Investors' where all important public domain information including information mandated to be provided pursuant to the Act and the Listing Regulations can be accessed. The Company's Annual Report (in a downloaded form), Quarterly Financial Results, Quarterly Shareholding Pattern, Quarterly Corporate Governance Report, Corporate Announcements etc. are available on the site.

ACCOUNTING STANDARDS/ TREATMENT:

The Company has complied with the applicable Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III to the Act notified by the Ministry of Corporate Affairs (MCA).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

General Shareholder Information:

41st Annual General Meeting

| Day, Date and Time | Saturday, August 28, 2021 at 10.30 a.m. (IST) |
|--|--|
| Venue - Registered. Office: Gat No. 1242/44, Village Vadubdruk, Tal. Shirur, Dist. Pune -412216 | Meeting will be held through Video Conferencing |

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

Book Closure: The dates for book closure are from Saturday, August 21, 2021 to Saturday, August 28, 2021 (both days inclusive).

Dividend and Dividend Payment Date:

In order to conserve resources of the Company and considering uncertain economic scenario due to second wave of Covid-19, the Board of Directors (**the Board**) has not recommended any dividend, for the financial year ended on March 31, 2021.

UNCLAIMED DIVIDEND

Unclaimed dividend for the years prior to and including the F.Y. 2012-13 has been transferred to the General Revenue Account/ the Investor Education and Protection Fund (IEPF) (**the Fund**), set up by the Central Government, as applicable. The shareholders who have not encashed their dividend drafts for the financial year 2013-14 and subsequent years are requested to claim the amount from the Company. As per the relevant provisions, any dividend remaining unclaimed for a period of seven years shall be transferred to IEPF.

UNCLAIMED EQUITY SHARES

Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all the shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account (in the name of the Company) within thirty days of such shares becoming due for transfer to the Fund. The information relating to outstanding dividend account/(s) and the dates by which they can be claimed by the shareholders are given below:

| Financial Year | Date of declaration of dividend | Type of dividend | Total Dividend (Rs.) | Unclaimed dividend as on March 31, 2020 (Rs.) | Due date for transfer to Investor Education and Protection Fund (IEPF) |
|----------------|---------------------------------|------------------|----------------------|---|--|
| 2013-14 | July 30, 2014 | Final | 6,35,13,100 | 7,58,660 | September 3, 2021 |
| 2014-15 | September 23, 2015 | Final | 9,07,33,000 | 9,08,200 | October 28, 2022 |
| 2015-16 | March 10, 2016 | Interim | 11,34,16,250 | 12,61,987 | April 14, 2023 |
| 2016-17 | August 02, 2017 | Final | 7,25,86,400 | 8,33,288 | September 6, 2024 |
| 2017-18 | August 27, 2018 | Final | 7,25,86,400 | 7,31,240 | October 1, 2025 |

PURSUANT TO IEPF RULES, GIVEN BELOW ARE THE EQUITY SHARES TRANSFERRED TO THE IEPF AUTHORITY

| Particulars | Number of shares transferred to IEPF |
|--|--------------------------------------|
| Transferred to IEPF during the Financial Year 2017-18 | 33,905 |
| Transferred to IEPF during the Financial Year 2018-19 | 11,688 |
| Transferred to IEPF during Financial Year 2019-20 | 2,131 |
| Shares Claimed during 2019-20 | (150) |
| Transferred to IEPF during Financial Year 2020-21 | 2,649 |
| Shares Claimed during Financial Year 2020-21 | (720) |
| Total Number of Shares held by IEPF as on March 31, 2021 | 49,503 |

The Members/ claimants whose shares and unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 ([available on www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee as decided by the Authority from time to time. The Members/ claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.

The lists of Members whose shares have been transferred to the Demat Account of the IEPF is available on the website of the Company www.zfindia.com.

LISTING ON STOCK EXCHANGE:

The Company's Equity Shares are listed on BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The Company has paid the annual Listing fees up to the financial year 2021-22.

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

CUSTODIAL FEES TO DEPOSITORIES:

Annual Custody/ Issuer fee has been paid to CDSL and NSDL up to the financial year 2021-22.

Stock Market Data

| Market Price of Company's Share at BSE | | | BSE SENSEX | |
|--|------------|-----------|------------|-----------|
| Month | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| Apr-20 | 301.95 | 204.55 | 33,887.25 | 27,500.79 |
| May-20 | 293.95 | 236 | 32,845.48 | 29,968.45 |
| Jun-20 | 374 | 253 | 35,706.55 | 32,348.10 |
| Jul-20 | 333 | 281.15 | 38,617.03 | 34,927.20 |
| Aug-20 | 385 | 275 | 40,010.17 | 36,911.23 |
| Sep-20 | 374 | 291.1 | 39,359.51 | 36,495.98 |
| Oct-20 | 354.1 | 301.1 | 41,048.05 | 38,410.20 |
| Nov-20 | 349.4 | 285 | 44,825.37 | 39,334.92 |
| Dec-20 | 437.7 | 310 | 47,896.97 | 44,118.10 |
| Jan-21 | 430 | 368 | 50,184.01 | 46,160.46 |
| Feb-21 | 452.95 | 377 | 52,516.76 | 46,433.65 |
| Mar-21 | 440 | 368.5 | 51,821.84 | 48,236.35 |

STOCK PERFORMANCE:

Share Price Performance in comparison to broad based indices- April 2020 to March 2021.

Stock performance compared to broad based indices

| Sr. No. | Particulars | ZF India | BSE SENSEX |
|---------|--------------|----------|------------|
| 1 | F.Y. 2020-21 | 69.2 % | 68.0% |

Registrar and Transfer Agents:

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

PHYSICAL SHARES RELATED OPERATIONS:

With effect from April 1, 2020, except in case of transmission or transposition, requests for effecting transfer of shares held in physical mode, cannot be processed as per SEBI directive.

Shareholding Pattern as on March 31, 2021

| Category | No. of Shares of Rs. 10 each | Percentage of shareholding |
|--|------------------------------|----------------------------|
| Indian Promoters (Munot Family) | 37,80,189 | 41.66 |
| Foreign Promoter - (Robert Bosch Automotive Steering, GmbH) | 23,40,155 | 25.79 |
| Banks, Financial Institutions, Insurance Companies, Mutual Funds | 950 | 0.01 |
| IEPF | 49,503 | 0.55 |
| Private Corporate Bodies | 96,508 | 1.06 |
| Indian Public | 27,58,575 | 31.18 |
| NRIs/ OCBs | 47,420 | 0.52 |
| Total | 90,73,300 | 100 |
| | 2021 | 2020 |
| No. of Shareholders as on March 31 | 10,748 | 11,525 |

Distribution of Shareholding as on March 31, 2021

| No. of Shares held (Face Value of Rs.(10 each) | No. of Share holders | % to total No. of share holders | No. of Shares held | % to total No. of Shares |
|--|----------------------|---------------------------------|--------------------|--------------------------|
| 1-500 | 9,921 | 92.31 | 9,35,748 | 10.31 |
| 501-1000 | 472 | 4.39 | 3,50,855 | 3.87 |
| 1001-5000 | 301 | 2.8 | 5,84,390 | 6.44 |
| 5001-10000 | 22 | 0.2 | 1,41,971 | 1.57 |
| 10001 & above | 32 | 0.3 | 70,60,336 | 77.81 |
| Total | 10,748 | 100 | 90,73,300 | 100 |

Dematerialization of Shares & Liquidity:

The details of Equity shares dematerialized and those held in physical form as on March 31, 2021 are given hereunder:

| Particulars of Equity Shares | Equity shares of Rs. 10 each | | Shareholders | |
|------------------------------|------------------------------|--------------|---------------|--------------|
| | Number | % of total | Number | % of total |
| Dematerialized form | | | | |
| NSDL | 74,30,429 | 81.90 | 5,793 | 53.90 |
| CDSL | 14,73,397 | 16.23 | 4,185 | 38.94 |
| Sub-total | 89,03,826 | 98.13 | 9,978 | 92.84 |
| Physical Form | 1,69,474 | 1.87 | 770 | 7.16 |
| Total | 90,73,300 | 100 | 10,748 | 100 |

Considering the advantages of dealing in securities in electronic/ dematerialized form, shareholders still holding shares in physical form are requested to dematerialise their shares at the earliest. For further information/ clarification/ assistance in this regard, please contact Link Intime India Pvt. Ltd., Registrar and Share Transfer Agents.

As per the directions of SEBI, Equity Shares of the Company can be traded/ transferred by all the investors only in dematerialized form. The Company's Shares are traded on BSE Limited.

Dividend Declared for the last 10 Years:

| Financial Year | Dividend Per Share* (Rupees) |
|-----------------|------------------------------|
| 2011-12 Interim | 5.00 |
| 2011-12 Final | 5.00 |
| 2012-13 | 8.00 |
| 2013-14 | 7.00 |
| 2014-15 | 10.00 |
| 2015-16 | 12.50 |
| 2016-17 | 8.00 |
| 2017-18 | 8.00 |
| 2018-19 | Nil |
| 2019-20 | Nil |
| 2020-21 | Nil |

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

Outstanding GDR, ADR or Warrants:

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

DISCLOSURE WITH RESPECT TO THE EQUITY SHARES LYING IN SUSPENSE ACCOUNT:

| Particulars | Shareholders | No. of Shares |
|---|--------------|---------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year. | 56 | 5,268 |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year. | Nil | Nil |
| Number of shareholders whose shares were transferred to Investor Education Protection Fund (IEPF) account during the year | 4 | 785 |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year. | 52 | 4,483 |

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

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

Please refer to the Directors' Report for the aforesaid disclosure.

ADOPTION OF MANDATORY AND DISCRETIONARY REQUIREMENTS OF THE LISTING REGULATIONS:

The Company has complied with all mandatory requirements of the Listing Regulations. The Company has adopted following discretionary requirements of the Listing Regulations:

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

PLANT LOCATIONS:

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

Address for Investor Correspondence:

- For transfer/ dematerialization of shares**
Link Intime India Pvt.Ltd.
 2202 A-Wing, Second Floor, Akshay Complex,
 Off Dhole Patil Road, Pune- 411 001
 Phone- (020) 26161629/ 26163503/ 26160084
 E-mail- pune@linkintime.co.in
- For payment of dividend and other correspondence**
Secretarial Department:
 ZF Steering Gear (India) Ltd.
 Corporate Identity Number
 (CIN)-L29130PN1981PLC023734
 A-601/ 602, ICC Trade Tower, Senapati Bapat Road,
 Shivajinagar, Pune- 411 016.
 E- Mail: satish.mehta@zfindia.com
 Phone- (020) 67289900

For and on behalf of the Board of Directors

Pune
July 24, 2021

Dinesh Munot
Chairman
(DIN: 00049801)

Certificate of Compliance with the Corporate Governance

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

To,

The Members of

ZF Steering Gear (India) Limited

1. This certificate is issued in Accordance with the terms of our engagement letter dated 30th September 2019.
2. This report contains details of compliance of conditions of corporate governance by ZF Steering Gear (India) Limited ('the Company') for the year ended 31st March, 2021, as Stipulated in regulations 17 to 27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the BSE Limited (referred to as the 'Stock exchange').

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

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

Auditor's Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
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 the Listing Regulations for the year ended 31st March, 2021.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by

the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, subject to the following:
Independent Woman Director is appointed in the Board Meeting dated 27th June 2020. As per Regulation, Independent Woman Director should have been appointed on or before 1 April 2020. As on date the company has complied with the regulation.
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 to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any-other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Joshi Apte & Co.,

Chartered Accountants

ICAI Firm registration number: 104370W

Per Prakash Apte

Partner

Membership No.: 033212

UDIN: 21033212AAAACD4707

Pune, July 24, 2021

Certificate on Compliance with Code of Conduct:

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2020-21.

For and on behalf of the Board of Directors

**Pune
July 24, 2021**

**Utkarsh Munot
Managing Director**

Managing Director/ CFO Certification

The Managing Director and the Chief Financial Officer have furnished a Compliance Certificate to the Board of Directors under Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Pune
July 24, 2021**

**Utkarsh Munot
Managing Director**

**Jinendra Jain
Chief Financial Officer**

CERTIFICATE OF OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verification including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021, have been debarred or disqualified from being appointed or Continuing as Director of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | NAME OF DIRECTOR | DIN | DATE OF APPOINTMENT IN COMPANY |
|---------|-----------------------------|----------|--------------------------------|
| 1 | SHRIDHAR SHAMRAO KALMADI | 00044301 | 26/05/09 |
| 2 | DINESHCHAND HIRACHAND MUNOT | 00049801 | 08/11/86 |
| 3 | UTKARSH DINESHCHAND MUNOT | 00049903 | 31/10/06 |
| 4 | ADIT MADHUSUDAN RATHI | 00084380 | 20/09/19 |
| 5 | SATISH AMOLAKCHAND GUNDECHA | 00220352 | 15/09/14 |
| 6 | MANISH MOHAN MOTWANI | 00394860 | 23/06/98 |
| 7 | EITIKA UTKARSH MUNOT | 01396661 | 15/09/14 |
| 8 | SANDEEP NELAMANGALA | 08264554 | 20/09/19 |
| 9 | SMITA AMOL LAHOTI | 08764528 | 27/06/20 |

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

Date: 18/06/2021
Place: Pune

I U Thakur
Company Secretary
C. P. Number : 1402
Membership No. 2298
Peer Review No: 497/2016
UDIN:F002298C000481502

ANNEXURE - III to the Directors' Report

Annual Report on Corporate Social Responsibility

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR Policy (**the Policy**) outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare and sustainable development of the community at large.

The policy was formulated by the CSR Committee in terms of provision of Section 135(4) of the Companies Act, 2013 (**the Act**) read with Rule 6 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, which has been approved by the Board. As per CSR policy the Company shall undertake any CSR activities/ projects/ programs in the areas as specified in Schedule VII of the Act as amended from time to time.

The Policy inter-alia covers the Philosophy, Scope, and List of the CSR activities, Modalities of Execution of projects/ programs and Monitoring and Assessment thereof.

The policy is placed on the website of the Company www.zfindia.com.

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

Mr. Dinesh Munot - Chairman

Mr. Utkarsh Munot - Member/ Managing Director

Mrs. Eitika Munot - Member/ Non-Executive Director

Mr. Shridhar Kalmadi - Member/ Independent Director

8. **Details of CSR spent during financial year:**

- a. **CSR amount spent or unspent for the Financial Year.**

| Total Amount Spent for the Financial Year (Rs. In crore) | Amount Unspent (Rs. In crore) | | | | |
|--|---|-------------------|--|--------|-------------------|
| | Total Amount transferred to the 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. |
| 0.42 | NIL | N/A | NIL | NIL | N/A |

- b. **Details of CSR amount spent against on-going projects for the financial year:** Not Applicable.

- c. **Details of amount spent against other than on-going projects for the Financial Year:**

| Sr. No. | Name of the Project | Item from the List of activities in Schedule VII of the Act. | Local Area (Yes/ No) | Location of the Project | | Amount (Rs. in crore) | Mode of Implementation Whether Direct (Yes/ No) | Mode of Implementation Through Implementing Agency | |
|---------|---------------------------------|--|----------------------|-------------------------|----------|-----------------------|---|--|-------------------------|
| | | | | State | District | | | Name | CSR registration number |
| 1 | Promoting Healthcare/ Education | (ii) | Yes | Maharashtra | Pune | 0.15 | No | Mukul Madhav Foundation | - |
| 2 | School Project in Vadu-Budruk | (ii) | Yes | Maharashtra | Pune | 0.27 | No | Rotary Foundation (India) | - |
| | Total | | | | | 0.42 | | | |

- d. Amount spent in Administrative Overheads: Nil
- e. Amount Spent on Impact Assessment, if applicable: Not Applicable.
- f. Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 0.42 crore
- g. Excess Amount set off, if any : NIL

| Sr. No. | Particulars | Amount (Rs. In crore) |
|---------|---|-----------------------|
| i. | Two percent of average net profit of the company as per section 135(5) | 0.42 |
| ii. | Total amount spent for the Financial Year | 0.42 |
| iii. | Excess amount spent for the financial year [(ii)-(i)] | NIL |
| iv. | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| v. | Amount available for set off in succeeding financial years [(iii)-(iv)] | NIL |

9. A. Details of Unspent CSR amount for the preceding three financial year

| Sr. No. | Preceding Financial year | Amount transferred to Unspent CSR Account under Section 135(6) (Rs. in crore) | Amount spent in the reporting Financial Year | Amount Transferred to any fund Specified in Schedule VII to the Act | | Date of Transfer | Amount remaining to be spent in succeeding financial years |
|---------|--------------------------|---|--|---|-----------------------|------------------|--|
| | | | | Name of the Fund | Amount (Rs. in crore) | | |
| 1 | - | NIL | - | - | NIL | - | - |

B. Details of CSR amount spent in the financial year for on-going projects for preceding financial years:

Not Applicable

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:

- a. Date of Creation or Acquisition of Capital Asset(s): None
- b. Amount of CSR Spent for creation or Acquisition of Capital Asset: NIL
- c. Details of Entity or Public Authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable.

- d. Provide details of capital asset(s) created or acquired (including complete address and location of the Capital Asset): Not Applicable

11. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide reasons for not spending the amount in its Board's Report: Not Applicable.

For and on behalf of the Board of Directors

Place
July 24, 2021

Dinesh Munot
Chairman
(DIN:00049801)

ANNEXURE - IV to the Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

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

To,
The Members,
ZF STEERING GEAR (INDIA) LIMITED
Pune

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ZF STEERING GEAR (INDIA) LIMITED** (CIN: L29130PN1981PLC023734) (hereinafter called **the Company**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances by the Company and expressing my opinion thereon.

Based on my verification of the **ZF STEERING GEAR (INDIA) LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2021 according to the provisions of:

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

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not applicable** to the Company during the Audit Period
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – **Not applicable** to the Company during the Audit Period
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not applicable** to the Company during the Audit Period
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable** to the Company during the Audit Period
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable** to the Company during the Audit Period
- (i) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – **Not applicable** to the Company during the Audit Period

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

On the basis of the information provided by the Company, following are also complied with:

ENVIRONMENTAL LAWS:

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

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

‘Annexure’

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company has appointed Mrs. Smita Amol Lahoti (DIN 0008764528) as an additional independent woman director in the Board Meeting dated 27th June, 2020 which Company was required to appoint by April 1, 2020. Further the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through, while the dissenting members' views are captured and recorded as part of the minutes.

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

Further the following events have taken place during the period under review:

- As per Clause 31A(8)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's application dated 23rd October, 2019 for reclassification of the persons, as per details mentioned below, belonging to Promoter Group Category to Public Category has not been approved and rejected by BSE Limited on 27th June, 2020.

| Sr. No | Name of the Promoters | No. of equity shares held | % of the total share capital of the Company |
|--------|---------------------------|---------------------------|---|
| 1. | Mr. Piyush Jinendra Munot | 1,21,813 | 1.34 |
| 2. | Mrs. Amita Jinendra Munot | 1,52,457 | 1.68 |
| 3. | Mr. Yash Munot | 1,22,553 | 1.35 |
| | Total | 3,96,823 | 4.37% |

Disclaimer : Due to the second wave of COVID -19 pandemic and the lockdown restrictions in the State of Maharashtra, physical examination of documents under Companies Act, 2013 is not possible; we have therefore relied upon the documents provided by the Company in electronic mode for audit purpose.

Date: 18/06/2021
Place: Pune

I U Thakur
Company Secretary
C. P. Number : 1402
Membership no.: 2298
Peer Review No.: 497/ 2016
UDIN: F002298C000481471

This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

To,

The Members

ZF STEERING GEAR (INDIA) LIMITED

My report of even date is to be read along with this letter.

- Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 18/06/2021
Place: Pune

I U Thakur
Company Secretary
C. P. Number : 1402
Membership no.: 2298
Peer Review No.: 497/ 2016
UDIN: F002298C000481471



Business Responsibility Report

Business Responsibility Report (BR)

Section A: General Information about the Company

| | |
|--|--|
| 1. Corporate Identity Number (CIN) of the Company | L29130PN1981PLC023734 |
| 2. Name of the Company | ZF Steering Gear (India) Ltd. |
| 3. Registered address | Gat No. 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune - 412216 |
| 4. Website | www.zfindia.com |
| 5. E-mail id | satish.mehta@zfindia.com |
| 6. Financial Year reported | 1.04.2020 to 31.03.2021 |
| 7. Sector(s) that the Company is engaged in/ List of three key products/ services that the Company manufactures/ provides (as in the Balance Sheet, industry activity code wise): | 29301 – Auto Component – Steering Gear Systems. 35106 – Renewable Energy – Solar Energy and Wind Energy |
| 8. Total number of locations where business activity is undertaken by the Company- a) Number of International Locations (Provide details of major 5) b) Number of National Locations | Nil Seven |
| 9. Markets served by the Company- Local/ State/ National/ International | All |

Section B: Financial Details of the Company

| | |
|--|---|
| 1. Paid up Capital (Rs. in lakh) | 907 |
| 2. Total Turnover (Rs. in lakh) | 20,148 |
| 3. Total Profit after Taxes (Rs. in lakh) | 885 |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | During the Year under review the Company has spent Rs. 42 lakh towards Corporate Social Responsibility, being 4.7% of the Profit after Taxes. |
| 5. List of activities in which expenditure in 4 above has been incurred | Please refer to Annexure–III of the Directors' Report. |

Section C: Other Details

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

Section D: BR Information

1. Details of Director/ Directors responsible for BR

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

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

- b) Details of BR head

| | | |
|----|------------------|--------------------------|
| 1. | DIN Number | N.A. |
| 2. | Name | Mr. Anant Kalvit |
| 3. | Designation | President |
| 4. | Telephone number | 020 – 67289905 |
| 5. | Email Id | anant.kalvit@zfindia.com |

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

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

| No | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|----|--|--|----------------|-----------------------|-----------------------|--------------|-------------|-------------------------------|-----------------------|-------------------------|
| | | Business Ethics, Transparency & Accountability | Sustainability | Employees' Well-being | Stakeholders' Welfare | Human Rights | Environment | Influencing Regulatory Policy | Equitable Development | Customer Responsibility |
| 1 | Do you have a policy/ policies for ... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant Stakeholders? | The Company has formulated the policies and adopted best practices in its own volition, while being sensitive to the interest of all the stakeholders. | | | | | | | | |
| 3 | Does the policy conform to any National / International standards? If yes, specify? (50 words) | The Company has an established structure for carrying out various facets of manufacturing functions as per business process defined by ISO 14001 and 45001, IATF : 16949. | | | | | | | | |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ Appropriate Board Director | Since all the policies are not required to be approved by the Board of Directors, the approval of the Board has been obtained wherever it is mandatory. Yes, however, not all policies, as this is not a mandatory requirement. | | | | | | | | |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | Internal policies are available for employees only. For other policies, please refer to http://www.zfindia.com/policies-codes.php | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent applicable. | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | The working of all the policies is internally monitored. An Audit/ evaluation is carried out by external agencies wherever mandatory. | | | | | | | | |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | N | N | N | N | N | N | N | N | N |

3. Governance related to Business Responsibility (BR):

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

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

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

The Company publishes Business Responsibility Report in line with Securities and Exchange Board of India (SEBI)'s Circular **SEBI/HO/CFD/CMD-2/P/CIR/2021/562** dated May 10, 2021. The Business Responsibility Report will be placed on the Company's website <http://www.zfindia.com/>.

Section E: PRINCIPLE-WISE PERFORMANCE

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

Ethics, transparency and accountability are the backbone of the Company's Governance System and guide the operations of the Company. The Company's governance practices are based on a rich legacy of fair and transparent practices and forms an integral part of doing business. The Company's law – abiding culture recognizes and adopts intellectual integrity and trustworthiness in all business dealings as a core business value.

The Company respects the laws and regulations of each geography that it operates in and takes every measure to make sure that it adheres to all the required standards of disclosures and reporting. This transparency and accountability are more than just a tick – box compliance as it helps in building long – lasting relationships with the stakeholders who have reposed their faith in the Company.

To ensure that principles of trust, credibility and integrity are adhered to, every employee, Director, and Senior Management personnel are required to abide by the Code of Conduct formulated by the Company. The said Code is available on the website of the Company www.zfindia.com.

Further, the Company has formulated Whistle Blower Policy in order to enable employees to raise concerns to the Company's Management. The Whistle Blower Policy provides direct access to the Chairman of the Audit Committee and details thereof are incorporated in the Whistle Blower Policy. The said policy is available on the website of the Company www.zfindia.com.

The Company has several policies guided by the 'Code of Conduct' which includes Code of Conduct for Directors and Senior Management, Code of Practices and Procedures for

fair disclosure of unpublished price sensitive information. Other policies viz. Policy for Determination of Materiality, Policy on Related Party Transactions etc. strengthen the Company's Corporate Governance System.

The Company also has a strict Code of Conduct to Regulate, Monitor and Report Trading by the Designated Persons, to prevent insider trading and ensure integrity. These are standard communications before Board meeting that communicates the time when they shall not trade and clear instructions about what to do when they do trade.

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

a. Does the policy relating to ethics, bribery and corruption cover only the Company?

The Company has a policy of a zero-tolerance towards bribery. The Company also refrains from engaging in any practices that are abusive, corrupt or anti-competitive and the Company also refrains from engaging in the business with stakeholders who are indulged in aforesaid practices.

b. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

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

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

As one of the recognised organizations, the Company is aware of its responsibility to care for the environment and to ensure the sustainability of resources. Sustainability has always been a hallmark of the Company's culture. The Company is committed to protecting the environment of the Earth and related resources.

The Company incorporates environmental and social considerations in all its business operations and ensures that engagements with stakeholders are conducted in keeping with the norms of good governance, ethics and transparency

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

The Company has an established structure for carrying out various facets of manufacturing functions as per business process defined by ISO 14001 and 45001 IATF: 16949.

The Company works closely with the Company's suppliers to tackle challenges through strategies and initiatives that drive efficiency and cost optimization in these processes

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

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

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

The Company focuses on creating a work environment that provides new learning and growth opportunities to the Company's talent along with ensuring their health and safety at workplace. The Company promotes diversity and inclusion within the organization by building awareness among employees. The Company provides its associates with clean and hygienic workspaces with a well – defined access control system.

| Sr. No. | Particulars | Number of Employees |
|---------|---|---|
| 1. | Total Number of Employees | 983 |
| 2. | Total Number of Permanent Employees | 436 |
| 3. | Total number of employees hired on temporary/ Contractual/ Casual basis. | 547 |
| 4. | Number of permanent women employees | 1 |
| 5. | Number of permanent employees with disabilities | Nil |
| 6. | Employee association that is recognized by management | There is an internal union of workers at Vadu – Budruk plant called 'ZF Steering Gear Kamgar Sanghatana'. |
| 7. | Percentage of permanent employees that are members of this recognized employee association. | 17% |

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

There are no complaints relating to child labour, forced labour, involuntary labour, sexual harassment, during the Year.

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

9. What percentage of your under mentioned employees were given safety and skill Upgradation training in the last year?

- a) Permanent Employee - 60%
- b) Permanent Women Employees – Nil
- c) Casual/ Temporary/ Contractual Employees – 50%
- d) Employees with Disabilities – NA

Employee training and skill development is an integral aspect of the Company's human resource strategy. The Company's training programs extend to all permanent and contractual employees.

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

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

Yes, the Company has mapped its stakeholders and has a systematic stakeholder engagement process. The Company ensures stakeholders' engagement in order to assess their requirements. The Company also ensures timely response to their needs in an effective manner. The key stakeholders of the Company include business partners, customers, employees, suppliers, regulatory agencies and local communities in the vicinity of its operations. The Company identifies the interests of the internal stakeholders like permanent employees through engagement surveys and periodic worker settlement

reviews. The external shareholders are mapped through defined activities such as customer events, channel partner meet, SMES trainings etc. The Company reaches out to the stakeholders on regular basis through AGM and Stock Exchange intimations. This transparent communication helps the company to understand the expectations and co-create value.

The Company participates in the events organized by trade associations and contributes by providing inputs when requested. These interactions with stakeholders enable us to develop a better perspective on relevant material matters for the Company. This in turn helps to improve the overall strategy and orientation of businesses.

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

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders, across businesses and units, in a continuous, consistent and systematic manner.

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

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

The Company undertakes Corporate Social Responsibility (CSR) activities for overall betterment of the community with special emphasis on activities for the benefit of the poor and needy segments of society, details pertaining to the same are provided in the Annexure to the Board Directors Report i.e. Annual Report on CSR Activities and also furnished under Principle 8 of this Report.

The Company aims at overall national and community development at the same time, it gives preference to local areas around which it operates.

Principle 5: Businesses should respect and promote human rights

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

However, a Legal Compliance Report is placed before the Directors in their Meetings on Quarterly Basis. Further, as mentioned earlier, the Company has effective Vigil Mechanism in place to report various concerns including but not limited to those pertaining to violation of Human Rights. The Company had no instance of violation of any of the human rights and has not received any complaint in this regard in the Financial

Year 2020-21, which showcases the Company's commitment towards the protection of human rights.

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

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

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

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

Yes, Green Energy has been one of our spearheading strategies to fight climate change and reduce environmental impact. The Company has identified opportunities to reduce its environmental footprint and therefore reduce the impact of operations on the environment. A key initiative in this regard is switching to renewable energy sources viz. Wind Energy and Solar Energy. At present, significant amount of the Company's energy consumption comes from renewable sources.

Further, the employees are trained to operate and maintain the facilities in an environmentally responsible and safe manner which helps to drive year – on – year improvements to Health, Safety and Environment. To further the commitment towards the environment and also to ensure uninterrupted power to the plant, the Company has installed lights in the plant and office area.

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

- a. Renewable energy projects
- b. Measures for Energy Conservation (Broad details of measures taken are provided in Annexure – I to the Directors' Report also available on the website of the Company www.zfindia.com)
- c. Measures to check and control the pollutants discharged into environment
 - i. The Company's Pithampur Plant is Zero discharge plant, meaning there is no pollutant – discharge from that plant.
 - ii. The hazardous wastes generated at the Vadu Budruk plant are being disposed as per the Maharashtra Pollution Control Board (MPCB) approved sources. Monitoring and measurement being done as per the MPCB Consent Order. The Hazardous wastes are measured and stocked at secluded storage area. Those are being recorded in "Form -3" as per MPCB norms.

3. Does the Company identify and assess potential environmental risks? Yes/ No

Yes, environment and climate change related risks are identified through periodic reviews. The senior management team and the Board review key risks along with status of mitigation measures on a Half – Yearly Basis through Risk Management Report.

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

The Company has a separate business vertical named 'Renewable Energy Segment' under which the Company runs 5 MW Solar Power Project in the state of Gujarat. The Company also runs Wind Power Projects, aggregate capacity of which is 8.8 MW, and comprises eight Wind Turbine Machines at different locations in Maharashtra.

The Company has an established structure for carrying out various facets of manufacturing functions as per business process defined by ISO 14001 and 45001 IATF: 16949.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Yes/ No. If yes, please give hyperlink for web page etc.

Yes, the details of other initiatives are provided in Annexure I to the Directors' Report in the section Conservation of Energy and Technology Absorption, Research and Development and on the website of the Company <http://www.zfindia.com/annual-reports.php>.

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

Yes

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

Nil

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

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

Yes, the Company is a member of The Automotive Component Manufacturers Association of India. (ACMA).

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

No

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

CSR Programs are implemented mainly through implementing agencies which include Non – Government Organizations (NGOs), having an established track record of at least 3 years in carrying on the specific activity.

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

Impact assessment is being done internally.

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

The Company has contributed Rs. 42,00,000 (Rupees Forty Two lakh Only) during the FY 2020-21. Details of CSR activities, undertaken by the Company, are mentioned in the Annexure – III to the Directors' Report under Annual Report on CSR Activities.

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

The Company ensures all community development initiatives make an impactful and effective contribution to the society at large. The community development initiative is undertaken on the basis of needs assessment which is based on the feedback of the community itself. The Company initiates those initiatives which help them in becoming sustainable/ self-dependent. Thus, the Company ensures that its initiatives are successfully adopted by the community.

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ZF Steering Gear (India) Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

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

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

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

Management's Responsibilities for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act
 - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

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

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

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

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

ICAI Firm registration number: 104370W

**Prakash Apte
Partner
Membership No.: 033212
UDIN: 21033212AAAABM9750
Pune, May 15, 2021**

Annexure 'A' to the Independent Auditor's Report

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

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

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

(b) As explained to us, considering the nature of the Fixed Assets, the same have been physically verified by the management at reasonable intervals during the year as per the verification plan adopted by the company, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us and the records produced to us for our verification, the discrepancies noticed during such physical verification were not material and the same have been properly dealt with in the books of account.

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

(ii). The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of goods. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material considering the operations of the Company and have been properly dealt with in the books of account.

(iii). During the year ended on 31st March, 2021, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

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

(v). The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.

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

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

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

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2021 on account of dispute are given below:

| Nature of Statute | Nature of Dues | Forum where the Dispute is pending | Financial Year | Amount (Rs. In Crore) |
|-----------------------------------|--------------------------|------------------------------------|----------------|-----------------------|
| Income Tax Act, 1961 | Assessment Dues | ITAT, Pune | FY 2012-13 | 0.44 |
| Income Tax Act, 1961 | Assessment Dues | ITAT, Pune | FY 2013-14 | 0.26 |
| Income Tax Act, 1961 | Assessment Dues | CIT (Appeal), Pune | FY 2015-16 | 0.33 |
| Income Tax Act, 1961 | Assessment Dues | CIT (Appeal), Pune | FY 2016-17 | 0.13 |
| Income Tax Act, 1961 | Assessed TDS Dues by CPC | CIT (Appeal), Pune | FY 2012-13 | 0.03 |
| Maharashtra Value Added Tax, 2002 | Assessment Dues | Joint Commissioner Appeal | FY 2016-17 | 0.34 |
| Maharashtra Value Added Tax, 2002 | Assessment Dues | Joint Commissioner Appeal | FY 2017-18 | 0.12 |

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

(ix). The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Based on the information and explanation given to us by the management, there are no term loans availed during the year.

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

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

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

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

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

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

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

For Joshi Apte & Co.,

Chartered Accountants

ICAI Firm registration number: 104370W

Prakash Apte

Partner

Membership No.: 033212

UDIN: 21033212AAAABM9750

Pune, May 15, 2021

Annexure “B” to the Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of ZF Steering Gear (India) Limited (the “Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

**Prakash Apte
Partner
Membership No.: 033212
UDIN: 21033212AAAABM9750
Pune, May 15, 2021**

FINANCIAL STATEMENTS

Balance Sheet

(Rs. in Crore)

| | Notes | As at March 31, 2021 | As at March 31, 2020 |
|---|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 3[a] | 163.76 | 186.80 |
| Right of use asset | 3[b] | 9.96 | 10.41 |
| Capital work in progress | | 2.43 | 6.62 |
| Intangible assets | 4 | 1.09 | 1.58 |
| Financial assets | | | |
| (i) Investments | 5[a] | 120.42 | 106.97 |
| (ii) Loans | 5[e] | 2.25 | 0.45 |
| Other non-current assets | 6 | 0.50 | 2.71 |
| Income Tax Assets (Net) | 7 | 5.23 | 6.53 |
| Deferred tax Assets (Net) | 8 | 24.58 | 22.89 |
| Total non-current assets | | 330.22 | 344.96 |
| Current assets | | | |
| Inventories | 9 | 37.55 | 23.27 |
| Financial assets | | | |
| (i) Trade receivables | 5[b] | 78.44 | 49.06 |
| (ii) Cash and cash equivalents | 5[c] | 9.26 | 5.47 |
| (iii) Bank Balances other than Cash and cash equivalents | 5[d] | 0.45 | 0.53 |
| (iv) Loans | 5[e] | 0.05 | 0.10 |
| (v) Others | 5[f] | 0.40 | 0.65 |
| Other current assets | 6 | 9.54 | 11.93 |
| Total current assets | | 135.69 | 91.01 |
| TOTAL ASSETS | | 465.91 | 435.97 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity share capital | 10 | 9.07 | 9.07 |
| Other equity | 11 | 367.57 | 357.98 |
| Total Equity | | 376.64 | 367.05 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 12[a] | 0.38 | 1.04 |
| (ii) Lease Liability | 12[d] | 0.97 | 0.99 |
| Provisions | 13 | 1.37 | 2.03 |
| Other non current liabilities | 14 | 3.27 | 4.28 |
| Total non-current liabilities | | 5.99 | 8.34 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 12[b] | 30.41 | - |
| (ii) Trade payables | | | |
| A) Total outstanding dues of Micro and Small Enterprises | 12[c] | 4.01 | 6.84 |
| B) Total outstanding dues of creditors other than Micro and Small Enterprises | 12[c] | 26.31 | 26.88 |
| (iii) Lease Liability | 12[d] | 0.01 | 0.01 |
| (iv) Others | 12[e] | 15.41 | 17.54 |
| Other current liabilities | 14 | 5.16 | 5.90 |
| Provisions | 13 | 1.97 | 3.41 |
| Total current liabilities | | 83.28 | 60.58 |
| Total liabilities | | 89.27 | 68.92 |
| TOTAL EQUITY AND LIABILITIES | | 465.91 | 435.97 |

Significant Accounting Policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Prakash Apte
 Partner
 Membership No. : 033212
 UDIN : 21033212AAAABM9750

Place: Pune
 May 15, 2021

For and on behalf of the Board of Directors

Dinesh Munot
 DIN : 00049801
Utkarsh Munot
 DIN : 00049903

S.A. Gundecha
 DIN : 00220352
Jinendra Jain
Satish Mehta

Place: Pune
 May 15, 2021

Statement of Profit and Loss

(Rs. in Crore)

| | Note | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|------|--------------------------------------|--------------------------------------|
| INCOME | | | |
| Revenue from operations | 15 | 201.48 | 286.57 |
| Other income | 16 | 26.36 | 3.64 |
| Total Income | | 227.84 | 290.21 |
| EXPENSES | | | |
| Cost of raw material consumed | 17 | 131.11 | 163.50 |
| Change in Inventory of finished goods and work in progress | 18 | (12.08) | 11.56 |
| Employee benefits expense | 19 | 39.63 | 44.23 |
| Other expenses | 20 | 24.54 | 34.37 |
| Loss arising from termination of Joint Venture i.e. Robert Bosch Automotive Steering Private Limited | | - | 66.85 |
| Total Expenses | | 183.20 | 320.51 |
| Profit before interest, tax, depreciation, amortisation expenses and exceptional items (EBITDA) | | 44.64 | (30.30) |
| Finance costs | 21 | 0.29 | 1.09 |
| Depreciation and amortisation expense | 22 | 37.59 | 32.47 |
| Profit before exceptional items and tax | | 6.76 | (63.86) |
| Exceptional items | | - | 66.85 |
| Profit before tax | | 6.76 | 2.99 |
| Tax Expense | | | |
| Current tax | 23 | 1.74 | 0.21 |
| Minimum Alternative Tax (MAT) credit entitlement | | (1.74) | - |
| Deferred tax | | (2.09) | 3.06 |
| Total tax expense | | (2.09) | 3.27 |
| Profit for the year | | 8.85 | (0.28) |
| Other comprehensive income | | | |
| (i) Items that will not be reclassified to profit or loss | | | |
| - Remeasurements of defined benefit obligations | | 1.14 | (1.36) |
| - Income tax relating to the above items | 23 | (0.40) | 0.48 |
| Other comprehensive income for the year, net of tax | | 0.74 | (0.88) |
| Total comprehensive income for the year | | 9.59 | (1.16) |
| Earnings per equity share of Rs 10 each | 24 | | |
| Basic and diluted earnings per share | | 9.75 | (0.31) |

Significant Accounting Policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Prakash Apte
 Partner
 Membership No. : 033212
 UDIN : 21033212AAAABM9750

 Place: Pune
 May 15, 2021

For and on behalf of the Board of Directors

Dinesh Munot
 DIN : 00049801
Utkarsh Munot
 DIN : 00049903
S.A. Gundecha
 DIN : 00220352
Jinendra Jain
Satish Mehta

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

 Place: Pune
 May 15, 2021

Statement of Cash Flows

(Rs. in Crore)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit/ (Loss) before exceptional items and tax | (63.86) | 53.12 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 37.59 | 32.47 |
| Interest paid | 0.29 | 1.09 |
| Fair value change in investment | (11.31) | 6.36 |
| (Profit)/ Loss on sale of PPE | (0.16) | 0.04 |
| (Profit)/ Loss on sale of investment | (11.70) | (1.18) |
| Interest Income | (0.94) | (1.04) |
| Exchange variation | (0.01) | (0.07) |
| Loss arising from termination of Joint Venture | 0.00 | 66.85 |
| Provision for reduction in value of inventory | 0.00 | 0.08 |
| Dividend received | (0.24) | (0.35) |
| Operating profit before working capital changes | 20.28 | 40.39 |
| Adjustments for changes in working capital: | | |
| (Increase)/ Decrease in inventory | (14.28) | 16.91 |
| (Increase)/ Decrease in trade receivables and financial assets | (29.13) | 28.52 |
| (Increase)/ Decrease in other non-current and current assets | 2.39 | 0.33 |
| Increase/ (Decrease) in provisions and other liabilities | (1.74) | (2.94) |
| Increase/ (Decrease) in trade payables and financial liabilities | (3.39) | (4.63) |
| Cash generated from operations | (25.87) | 78.58 |
| Income tax paid - Net | (0.44) | (3.65) |
| Net cash generated from operating activities | (26.31) | 74.93 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (10.17) | (69.98) |
| Sale proceed from property, plant and equipment | 0.29 | 0.49 |
| Interest received | 1.01 | 1.00 |
| Dividend received | 0.24 | 0.35 |
| Purchase of Investment (Other than Joint venture) | (47.00) | (26.57) |
| Sale proceed from Investment (Other than Joint venture) | 56.56 | 3.65 |
| Sale proceed from Joint venture Company's investment | - | 62.50 |
| Net cash used in investing activities | 0.93 | (28.56) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | 27.49 | 6.99 |
| Repayment of borrowings | (0.94) | (48.47) |
| Dividend paid (including dividend distribution tax) | (0.08) | (0.05) |
| Interest paid | (0.22) | (2.63) |
| Net cash used in financing activities | 26.25 | (44.16) |
| Net Increase/ (Decrease) in cash and cash equivalents | 0.87 | 2.21 |
| Cash and cash equivalents as at the beginning of the year | 5.47 | 3.26 |
| Cash and cash equivalents as at the end of the year | 6.34 | 5.47 |
| Cash and cash equivalents comprise of the following: | | |
| Cash on hand | 0.01 | 0.01 |
| Balances with banks - Current accounts | 9.25 | 5.46 |
| Overdraft Facilities | (2.92) | - |
| | 6.34 | 5.47 |

Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Prakash Apte
 Partner
 Membership No. : 033212
 UDIN : 21033212AAAABM9750

Place: Pune
May 15, 2021

For and on behalf of the Board of Directors

Dinesh Munot
DIN : 00049801
Utkarsh Munot
DIN : 00049903

S.A. Gundecha
DIN : 00220352
Jinendra Jain
Satish Mehta

Place: Pune
May 15, 2021

Chairman

Managing Director

Director and Chairman of the Audit Committee

Chief Financial Officer
 Company Secretary

Statement of Changes in Equity

(Rs. in Crore)

A. Equity Share Capital

| | Notes | Amount |
|---|-------|-------------|
| As at April 1, 2019 | | 9.07 |
| Changes in equity share capital during the year | 10 | - |
| As at March 31, 2020 | | 9.07 |
| Changes in equity share capital during the year | 10 | - |
| As at March 31, 2021 | | 9.07 |

B. Other Equity

| Particulars | Attributable to owners Reserves and Surplus | | | | Total |
|--|---|--------------------|-----------------|-------------------|---------------|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | |
| Balance as at April 1, 2019 | 0.35 | 2.32 | 235.00 | 121.47 | 359.14 |
| Profit for the year | - | - | - | (0.28) | (0.28) |
| Other comprehensive income for the year net of tax | - | - | - | (0.88) | (0.88) |
| Total comprehensive income for the year | - | - | - | (1.16) | (1.16) |
| Balance at March 31, 2020 | 0.35 | 2.32 | 235.00 | 120.31 | 357.98 |
| Profit for the year | - | - | - | 8.85 | 8.85 |
| Other comprehensive income for the year net of tax | - | - | - | 0.74 | 0.74 |
| Total comprehensive income for the year | - | - | - | 9.59 | 9.59 |
| Balance at March 31, 2021 | 0.35 | 2.32 | 235.00 | 129.90 | 367.57 |

Significant Accounting Policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Prakash Apte
Partner
Membership No. : 033212
UDIN : 21033212AAAABM9750

Place: Pune
May 15, 2021

For and on behalf of the Board of Directors

Dinesh Munot
DIN : 00049801
Utkarsh Munot
DIN : 00049903

S.A. Gundecha
DIN : 00220352
Jinendra Jain
Satish Mehta

Place: Pune
May 15, 2021

Chairman

Managing Director

Director and Chairman of the Audit Committee

Chief Financial Officer
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1 Company overview

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

2 Significant accounting policies

2.1 Basis of preparation

(i) Statement of compliance

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

These financial statements were authorised for issue by the Company's Board of Directors on May 15, 2021.

(ii) Basis of measurement

The financial statements have been prepared on a historical cost basis except for following items:

- Certain financial assets and liabilities which are measured at fair value; and
- Defined benefit plans - plan assets measured at fair value

(iii) Use of estimates

In preparing these financial statements, the management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and accompanying disclosure of contingent liability. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

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

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

Note 13 - Provision for warranty.

Note 34 - Impairment of assets.

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

2.2 Current versus non-current classification

The Company presents assets and liabilities in its Balance Sheet based on current versus non-current classification.

An asset is classified as current when it is:

- a) Expected to be realized or intended to sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realized within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Segment reporting

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Corporate assets and liabilities, income and expenses which relate to the Company as a whole and are not allocable to segments, have been included under unallocated items. Refer Note 28 for segment information presented.

2.4 Foreign currencies

(i) Functional and presentation currency

The financial statements are presented and accounted for in Indian Rupees (INR), which is the Company's functional and presentation currency. The Company determines its own functional currency (the currency of the primary economic environment in which the Company operates) and items included in the financial statements of the Company are measured using that functional currency.

(ii) Transactions and balances

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

2.5 Revenue

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

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products/ services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

2.6 Government Grants

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss in proportion to export sale.

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

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

2.7 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

"Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled."

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Leases

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

As a lessee:

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

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

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

Company as a lessor:

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

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

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

2.9 A Impairment of non financial assets

Property, plant and equipment (PPE) and Intangible assets (IA) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an

asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 B Impairment of Investment

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

2.10 Cash and Cash Equivalents

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

2.11 Trade receivables

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

2.12 Inventories

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

2.13 Financial instruments

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

A. Financial Assets

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

(I) Classification

The financial assets are classified in the following measurement categories:

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

Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as fair value gains/ losses on financial assets in statement of profit or loss. Interests, dividends and gain/ loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

(II) Measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

Amortised Cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include trade and other receivables and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the Statement of Profit and Loss in other income.

(III) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

B. Financial Liabilities

The Company determines the classification of its financial liabilities at initial recognition.

(I) Classification

The financial liabilities are classified in the following measurement categories:

- a) Those to be measured as financial liabilities at fair value through profit or loss
- b) Those to be measured at amortised cost

(II) Measurement

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

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The EIR is the rate that exactly discounts estimated future cash outflow (including all fees and premium paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings.

(III) Derecognition of financial liabilities

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

(IV) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 Interest and Dividend income

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

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

Dividend income

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

2.15 Property, plant and equipment (PPE)

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

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

Depreciation methods, estimated useful lives and residual value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

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

- a) Plant & machinery depreciated over the useful life of 1 to 15 years, wherein, the life of the said assets has been assessed based on internal technical evaluations, taking in to the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support, etc. Tangible assets residual value is kept at 5% of cost of the assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and recorded in statement of profit or loss.

2.16 Investment Property

Investment property is property (land or a building or part of a building or both) held either to earn rental income or for capital appreciation or for both, but neither for sale in the ordinary course of business nor used in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Any gain or loss on disposal of investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the Investment Property is recognised in Statement of Profit and Loss.

2.17 Intangible assets

(i) Recognition and measurement

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known

technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

(ii) Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the following method and useful life:

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

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.20 Provisions, Contingent Liabilities and Capital Commitments

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the such obligation.

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

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

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

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

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

2.21 Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

Leave encashment Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

Defined Benefit Plans - Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

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

Defined contribution plan

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

(iv) Termination benefits

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

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.23 Rounding off amounts

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

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

| | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|--|------------------------------------|--------------|-----------------------|-----------------------------|----------------------------|---------------------------|--|-----------------------------|---------------------|---------------------|
| | Carrying amount as at 1 April 2020 | Additions | Deletions / Disposals | Balance as at 31 March 2021 | Balance as at 1 April 2020 | Depreciation for the year | Accumulated depreciation on deletions/ disposals | Balance as at 31 March 2021 | as at 31 March 2021 | as at 31 March 2020 |
| Property, Plant and Equipment (PPE) | | | | | | | | | | |
| Land | 1.09 | - | - | 1.09 | - | - | - | - | 1.09 | 1.09 |
| Buildings | 55.40 | 0.03 | - | 55.43 | 5.94 | 5.00 | - | 10.94 | 44.49 | 49.46 |
| Plant & Equipment | 179.96 | 11.70 | (0.03) | 191.63 | 84.08 | 23.17 | - | 107.25 | 84.38 | 95.88 |
| Plant & Equipment (R & D) | 1.17 | - | - | 1.17 | 0.81 | 0.10 | - | 0.91 | 0.26 | 0.36 |
| Furniture & Fixtures | 3.28 | 0.12 | (0.10) | 3.30 | 1.33 | 0.50 | (0.07) | 1.76 | 1.54 | 1.95 |
| Vehicles | 6.69 | 0.63 | (0.17) | 7.15 | 2.83 | 1.25 | (0.12) | 3.96 | 3.19 | 3.86 |
| Office Equipment | 4.51 | 0.39 | (0.03) | 4.87 | 2.46 | 1.00 | (0.01) | 3.45 | 1.42 | 2.05 |
| Electrical Installation | 8.11 | 0.05 | - | 8.16 | 2.80 | 1.37 | - | 4.17 | 3.99 | 5.31 |
| ETP/STP Plant | 0.36 | - | - | 0.36 | 0.16 | 0.04 | - | 0.20 | 0.16 | 0.20 |
| Wind Mills | 17.97 | 0.65 | - | 18.62 | 3.88 | 1.72 | - | 5.60 | 13.02 | 14.09 |
| Solar Power Plant | 26.92 | - | - | 26.92 | 14.37 | 2.33 | - | 16.70 | 10.22 | 12.55 |
| Total property, plant and equipment | 305.46 | 13.57 | (0.33) | 318.70 | 118.66 | 36.48 | (0.20) | 154.94 | 163.76 | 186.80 |

| | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|--|------------------------------------|---------------|-----------------------|-----------------------------|----------------------------|---------------------------|--|-----------------------------|---------------------|---------------------|
| | Carrying amount as at 1 April 2019 | Additions | Deletions / Disposals | Balance as at 31 March 2020 | Balance as at 1 April 2018 | Depreciation for the year | Accumulated depreciation on deletions/ disposals | Balance as at 31 March 2020 | as at 31 March 2020 | as at 31 March 2019 |
| Property, Plant and Equipment (PPE) | | | | | | | | | | |
| Land | 1.09 | - | - | 1.09 | - | - | - | - | 1.09 | 1.09 |
| Buildings | 13.10 | 42.30 | - | 55.40 | 2.78 | 3.16 | - | 5.94 | 49.46 | 10.32 |
| Plant & Equipment | 124.73 | 55.47 | (0.24) | 179.96 | 64.57 | 19.60 | (0.09) | 84.08 | 95.88 | 60.16 |
| Plant & Equipment (R & D) | 1.17 | - | - | 1.17 | 0.71 | 0.10 | - | 0.81 | 0.36 | 0.46 |
| Furniture & Fixtures | 2.04 | 1.25 | (0.01) | 3.28 | 0.91 | 0.43 | (0.01) | 1.33 | 1.95 | 1.13 |
| Vehicles | 4.07 | 3.67 | (1.05) | 6.69 | 2.42 | 1.09 | (0.68) | 2.83 | 3.86 | 1.65 |
| Office Equipment | 2.45 | 2.07 | (0.01) | 4.51 | 1.52 | 0.94 | - | 2.46 | 2.05 | 0.93 |
| Electrical Installation | 3.90 | 4.21 | - | 8.11 | 1.70 | 1.10 | - | 2.80 | 5.31 | 2.20 |
| ETP/STP Plant | 0.19 | 0.17 | - | 0.36 | 0.13 | 0.03 | - | 0.16 | 0.20 | 0.06 |
| Wind Mills | 17.97 | - | - | 17.97 | 2.06 | 1.82 | - | 3.88 | 14.09 | 15.91 |
| Solar Power Plant | 26.92 | - | - | 26.92 | 11.51 | 2.86 | - | 14.37 | 12.55 | 15.41 |
| Total property, plant and equipment | 197.63 | 109.14 | (1.31) | 305.46 | 88.31 | 31.13 | (0.78) | 118.66 | 186.80 | 109.32 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

3 [b] Right of Use Asset

| | Category of Right of Use asset Leasehold land |
|---|--|
| Balance as at March 31, 2020 | 10.41 |
| Additions | - |
| Amortisation | 0.45 |
| Balance as At March 31, 2021 | 9.96 |
| Balance as at March 31, 2019 | - |
| Reclassified on account of adoption of IND AS 116 | 10.77 |
| Additions | 0.09 |
| Amortisation | 0.45 |
| Balance as At March 31, 2020 | 10.41 |

4 INTANGIBLE ASSETS

| | Computer software | Technical know how | Patent | Total |
|--|-------------------|--------------------|-------------|-------------|
| Year ended March 31, 2021 | | | | |
| Gross Carrying Amount | | | | |
| Carrying amount as at April 1, 2020 | 5.32 | 0.01 | 0.04 | 5.37 |
| Additions | 0.16 | - | 0.01 | 0.17 |
| Disposals / adjustments | - | - | - | - |
| At March 31, 2021 | 5.48 | 0.01 | 0.05 | 5.54 |
| Accumulated depreciation and impairment, if any | | | | |
| As at April 1, 2020 | 3.78 | - | 0.01 | 3.79 |
| Charge for the year | 0.66 | - | - | 0.66 |
| Disposals / adjustments | - | - | - | - |
| At March 31, 2021 | 4.44 | - | 0.01 | 4.45 |
| Net Block At March 31, 2021 | 1.04 | 0.01 | 0.04 | 1.09 |

* Amount of depreciation pertaining to patent for period ended March 31, 2021 is Rs. 21,984 (March 31, 2020 - Rs. 21,852).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

5 FINANCIAL ASSETS

[a] INVESTMENTS

| | Notes | 31-Mar-21 | 31-Mar-20 |
|---|----------------|---------------|---------------|
| Non-Current | | | |
| Investment in equity instruments (unquoted, fully paid-up, at cost) | See note (i) | - | - |
| Investment in equity shares (quoted, fully paid-up, at FVTPL) | See note (ii) | 17.67 | 9.24 |
| Investments in redeemable Non-Convertible Bonds (quoted, fully paid-up, at amortised cost) | See note (iii) | 4.40 | 4.40 |
| Investments in Mutual Funds (quoted, at FVTPL) | See note (iv) | 98.35 | 93.33 |
| | | 120.42 | 106.97 |
| Carrying amount of investment, pledged as security with bank (shown in #, but consider HDFC Credit Risk Debt Fund - Direct - Growth only for Previous Year) | | 49.80 | 22.66 |

| | 31-Mar-21 | 31-Mar-20 |
|---|-----------|-----------|
| Aggregate amount of quoted investments and market value thereof | 120.42 | 106.97 |

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

| | 31-Mar-21 | | 31-Mar-20 | |
|--|-----------|--------|-----------|---------|
| | Nos | Amount | Nos | Amount |
| Robert Bosch Automotive Steering Private Limited (26% holding, face value Rs. 10) | - | - | - | - |
| Less: Provision for diminution in value of investment | | | | (66.85) |
| Add: Provision add back for diminution in value of investment | | | | 66.85 |
| Net investment in Joint venture Company | | - | | - |

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

| | 31-Mar-21 | | 31-Mar-20 | |
|--|-----------|--------------|-----------|-------------|
| | Nos | Amount | Nos | Amount |
| ICICI Bank Limited (Face value of Rs. 2 each) | 78,424 | 4.57 | 78,424 | 2.54 |
| Tata Consultancy Services Limited (Face value of Re. 1 each) \$ | 24,432 | 7.76 | 24,432 | 4.46 |
| KPIT Technologies Limited (Face value of Rs. 10 each) | 60,000 | 1.06 | 60,000 | 0.21 |
| Birlasoft Limited (Face value of Rs. 2 each) | 40,000 | 1.01 | 60,000 | 0.37 |
| Borosil Limited (Face value of Re. 1 each) | - | - | 15,000 | 0.01 |
| Borosil Renewables Limited (Face value of Re. 1 each) | 8,000 | 0.20 | 15,000 | 0.05 |
| SBI Card & payment services Limited (Face value of Rs 10 each) | 1,530 | 0.14 | 1,530 | 0.09 |
| Infosys Limited (Face value of Rs. 5 each) | 5,386 | 0.74 | 5,386 | 0.35 |
| GAIL (India) limited (Face value of Rs. 10 each) | 88,933 | 1.20 | 88,933 | 0.68 |
| Mahindra & Mahindra Limited (Face value of Rs. 5 each) | 8,000 | 0.64 | 8,000 | 0.23 |
| HDFC Asset-Management Company Limited (Face value of Rs. 5 each) | 140 | 0.04 | 140 | 0.03 |
| Godrej Consumer Products Limited (Face value of Re. 1 each) | 4,250 | 0.31 | 4,250 | 0.22 |
| | | 17.67 | | 9.24 |

\$ 5000 Equity shares of TCS Ltd. having a market value of Rs 1.59 Crores are pledged in favour of Prabhudas Lilladher Pvt. Ltd. (A stock broker) as Margin.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

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

| | 31-Mar-21 | | 31-Mar-20 | |
|--|-----------|-------------|---------------|-------------|
| | Nos | Amount | Nos | Amount |
| National Highway Authority of India (NHAI) | 24,724 | 2.44 | 24,724 | 2.44 |
| Power Finance Corporation Limited (PFC) | 19,935 | 1.96 | 19,935 | 1.96 |
| | | 4.40 | | 4.40 |

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

| | 31-Mar-21 | | 31-Mar-20 | |
|---|-------------|--------------|-----------|--------------|
| | Nos | Amount | Nos | Amount |
| HDFC Credit Risk Debt Fund - Direct - Growth # | 49,63,912 | 9.52 | 49,63,912 | 8.66 |
| Reliance Capital Limited Series B/ 437 - NCD | 500 | - | 500 | 1.25 |
| Axis Credit Risk Fund - Direct - Growth # | - | - | 50,00,000 | 8.10 |
| Axis Focused 25 Fund - Direct- Growth | 16,37,189 | 6.78 | 16,37,189 | 4.18 |
| Sundaram Rural and Consumption Fund - Direct -Growth | - | - | 5,68,239 | 1.89 |
| Nippon India Prime Debt Fund - Direct - Growth | - | - | 51,92,352 | 22.54 |
| Nippon India Money Market Fund - Direct - Growth | 3,107 | 1.00 | - | - |
| Nippon India Liquid Fund -Direct - Growth | 8,951 | 4.50 | - | - |
| Motilal Oswal Multicap 35 Fund - Direct - Growth | - | - | 8,98,411 | 1.85 |
| Invesco India Growth Opportunities Fund - Direct - Growth | 6,89,085 | 3.37 | 6,89,085 | 2.06 |
| Invesco India Focused 20 Equity Fund - Direct - Growth | 10,00,000 | 1.25 | - | - |
| Invesco India Corporate bond Fund - Direct - Growth | 24,770 | 6.48 | - | - |
| IIFL Special opportunities fund | 20,20,047 | 2.22 | 20,20,047 | 1.67 |
| Kotak FMP series 220 - Direct - Growth # | 50,00,000 | 6.38 | 50,00,000 | 5.90 |
| Kotak banking and PSU debt fund - Direct - Growth # | 42,00,467 | 21.64 | - | - |
| HDFC Banking and PSU Debt Fund - Direct- Growth # | 1,19,34,999 | 21.78 | - | - |
| Edelweiss Alternative Equity Fund | 23,26,706 | 6.72 | 23,26,706 | 4.75 |
| Aventus Absolute Return Fund | 50,00,000 | 6.17 | 50,00,000 | 5.73 |
| IRB Invt fund | 1,00,000 | 0.54 | 1,00,000 | 0.26 |
| Franklin India Savings Fund -Direct - Growth | - | - | 64,58,806 | 24.49 |
| | | 98.35 | | 93.33 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

[b] TRADE RECEIVABLES

| | 31-Mar-21 | 31-Mar-20 |
|--------------------------|--------------|--------------|
| Trade receivables | 78.44 | 49.06 |
| Total receivables | 78.44 | 49.06 |
| Current portion | 78.44 | 49.06 |
| Non-current portion | - | - |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Break-up of security details

| | 31-Mar-21 | 31-Mar-20 |
|----------------------------|--------------|--------------|
| Trade receivables | | |
| Unsecured, considered good | 78.44 | 49.06 |
| Sub-total | 78.44 | 49.06 |
| Less: Impairment allowance | - | - |
| Total | 78.44 | 49.06 |

- (i) There is no trade receivables due from related parties at 31-March-2021 and 31-March-2020.
- (ii) The Company's exposure to credit risk, currency risk related to trade receivables are disclosed in Note 25.

Transferred receivables

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

| the relevant carrying amounts are as follows: | 31-Mar-21 | 31-Mar-20 |
|---|-----------|-----------|
| Total transferred receivables | 27.49 | - |

[c] CASH AND CASH EQUIVALENTS

| | 31-Mar-21 | 31-Mar-20 |
|--|-------------|-------------|
| Cash on hand* | 0.01 | 0.01 |
| Balances with banks - Current accounts | 9.25 | 5.46 |
| | 9.26 | 5.47 |

* Cash balance as at March 31, 2021 is Rs. 76,595.

[d] BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

| | 31-Mar-21 | 31-Mar-20 |
|---|-------------|-------------|
| Balances with banks in - on account of unpaid dividends | 0.45 | 0.53 |
| | 0.45 | 0.53 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

[e] LOANS

| | 31-Mar-21 | 31-Mar-20 |
|---|-------------|-------------|
| Non Current (Unsecured, considered good) | | |
| Security Deposits | 0.47 | 0.42 |
| Minimum Alternative Tax (MAT) credit | 1.74 | - |
| Loan to employees | 0.04 | 0.03 |
| | 2.25 | 0.45 |
| Current (Unsecured, considered good) | | |
| Loan to employees | 0.05 | 0.10 |
| | 0.05 | 0.10 |

[f] OTHERS

| | 31-Mar-21 | 31-Mar-20 |
|---|-------------|-------------|
| Current | | |
| Fixed deposits with banks (maturity < 3 months) | - | 0.07 |
| Incentives under Government schemes/ Grant | 0.20 | 0.31 |
| Interest on Fixed Deposit/ others | 0.20 | 0.27 |
| | 0.40 | 0.65 |

6 OTHER ASSETS

| | 31-Mar-21 | 31-Mar-20 |
|--------------------------------------|-------------|--------------|
| Non Current | | |
| Capital Advances | 0.50 | 2.71 |
| Total | 0.50 | 2.71 |
| Current | | |
| Balances with Government authorities | 6.50 | 6.04 |
| VAT receivable | 0.37 | 4.49 |
| Prepaid expenses | 1.23 | 1.08 |
| Advances to suppliers | 1.44 | 0.32 |
| Total | 9.54 | 11.93 |

7 NON CURRENT TAX ASSETS

| | 31-Mar-21 | 31-Mar-20 |
|--|-------------|-------------|
| Non Current | | |
| Opening balance | 6.53 | 3.09 |
| Add: Taxes paid during the year (For Current year Rs. 1.35 Crores & for earlier years Rs. 1.56 Crores) | 0.44 | 3.65 |
| Less: Tax expenses pertaining to current year | (1.74) | - |
| Less: Tax expenses pertaining to earlier year | - | (0.21) |
| Closing balance | 5.23 | 6.53 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd..)

(Rs. in Crore)

8 DEFERRED TAX ASSETS (Net)

| | 31-Mar-21 | 31-Mar-20 |
|---|--------------|--------------|
| Deferred tax (liabilities)/ assets | | |
| Property, plant and equipment | 1.38 | 1.99 |
| Provision for gratuity and leave encashment | 0.74 | 1.46 |
| Investments | (2.00) | (1.76) |
| Business Loss | 24.46 | 21.20 |
| Deferred tax (liabilities)/ assets net | 24.58 | 22.89 |

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

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

| | 31-Mar-20 | Recognised in | | | 31-Mar-21 |
|---|--------------|----------------|---------------|----------|--------------|
| | | Profit or loss | OCI | Equity | |
| Property, plant and equipment | 1.99 | (0.61) | - | - | 1.38 |
| Provision for gratuity and leave encashment | 1.46 | (0.32) | (0.40) | - | 0.74 |
| Investments | (1.76) | (0.24) | - | - | (2.00) |
| Business loss | 21.20 | 3.26 | - | - | 24.46 |
| | 22.89 | 2.09 | (0.40) | - | 24.58 |

9 INVENTORIES

| | 31-Mar-21 | 31-Mar-20 |
|--|--------------|--------------|
| (at lower of cost or net realisable value) | | |
| Raw materials | 8.13 | 6.01 |
| Work - in - Progress | 22.89 | 14.61 |
| Finished Goods | 6.53 | 2.73 |
| less: Provision for reduction in value of inventory | - | (0.08) |
| Total | 37.55 | 23.27 |
| Included in inventories goods in transit/ at godown as follows: | | |
| Raw materials | 0.15 | 0.37 |
| Finished goods | 5.96 | 2.30 |
| Total | 6.11 | 2.67 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

10 SHARE CAPITAL

[a] Authorised share capital

| | Equity shares of Rs. 10 each (PY Rs. 10 each) | |
|--------------------------|--|-----------|
| | No. of shares | Amount |
| As at 31-Mar-2020 | 1,00,00,000 | 10 |
| Increase during the year | - | - |
| As at 31-Mar-2021 | 1,00,00,000 | 10 |

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

| | Equity shares of Rs. 10 each (PY Rs. 10 each) | |
|--------------------------|--|-------------|
| | No. of shares | Amount |
| As at 31-Mar-2020 | 90,73,300 | 9.07 |
| Change during the year | - | - |
| As at 31-Mar-2021 | 90,73,300 | 9.07 |

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

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

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

[c] Details of shareholders holding more than 5% of the aggregate shares in the Company:

(i) Equity shares of (face value: Rs.10 each)

| | 31-Mar-21 | | 31-Mar-20 | |
|---------------------------------------|---------------|--------------------------|---------------|--------------------------|
| | No. of shares | % of total equity shares | No. of shares | % of total equity shares |
| Robert Bosch Automotive Steering GmbH | 23,40,155 | 25.79 | 23,40,155 | 25.79 |
| Mr. Utkarsh Munot | 11,91,494 | 13.13 | 11,91,494 | 13.13 |
| Mr. Dinesh Munot | 9,49,290 | 10.46 | 9,49,290 | 10.46 |

11 OTHER EQUITY

| | 31-Mar-21 | 31-Mar-20 |
|--------------------|---------------|---------------|
| General Reserve | 235.00 | 235.00 |
| Securities Premium | 2.32 | 2.32 |
| Capital Reserve | 0.35 | 0.35 |
| Retained Earnings | 129.90 | 120.31 |
| | 367.57 | 357.98 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

(i) General Reserve

| | 31-Mar-21 | 31-Mar-20 |
|---------------------------------------|---------------|---------------|
| Balance at the beginning of the year | 235.00 | 235.00 |
| Movement during the year | - | - |
| Balance at the end of the year | 235.00 | 235.00 |

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

(ii) Securities Premium

| | 31-Mar-21 | 31-Mar-20 |
|---------------------------------------|-------------|-------------|
| Balance at the beginning of the year | 2.32 | 2.32 |
| Movement during the year | - | - |
| Balance at the end of the year | 2.32 | 2.32 |

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

(iii) Capital Reserve

| | 31-Mar-21 | 31-Mar-20 |
|---------------------------------------|-------------|-------------|
| Balance at the beginning of the year | 0.35 | 0.35 |
| Movement during the year | - | - |
| Balance at the end of the year | 0.35 | 0.35 |

Capital reserve is created from special capital incentive received from SICOM and MEDA and this amount not required to be repaid. These reserves will be utilised in accordance with the provision of Companies act 2013.

(iv) Retained earnings

| | 31-Mar-21 | 31-Mar-20 |
|--|---------------|---------------|
| Balance at the beginning of the year | 120.31 | 121.47 |
| Net profit for the year | 8.85 | (0.28) |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurements of post-employment benefit obligation, net of tax | 0.74 | (0.88) |
| Balance at the end of the year | 129.90 | 120.31 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

12 FINANCIAL LIABILITIES

12 [a] NON-CURRENT BORROWINGS

| | Maturity Year | Security and terms of repayment | 31-Mar-21 | 31-Mar-20 |
|------------------------------|---------------|---------------------------------|-------------|-------------|
| Unsecured | | | | |
| Deferred payment liabilities | FY 2022-23 | See note (i) | 0.38 | 1.04 |
| | | | 0.38 | 1.04 |

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

| Year | "Additional Incentives under Package Scheme 1988/ EC-1499 " | "Incentive under 1998 Power Generation Policy (0.70 MW)" | "Incentive under 1998 Power Generation Policy (1.00 MW)" | Total Amount (Rs.) |
|---------|---|--|--|--------------------|
| 2021-22 | 0.11 | 0.22 | 0.33 | 0.66 |
| 2022-23 | 0.10 | 0.11 | 0.17 | 0.38 |
| | 0.21 | 0.33 | 0.50 | 1.04 |

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

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

(b) Additional Incentives under Package Scheme 1988

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

(c) 1998 Power Generation promotion policy

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

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

12[b] CURRENT BORROWINGS

| | Security | 31-Mar-21 | 31-Mar-20 |
|-----------------------------|--|--------------|-----------|
| Secured | | | |
| (I) From banks | | | |
| Overdraft Facilities | These facilities are secured against pledge of certain financial asset of the Company (refer note 5a). | 2.92 | - |
| Bill discounting with banks | Secured against transferred trade receivables. | 27.49 | - |
| | | 30.41 | - |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

12[c] TRADE PAYABLES

| | 31-Mar-21 | 31-Mar-20 |
|--|--------------|--------------|
| Current | | |
| Total outstanding dues of Micro and Small Enterprises (Refer note -31) | 4.01 | 6.84 |
| Total outstanding dues of creditors other than Micro and Small Enterprises | 26.31 | 26.88 |
| | 30.32 | 33.72 |

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

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

12[d] LEASE LIABILITY

| | 31-Mar-21 | 31-Mar-20 |
|--------------------|-------------|-----------|
| Non-current | | |
| lease liability | 0.97 | 0.99 |
| | 0.97 | 0.99 |
| Current | | |
| lease liability | 0.01 | 0.01 |
| | 0.01 | 0.01 |

The following is the movement in lease liability during the year ended March 31, 2021:-

| | Amount |
|--|-------------|
| Balance as of April 1, 2020 | 1.00 |
| Addition | - |
| Finance cost accrued during the period | 0.07 |
| Payment of Lease Liability | (0.09) |
| Balance as on March 31, 2021 | 0.98 |
| Balance as of April 1, 2019 | 0.92 |
| Addition | 0.09 |
| Finance cost accrued during the period | 0.08 |
| Payment of Lease Liability | (0.09) |
| Balance as on March 31, 2020 | 1.00 |

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

| | 31-Mar-21 | 31-Mar-20 |
|------------------|-------------|-------------|
| Less than 1 year | 0.09 | 0.09 |
| one to five year | 0.36 | 0.36 |
| More than 5 year | 1.70 | 1.79 |
| Total | 2.15 | 2.24 |

12[e] OTHERS

| | 31-Mar-21 | 31-Mar-20 |
|--------------------------------------|--------------|--------------|
| Current | | |
| Payable for capital goods | 14.23 | 16.07 |
| Current maturities of long-term debt | 0.66 | 0.94 |
| Unpaid dividends | 0.45 | 0.53 |
| Others | 0.07 | - |
| | 15.41 | 17.54 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

13 PROVISIONS

| | 31-Mar-21 | 31-Mar-20 |
|---|-------------|-------------|
| Non-current | | |
| Provision for leave encashment | 1.37 | 2.03 |
| | 1.37 | 2.03 |
| Current | | |
| Provision for gratuity (see note 29) | 0.03 | 1.15 |
| Provision for leave encashment | 0.80 | 1.04 |
| Warranty provision [See note (i) below] | 1.14 | 1.22 |
| | 1.97 | 3.41 |

Note (i) - Warranty provision

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

Movement in warranty provision

| | For the year ended | |
|---|--------------------|-------------|
| | 31-Mar-21 | 31-Mar-20 |
| Carrying amount in the beginning of the year | 1.22 | 0.83 |
| Additional provision made | 0.06 | 0.71 |
| Amount used | (0.14) | (0.32) |
| unused amount reversed | - | - |
| Carrying amount at the end of the year | 1.14 | 1.22 |

14 OTHER LIABILITIES

| | 31-Mar-21 | 31-Mar-20 |
|---------------------------------------|-------------|-------------|
| Non Current | | |
| Deferred Income | 0.03 | 0.05 |
| Export Promotion Capital Goods (EPCG) | 3.24 | 4.23 |
| | 3.27 | 4.28 |
| Current | | |
| Advance from customers | 1.77 | 2.10 |
| Deferred revenue | 0.58 | 0.47 |
| Statutory liabilities | 0.64 | 0.72 |
| Others | 2.17 | 2.61 |
| | 5.16 | 5.90 |

EPCG Liability refers Government incentives of Rs. 3.24 Crores as at March 31, 2021, originally liability was Rs. 4.37 Crores out of which Rs. 1.13 crores booked during current and previous year. This grants relating to property, plant and equipment related to duty saved on import of capital goods and spares under the Exports Promotion Capital Goods (EPCG) scheme. Under such scheme, the Company is committed to export six times of duty saved on import of Capital Goods over a period of six years. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

15 REVENUE FROM OPERATIONS

| | For the year ended | |
|--|--------------------|---------------|
| | 31-Mar-21 | 31-Mar-20 |
| Revenue from sale of products | | |
| -Sale of Products | 188.42 | 274.84 |
| | 188.42 | 274.84 |
| Revenue from rendering services | | |
| - Domestic services | 0.59 | 0.29 |
| | 0.59 | 0.29 |
| Other operating income | | |
| - Solar power income | 8.92 | 8.91 |
| - Windmill income | 2.76 | 1.76 |
| - Sale of scrap | 0.79 | 0.77 |
| | 12.47 | 11.44 |
| | 201.48 | 286.57 |

16 OTHER INCOME

| | For the year ended | |
|--|--------------------|-------------|
| | 31-Mar-21 | 31-Mar-20 |
| Dividend income | 0.24 | 0.35 |
| Interest income | 0.94 | 1.04 |
| Realised gains on Financial assets Investment measured at FVTPL | 11.70 | 1.18 |
| Unrealised gain/ (loss) on Financial assets Investment measured at FVTPL | 11.31 | - |
| Profit on sale/ discard of assets | 0.16 | - |
| Foreign exchange gain | - | 0.15 |
| Government grants | 1.00 | 0.16 |
| Export incentive | 0.22 | 0.36 |
| Other non operating income | 0.79 | 0.40 |
| | 26.36 | 3.64 |

* Government Grants include incentive of Rs 0.99 Crores (P.Y.-0.14 crores) for the year ended March 31, 2021 towards Exports Promotion Capital Goods (EPCG) scheme.

17 COST OF RAW MATERIAL CONSUMED

| | For the year ended | |
|------------------------------------|--------------------|---------------|
| | 31-Mar-21 | 31-Mar-20 |
| Raw material consumed | 129.30 | 160.03 |
| Packing material consumed | 0.96 | 0.94 |
| Fabrication and processing charges | 0.85 | 2.53 |
| | 131.11 | 163.50 |

18 CHANGE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

| | For the year ended | |
|---|--------------------|--------------|
| | 31-Mar-21 | 31-Mar-20 |
| Opening stock | | |
| Work in progress | 14.61 | 21.97 |
| Finish goods (Includes Goods in transit/ at godown) | 2.73 | 6.93 |
| | 17.34 | 28.90 |
| Less: Closing stock | | |
| Work in progress | 22.89 | 14.61 |
| Finish goods (Includes Goods in transit/ at godown) | 6.53 | 2.73 |
| | 29.42 | 17.34 |
| | (12.08) | 11.56 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

19 EMPLOYEE BENEFITS EXPENSE

| | For the year ended | |
|---|--------------------|--------------|
| | 31-Mar-21 | 31-Mar-20 |
| Salaries, wages, bonus etc. | 26.36 | 29.19 |
| Contribution to provident and other funds | 1.61 | 1.50 |
| Staff welfare expenses | 2.22 | 3.55 |
| Contract Labour Expenses | 9.44 | 9.99 |
| | 39.63 | 44.23 |

20 OTHER EXPENSES

| | For the year ended | |
|--|--------------------|--------------|
| | 31-Mar-21 | 31-Mar-20 |
| Power and fuel (Net of credit of windmill and solar income of Rs. 0.94 Crore,PY-Rs. 2.9 Crore) | 8.53 | 8.23 |
| Repairs and maintenance | | |
| -Buildings | 1.22 | 0.77 |
| -Machinery | 1.41 | 2.02 |
| -Others | 0.92 | 0.75 |
| Rent | 0.01 | 0.04 |
| Insurance | 0.60 | 0.33 |
| Rates and taxes | 0.39 | 0.27 |
| Selling and distribution expenses | 2.52 | 3.73 |
| Solar energy generation expenses | 1.08 | 0.64 |
| Windmill energy generation expenses | 1.28 | 1.87 |
| Foreign exchange loss | 0.18 | - |
| Loss on sale/ discard of assets | - | 0.04 |
| Unrealised loss/ (gain) on Financial assets Investment measured at FVTPL | - | 6.36 |
| CSR expense | 0.42 | 1.15 |
| Audit fees | 0.10 | 0.11 |
| Other miscellaneous expenses | 5.88 | 8.06 |
| | 24.54 | 34.37 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

A. AUDITORS' REMUNERATION

| | 31-Mar-21 | 31-Mar-20 |
|--|-------------|-------------|
| Audit fees | 0.08 | 0.08 |
| Limited review | 0.01 | 0.01 |
| Tax audit fees | 0.01 | 0.01 |
| GST/VAT audit fees | - | 0.01 |
| For Certification and other related work | - | - |
| | 0.10 | 0.11 |

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

B. Expenditure incurred on corporate social responsibility activities

The Expenditure incurred for complying with provisions for the CSR expenditure required under section 135 of Companies Act, 2013 has been done through contribution to two NGOs (Non Government Organisation).

| | 31-Mar-21 | 31-Mar-20 |
|--|-----------|-----------|
| Gross amount required to be spent by the company during the year | 0.42 | 1.22 |
| Amount spent during the year on : | | |
| Construction/ Acquisition of any asset | - | - |
| On purpose other than above | 0.42 | 1.22 |

21 FINANCE COSTS

| | For the year ended | |
|----------------------------------|--------------------|-------------|
| | 31-Mar-21 | 31-Mar-20 |
| Interest expenses | 0.18 | 2.17 |
| Other borrowing cost | 0.11 | 0.46 |
| Less: borrowing cost capitalised | - | (1.54) |
| | 0.29 | 1.09 |

22 DEPRECIATION AND AMORTIZATION EXPENSE

| | For the year ended | |
|---|--------------------|--------------|
| | 31-Mar-21 | 31-Mar-20 |
| Depreciation on property, plant and equipment | 36.48 | 31.13 |
| Amortisation of intangible assets | 0.66 | 0.89 |
| Amortisation of right of use assets | 0.45 | 0.45 |
| | 37.59 | 32.47 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd..)

(Rs. in Crore)

23 INCOME TAX

[a] Income tax expense is as follows:

| | For the year ended | |
|--|--------------------|-------------|
| | 31-Mar-21 | 31-Mar-20 |
| Statement of profit and loss | | |
| Current tax: | | |
| Current tax on profits for the year | 1.74 | - |
| Taxation of earlier years | - | 0.21 |
| Total current tax expense | 1.74 | 0.21 |
| Minimum Alternative Tax (MAT) credit entitlement : | | |
| MAT credit entitlement | (1.74) | - |
| Total MAT credit entitlement | (1.74) | - |
| Deferred tax: | | |
| Deferred tax expense/ (income) | (2.09) | 3.06 |
| Total deferred tax expense/ (benefit) | (2.09) | 3.06 |
| Income tax expense | (2.09) | 3.27 |
| Other comprehensive income | | |
| Deferred tax related to OCI items: | | |
| - On loss/ (gain) on remeasurements of defined benefit plans | (0.40) | 0.48 |
| | (0.40) | 0.48 |

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

| | For the year ended | |
|---|--------------------|-------------|
| | 31-Mar-21 | 31-Mar-20 |
| Profit before exceptional items and tax | 6.76 | (63.86) |
| Tax at the Indian tax rate of 34.944% but consider MAT 17.472% (2019-20: 34.944%) | 1.18 | (22.32) |
| Effect of non deductible expenses | 0.56 | (0.37) |
| Effect of exempt/ other income/ deduction | - | 1.90 |
| Previously unrecognised tax losses now regrouped to reduce tax expenses | (2.09) | 23.85 |
| Minimum Alternative Tax (MAT) credit entitlement | (1.74) | - |
| Taxation of earlier years | - | 0.21 |
| Income tax expense | (2.09) | 3.27 |

24 EARNINGS PER SHARE

| | For the year ended | |
|---|--------------------|---------------|
| | 31-Mar-21 | 31-Mar-20 |
| Basic and diluted earnings per share (face value of Rs. 10 each) | | |
| - Profit attributable to the equity share holders of the Company | 8.85 | (0.28) |
| - Weighted average number of shares | 90,73,300 | 90,73,300 |
| Basic and diluted earnings per share in INR | 9.75 | (0.31) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

25 FINANCIAL RISK MANAGEMENT

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

| Risk | Exposure from | Measurement | Management |
|--------------------------------|---|--|--|
| Credit risk | Trade receivables, Cash and cash equivalents | "Aging analysis, Credit ratings" | Credit limits |
| Liquidity risk | Borrowings, Trade payables and other liabilities | Cash flow budgeted Vs actuals | Availability of committed credit lines and borrowing facilities |
| Market risk - Foreign Currency | "Foreign currency receivables and payables; Forecasted foreign currency transactions" | Cash flow forecasting and Sensitivity analysis | Insignificant foreign currency exposure |
| Market risk - Interest rate | Long-term borrowings at variable interest rates | Sensitivity analysis | The Company has an insignificant finance cost. Moreover the Company keeps looking for low interest rate opinion from time to time. |

[A] Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables). However, the credit risk on account of financing activities, i.e., balances with banks is very low, since the Company holds all the balances with approved bankers only.

Trade receivables

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the customers outstanding balances to which the Company grants credit terms in the normal course of business. Concentration of credit risk with respect to trade receivables are limited, as the Company's customer are reputed and having good credit credentials as well as that they are long standing customers. All trade receivables are reviewed and assessed for default on a fortnightly basis.

| | 31-Mar-21 | 31-Mar-20 |
|-------------------------------|--------------|--------------|
| Not past due | 73.18 | 29.47 |
| Past due but not impaired | | |
| - Past due 0 to 180 days | 4.97 | 19.52 |
| - Past due more than 180 days | 0.29 | 0.07 |
| | 78.44 | 49.06 |

[B] Liquidity risk

Liquidity risk is the risk the Company faces in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, Management considers both normal and stressed conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

Maturities of financial liabilities

The below table analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Carrying amount | Upto 1 year | Between 2 and 5 years | More than 5 years | Total |
|-----------------------------|-----------------|--------------|-----------------------|-------------------|--------------|
| 31-Mar-21 | | | | | |
| Non-derivatives | | | | | |
| Borrowings | 31.45 | 31.07 | 0.38 | - | 31.45 |
| Trade payables | 30.32 | 30.32 | - | - | 30.32 |
| Capital creditors | 14.23 | 14.23 | - | - | 14.23 |
| Other financial liabilities | 0.45 | 0.45 | - | - | 0.45 |
| Total | 76.45 | 76.07 | 0.38 | - | 76.45 |

| | Carrying amount | Upto 1 year | Between 2 and 5 years | More than 5 years | Total |
|-----------------------------|-----------------|--------------|-----------------------|-------------------|--------------|
| 31-Mar-20 | | | | | |
| Non-derivatives | | | | | |
| Borrowings | 1.98 | 0.94 | 1.04 | - | 1.98 |
| Trade payables | 33.72 | 33.72 | - | - | 33.72 |
| Capital creditors | 16.07 | 16.07 | - | - | 16.07 |
| Other financial liabilities | 0.53 | 0.53 | - | - | 0.53 |
| Total | 52.30 | 51.26 | 1.04 | - | 52.30 |

(i) Financing arrangements:

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

| | 31-Mar-21 | 31-Mar-20 |
|--------------------------------------|--------------|--------------|
| Variable rate | | |
| Cash credit and overdraft facilities | 28.08 | 31.00 |
| Term loan facility | - | - |
| | 28.08 | 31.00 |

[C] Market risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Currency risk; and
- Interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

(i) Foreign currency risk

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material. The risk exposure is with respect to various currencies viz. USD, EURO and YEN. The risk is measured through monitoring the net exposure to various foreign currencies and the same is minimized to the extent possible.

(a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

| | USD | EUR | YEN | Total |
|--|-------------|-------------|----------|-------------|
| 31-Mar-21 | | | | |
| Financial assets | | | | |
| Trade receivables | 1.19 | - | - | 1.19 |
| Net exposure to foreign currency risk (assets) | 1.19 | - | - | 1.19 |
| Financial liabilities | | | | |
| Trade payables | 0.33 | 0.26 | - | 0.59 |
| Net exposure to foreign currency risk (liabilities) | 0.33 | 0.26 | - | 0.59 |

| | USD | EUR | YEN | Total |
|--|-------------|-------------|----------|-------------|
| 31-Mar-20 | | | | |
| Financial assets | | | | |
| Trade receivables | 1.58 | - | - | 1.58 |
| Net exposure to foreign currency risk (assets) | 1.58 | - | - | 1.58 |
| Financial liabilities | | | | |
| Trade payables | - | 0.19 | - | 0.19 |
| Net exposure to foreign currency risk (liabilities) | - | 0.19 | - | 0.19 |

(b) Foreign currency sensitivity analysis

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and YEN exchange rates, with all other variables held constant:

| | Impact on profit after tax | |
|-------------------|----------------------------|-----------|
| | 31-Mar-21 | 31-Mar-20 |
| USD | | |
| - Increase by 10% | 0.06 | 0.10 |
| - Decrease by 10% | (0.06) | (0.10) |
| EUR | | |
| - Increase by 10% | (0.02) | (0.01) |
| - Decrease by 10% | 0.02 | 0.01 |
| YEN | | |
| - Increase by 10% | - | - |
| - Decrease by 10% | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd..)

(Rs. in Crore)

ii) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/ borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Interest rate risk exposure

the exposure of the company to change in interest rate at end of the reporting periods are as follows:

| | 31-Mar-21 | | 31-Mar-20 | |
|---|-----------|-----------------------|-----------|-----------------------|
| | Amount | % of total borrowings | Amount | % of total borrowings |
| Variable rate borrowings, average borrowing rate 6.8% (P.Y. 7.7%) | 3.58 | 77.49% | - | 0.00% |

*Remaining 22.51% (FY2019-20 -100%) of total borrowings of the Company represents interest free liabilities of sales tax deferral.

Sensitivity

Profit and loss is sensitive to higher/Lower interest expenses from borrowing as a result of change in interest rate.

| | Impact on profit after tax | |
|--|----------------------------|-----------|
| | 31-Mar-21 | 31-Mar-20 |
| Interest rate increase by 100 basis points | (0.01) | 0.14 |
| Interest rate decrease by 100 basis points | 0.01 | (0.14) |

26 FAIR VALUE MEASUREMENTS

Accounting classification and fair values

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd..)

(Rs. in Crore)

(A) Financial instruments by category

| | Mar-21 | | | | | | Mar-20 | | | | | |
|-----------------------------------|-----------------|----------------|---------|---------------|---------|---------|-----------------|----------------|---------|---------------|---------|---------|
| | Carrying amount | | | Fair value | | | Carrying amount | | | Fair value | | |
| | FVTPL | Amortised Cost | FVT OCI | Level 1 | Level 2 | Level 3 | FVTPL | Amortised Cost | FVT OCI | Level 1 | Level 2 | Level 3 |
| [i] Financial assets | | | | | | | | | | | | |
| Non Current | | | | | | | | | | | | |
| Investment | | | | | | | | | | | | |
| Investment in equity quoted | 17.67 | - | - | 17.67 | - | - | 9.24 | - | - | 9.24 | - | - |
| Investment in mutual fund | 98.35 | - | - | 98.35 | - | - | 93.33 | - | - | 93.33 | - | - |
| Investment in bond | - | 4.40 | - | - | - | - | - | 4.40 | - | - | - | - |
| Loans | | | | | | | | | | | | |
| Security deposit | - | 0.47 | - | - | - | - | - | 0.42 | - | - | - | - |
| MAT Credit | - | 1.74 | - | - | - | - | - | - | - | - | - | - |
| Other financial assets | - | 0.04 | - | - | - | - | - | 0.03 | - | - | - | - |
| Current | | | | | | | | | | | | |
| Trade receivables | - | 78.44 | - | - | - | - | - | 49.06 | - | - | - | - |
| Cash and cash equivalents | - | 9.26 | - | - | - | - | - | 5.47 | - | - | - | - |
| Other bank balances | - | 0.45 | - | - | - | - | - | 0.53 | - | - | - | - |
| Other financial assets | - | 0.45 | - | - | - | - | - | 0.75 | - | - | - | - |
| | 116.02 | 95.25 | - | 116.02 | - | - | 102.57 | 60.66 | - | 102.57 | - | - |
| [ii] Financial liabilities | | | | | | | | | | | | |
| Non Current | | | | | | | | | | | | |
| Borrowings | - | 1.04 | - | - | - | - | - | 1.98 | - | - | - | - |
| Lease Liability | - | 0.97 | - | - | - | - | - | 0.99 | - | - | - | - |
| Current | | | | | | | | | | | | |
| Short term borrowings | - | 30.41 | - | - | - | - | - | - | - | - | - | - |
| Trade payables | - | 30.32 | - | - | - | - | - | 33.72 | - | - | - | - |
| Lease Liability | - | 0.01 | - | - | - | - | - | 0.01 | - | - | - | - |
| Capital creditor | - | 14.23 | - | - | - | - | - | 16.07 | - | - | - | - |
| Other financial liabilities | - | 0.45 | - | - | - | - | - | 0.53 | - | - | - | - |
| | - | 77.43 | - | - | - | - | - | 53.30 | - | - | - | - |

(B) FAIR VALUE HIERARCHY

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company has made certain judgements and estimates in determining the fair values of the financial instruments that are

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company as classified the financial instruments into three levels prescribed under the accounting standard. An explanation of each level is as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

Level 2: Level 2 hierarchy includes financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: If one or more of the significant inputs is not based on the observable market data, the instrument is included in Level 3 hierarchy.

(C) VALUATION TECHNIQUES

Specific valuation techniques used to value financial instruments include

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

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

27 CAPITAL MANAGEMENT

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

The Capital Gearing Ratio for 31 March, 2020 and 31 March, 2021 are as follows:

| | 31-Mar-21 | 31-Mar-20 |
|---------------------------------|-------------|-----------|
| Net Debt | 22.19 | - |
| Total Equity | 376.64 | - |
| Net Debt to equity ratio | 0.06 | - |

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

28 SEGMENT INFORMATION

[A] Description of segment and principal activities

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

The Company has two reportable segments :

- A) Auto component :- This is related to auto component manufacturing.
- B) Renewable energy:- This is related to electricity generation through solar or windmill.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with one additional policies for segment reporting. That Segment Assets and segment liability represent assets and liabilities in respective segments. Tax related assets/ liabilities and other assets/ liability that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

[B] Information about reportable segments

| | 31-Mar-21 | | | | 31-Mar-20 | | | |
|--|----------------|------------------|---------------|---------------|----------------|------------------|---------------|---------------|
| | Auto component | Renewable energy | Unallocable | Total | Auto component | Renewable energy | Unallocable | Total |
| Segment revenue: | | | | | | | | |
| External revenue | 192.48 | 12.62 | 23.68 | 228.78 | 277.54 | 13.57 | 2.00 | 293.11 |
| Less: inter segment revenue | - | (0.94) | - | (0.94) | - | (2.90) | - | (2.90) |
| Total segment revenue | 192.48 | 11.68 | 23.68 | 227.84 | 277.54 | 10.67 | 2.00 | 290.21 |
| segment profit before tax | (22.67) | 5.80 | 23.63 | 6.76 | 1.47 | 5.94 | (4.42) | 2.99 |
| Segment results | (22.67) | 5.80 | 25.72 | 8.85 | 1.47 | 5.94 | (7.69) | (0.28) |
| Segment results includes : | | | | | | | | |
| Interest expenses | 0.29 | - | - | 0.29 | 1.09 | - | - | 1.09 |
| Interest income | 0.51 | - | 0.43 | 0.94 | 0.57 | - | 0.47 | 1.04 |
| Depreciation | 33.13 | 4.46 | - | 37.59 | 27.36 | 5.11 | - | 32.47 |
| Tax expenses | - | - | (2.09) | (2.09) | - | - | 3.27 | 3.27 |
| Segment assets | 308.34 | 31.92 | 125.65 | 465.91 | 286.53 | 35.94 | 113.50 | 435.97 |
| Segment assets includes: | | | | | | | | |
| Capital expenditure incurred during the year | 13.09 | 0.65 | - | 13.74 | 110.80 | 0.19 | - | 110.99 |
| Segment liabilities | 88.78 | 0.49 | - | 89.27 | 68.73 | 0.19 | - | 68.92 |

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the related asset.

[C] Information about geographical areas

Revenue from external customers

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table.

| | 31-Mar-21 | 31-Mar-20 |
|--------------|---------------|---------------|
| India | 221.18 | 283.19 |
| Overseas | 6.93 | 6.75 |
| Total | 228.11 | 289.94 |

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

| | 31-Mar-21 | 31-Mar-20 |
|--------------|---------------|---------------|
| India | 182.97 | 214.65 |
| Total | 182.97 | 214.65 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

[D] Major customers

Revenue of approximately Rs. 98.22 Crore (PY- Rs. 150.21 Crore) are derived from three major external customers of the Company. These revenue is attributed to auto component manufacturing segment.

29 EMPLOYEE BENEFIT OBLIGATIONS

29(a) Defined Contribution plans

Provident Fund: Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. Amount recognised as expenses in the profit and loss statement in respect of defined contribution plan is Rs. 0.98 Crore (Previous year - Rs. 1.08 Crore).

29(b) Defined Benefit plans

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

(i) Movement of defined benefit obligation and plan assets

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

| | Present value of obligation | Fair value of plan assets | Net Amount |
|--|-----------------------------|---------------------------|---------------|
| As at 31-Mar-2020 | 12.66 | 11.51 | 1.15 |
| Current service cost | 0.47 | - | 0.47 |
| Interest expenses/ income | 0.77 | 0.72 | 0.05 |
| Total amount recognised in profit and loss | 1.24 | 0.72 | 0.52 |
| Remeasurements | | | |
| Gain/ loss from change in demographic assumption | (0.02) | - | (0.02) |
| Gain/ loss from change in financial assumption | (0.54) | (0.16) | (0.38) |
| Experience Gain/ loss | (0.50) | 0.24 | (0.74) |
| Total amount recognised in other comprehensive income | (1.06) | 0.08 | (1.14) |
| Employer contributions | - | 0.52 | (0.52) |
| Benefit payments | (0.49) | (0.49) | - |
| Mortality charges and taxes | - | (0.02) | 0.02 |
| As at 31-Mar-2021 | 12.35 | 12.32 | 0.03 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

(ii) Net assets / liabilities

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

| | 31-Mar-21 | 31-Mar-20 |
|---------------------------------------|---------------|---------------|
| Present value of funded obligations | 12.35 | 12.66 |
| Fair value of plan assets | 12.32 | 11.51 |
| Net deficit for funded schemes | (0.03) | (1.15) |

(iii) Analysis of plan assets is as follows:

| | 31-Mar-21 | 31-Mar-20 |
|---------------------------|-------------|-------------|
| Insurer managed funds (%) | 100% | 100% |
| Others (%) | 0% | 0% |
| Total | 100% | 100% |

(iv) Actuarial assumptions and sensitivity analysis

| | 31-Mar-21 | 31-Mar-20 |
|--|-------------------|-------------------|
| Mortality table | IALM(2012-14) ult | IALM(2012-14) ult |
| Discount rate | 6.50% | 6.20% |
| Rate of increase in compensation levels | | |
| For First year | Nil | 7.00% |
| Thereafter | 7.00% | 7.00% |
| Expected rate of return on plan assets | 6.20% | 7.60% |
| "Expected average remaining working lives of employees (in years)" | 8.42 | 9.38 |
| Withdrawal Rate | 7.00% | 6.00% |

Notes:

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

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

| | Impact on present benefit obligation | |
|--|--------------------------------------|-----------|
| | 31-Mar-21 | 31-Mar-20 |
| Discount rate - Increase by 1% | (0.38) | (0.46) |
| Discount rate - Decrease by 1% | 0.43 | 0.52 |
| Salary increment rate - Increase by 1% | 0.36 | 0.44 |
| Salary increment rate - Decrease by 1% | (0.27) | (0.40) |
| Withdrawal rate - Increase by 1% | (0.01) | (0.02) |
| Withdrawal rate - Decrease by 1% | 0.01 | 0.02 |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice it is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to previous period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

(v) Expected future benefits payments

The Company monitors the funding levels on annual basis and accordingly decides upon the contribution to the fund. Expected contributions to post-employment benefit plans for the year ending 31 March 2022 are Rs. Nil . The expected maturity analysis of undiscounted post employment benefit is as follows:

| | Less than a year | 1 to 2 years | 2-5 Years | More than 5 years |
|---------------------------------------|------------------|--------------|-----------|-------------------|
| As at 31-Mar-2021 | | | | |
| Defined benefit obligation - Gratuity | 6.52 | 0.76 | 3.25 | 4.18 |
| As at 31-Mar-2020 | | | | |
| Defined benefit obligation - Gratuity | 6.04 | 0.88 | 2.59 | 5.39 |

30 LEASES

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

| | As on April 1, 2020 | Additions for FY 2020-21 | As at March 31, 2021 | Amortisation charge for FY 2020-21 |
|----------------|---------------------|--------------------------|----------------------|------------------------------------|
| Leasehold land | 0.97 | 0 | 0.94 | 0.03 |
| Total | 0.97 | 0 | 0.94 | 0.03 |

Interest expense on lease liabilities is Rs. 0.08 Crore for year ended March 31, 2021.

31 MICRO, SMALL AND MEDIUM ENTERPRISES

i)

| | 31-Mar-21 | 31-Mar-20 |
|--|-----------|-----------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period - - Principal amount outstanding - Interest thereon | 4.01 | 6.84 |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period - - Interest paid in terms of Section 16 - Interest payable on delayed principal payments | - - | - - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 - - Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms and not as payable under the Act - Normal Interest payable during the year, for the period of delay in making payment, as per the agreed terms and not as payable under the Act. | - - | - - |
| The amount of interest accrued and remaining unpaid at the end of each accounting period - - Total interest accrued during the period - Total Interest remaining unpaid out of the above as at the balance sheet date | - - | - - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. - Outstanding interest at the end of previous year - Outstanding interest at the end of current year | - - | - - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

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

33 a) CONTINGENT LIABILITIES

| | 31-Mar-21 | 31-Mar-20 |
|--|-----------------------|-----------------------|
| Income Tax matters in dispute in respect of penalty matters pending before CIT (Appeal), Pune | 3.26 | 3.26 |
| Income Tax demand for A.Y. 2003-04 adjusted by Assessing Officer against refund order for A.Y. 2015-16. Appeal for the AY 2003-04 is already pending before CIT(A). | 0.11 | 0.11 |
| Income Tax matters in dispute in respect of Assessment dues (A.Y.2013-14) before ITAT, Pune (during P.Y. before CIT (Appeal), Pune) | 0.44 | 0.44 |
| Income Tax matters in dispute in respect of Assessment dues (A.Y.2014-15) before ITAT, Pune (during P.Y. before CIT (Appeal), Pune) | 0.26 | 0.26 |
| Income Tax matters in dispute in respect of Assessment dues (A.Y.2016-17) before CIT (Appeal), Pune | 0.33 | 0.33 |
| Income Tax matters in dispute in respect of Assessment dues (A.Y.2017-18) before CIT (Appeal), Pune | 0.13 | 0.13 |
| Assistant commissioner of central excise differential central excise duty | - | 0.11 |
| Co-acceptance of Import bills by the bankers | - | 1.30 |
| Bank Guarantees issued by the Company | 1.83 | 1.75 |
| TDS Matter pertaining to F.Y. 2012-13 pending with CIT(A) Pune | 0.03 | 0.03 |
| Sales tax liability under dispute before Joint Commissioner of Sales Tax for F.Y. 2016-17 | 0.34 | |
| Sales tax liability under dispute before Joint Commissioner of Sales Tax for F.Y. 2017-18 | 0.12 | - |
| Provident Fund : The applicability of the Supreme Court judgement related to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund require further clarifications with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, at present cannot be reasonably ascertained. | Amount not determined | Amount not determined |

b) Search note

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

- c) c) As reported earlier, certain employees, who were employed in supervisory category, remained absent from work during the Financial Year 2018-19 and also submitted the alleged charter of demand. The Company, after taking precautionary steps and in exercise of its rights as the employer, terminated services of 236 such employees and also denied their claim of salary / remuneration for the period of absence, before termination of their services. Out of the legal proceedings initiated against the Company in respect of these matters by these ex-employees; the proceedings related to 100 ex-employees are still pending before the Judicial Forum. The Company has been advised that, these individuals or any other person have no valid claims, in respect of any of their demands including but not limited to the demand related to salary/remuneration for unauthorised absenteeism during the course of their employment with the Company. This disclosure is being made as a matter of caution and without prejudice to the legal position of the Company before any Judicial Forum or Statutory Authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

- d) On expiry of the period covered by the last Settlement, with the workmen of the Company deployed at, Vadu factory, the issue of the Charter of Demands, submitted by the workmen, is pending consideration and conciliation before the Assistant Commissioner of Labour at Pune. Prolonged discussions are occurring in the matter of conciliation subsequent to the discussions with the union members by the representatives of the Company.

In this situation and pending conciliation proceedings, the workmen, as informed earlier, intimated that 79 workmen will resort to a strike w.e.f. February 12, 2021, which strike in the opinion of the Company is illegal. This information was also disclosed by the Company to the Stock Exchanges on February 10, 2021. Till March 31, 2021, there was no change in the situation and the said factory of the Company was fully working as the arrangements were/are made by the Company, to continue production.

33 COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 0.08 Crore (March 31, 2020 - Rs. 2.59 Crore).
- b) The Company has deferred payment of certain Sales tax Liability under various Package Scheme of Incentives of Government of Maharashtra. The Company is required to comply with conditions of above package Schemes of Incentives, the various Eligibility Certificates granted under such Schemes, stipulations or undertaking as per the Agreements entered into in connection with the grant of incentive under the said Schemes or on the Eligibility Certificates.
- c) Total export obligation under the EPCG Scheme was Rs. 26.2 crores and obligation payable as on March 31, 2021 is Rs. 19.45 Crores (March 2020 - Rs. 25.35 Crores) . Custom duty/IGST saved on import of total Capital goods under EPCG Scheme is Rs 4.35 Crores.

34 RELATED PARTY DISCLOSURES

A Names of related parties and related party relationship where control exists:

| No. | Nature of relationship | Name of related party |
|-----|--------------------------|---|
| 1 | Foreign collaborator | Robert Bosch Automotive Steering GmbH |
| 2 | Key managerial personnel | Mr. Dinesh Munot - Chairman |
| | | Mr. Utkarsh Munot - Managing Director |
| | | Mr. Jinendra Jain - Chief Financial Officer |
| | | Mr. Satish Mehta - Company Secretary |
| 3 | Non-executive directors | Mr. Manish Motwani |
| | | Mr. Shridhar S. Kalmadi |
| | | Mr. S. A. Gundecha |
| | | Mrs. Eitika Munot |
| | | Mrs. Smita Lahoti (From June 27, 2020) |
| | | Mr. Sandeep Nelamangala |
| | | Mr. Adit Rathi |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021(Contd...)

(Rs. in Crore)

B Key managerial personnel compensation

| | 31-Mar-21 | 31-Mar-20 |
|---|--------------|--------------|
| a. Short term employee benefits (Salary paid during the year) | 8.25 | 8.30 |
| b. Post-employment benefits (cumulative) | 6.35 | 6.27 |
| c. Long term employee benefits (cumulative) | 0.67 | 0.53 |
| | 15.27 | 15.10 |

C Transaction with related parties

| | For the year ended | |
|--|--------------------|-----------|
| | 31-Mar-21 | 31-Mar-20 |
| Purchase of raw material & components | | |
| Foreign collaborator | 5.39 | 12.22 |
| Sitting fees to Non Executive & Independent directors | 0.20 | 0.25 |
| Sale proceed from sale of share of Joint venture | | |
| Sale of 129,350,000 share of Joint Venture i.e. Robert Bosch Automotive Steering Private Limited to Foreign Collaborator Robert Bosch Automotive Steering GmbH | - | 62.50 |

D Outstanding balances

| | 31-Mar-21 | 31-Mar-20 |
|--|-----------|-----------|
| Trade payables | | |
| Foreign collaborator | 0.14 | 0.18 |
| <i>Sitting fees to Non Executive & Independent directors</i> | - | 0.04 |
| Key managerial personnel | 0.69 | 0.64 |

35 NOTE ON COVID-19

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

37 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from April 1, 2021.

And that there is no other specific clarification from MCA regarding its applicability, Management has taken view that since the changes are applicable from April 1, 2021, those are applicable for the financial year commencing from April 1, 2021 and are applicable to Financial statements issued in respect of accounting years commencing on or after April 1, 2021.

Therefore, related disclosures are not considered in these financial statements for the year ended on March 31, 2021, although issued after April 1, 2021.

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

As per our report of even date

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

Prakash Apte
Partner
Membership No. : 033212
UDIN : 21033212AAAABM9750

Place: Pune
May 15, 2021

For and on behalf of the Board of Directors

Dinesh Munot
DIN : 00049801
Utkarsh Munot
DIN : 00049903

S.A. Gundecha
DIN : 00220352
Jinendra Jain
Satish Mehta

Place: Pune
May 15, 2021

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

Mission

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

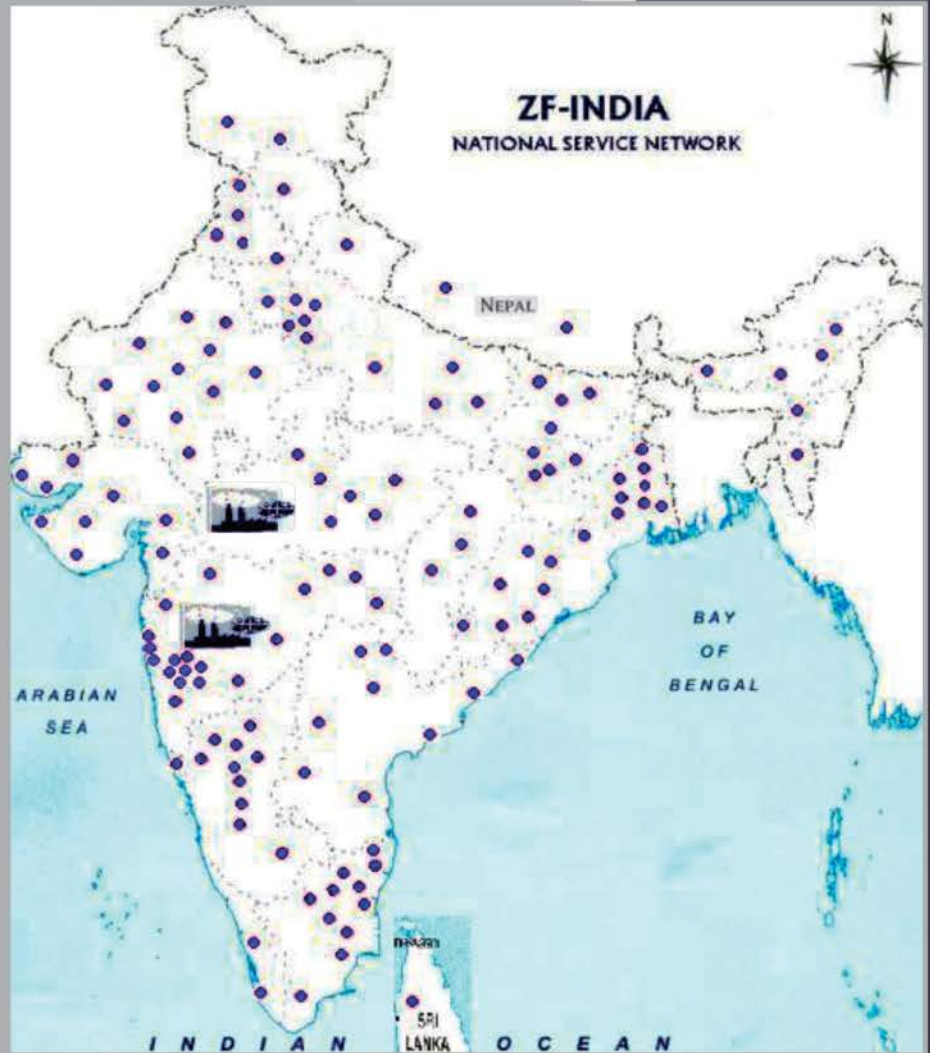
We shall ensure that our products give the necessary comfort and safety in driving.

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

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

Dinesh Munot
Chairman

NATIONAL SERVICE NETWORK



ZF STEERING GEAR (INDIA) LIMITED

REGD. OFFICE & PLANT

Gat No. 1242 / 44, Vadu Budruk, Tal. Shirur, Dist. Pune 412 216, India.

CIN No. L29130PN1981PLC023734

Tel. : 02137 - 305 100. Fax : 02137 - 305302 • Email - sales@zfindia.com

www.zfindia.com