

ZF STEERING GEAR (INDIA) LIMITED




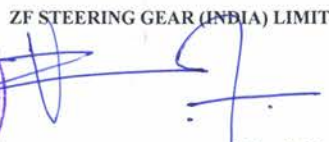
Registered Office: 1242/44, Village Vadu Budruk, Tal. Shirur, Dist. Pune- 412 216. Tel: 02137-305100, Fax: 02137-305302, CIN:L29130PN1981PLC023734, Email: enquiry@zfindia.com, Website: www.zfindia.com

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED MARCH 31, 2018

(Rs. In million)

Sr.No.	PARTICULARS	Standalone				Consolidated		
		Quarter Ended		Year ended		Year ended		
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
1	Income							
	(a) Revenue from operations	1,177.02	1,009.18	1,240.99	4,356.12	4,468.17	4,356.12	4,468.17
	(b) Other Income	6.96	53.08	34.57	113.69	116.04	113.69	116.04
	Total Income	1,183.98	1,062.26	1,275.56	4,469.81	4,584.21	4,469.81	4,584.21
2	Expenses							
	a) Cost of materials consumed	706.89	632.63	639.98	2,523.35	2,428.54	2,523.35	2,428.54
	b) Changes in inventories of finished goods, Work-in-Progress & stock in trade	1.32	(28.95)	45.12	15.78	(39.30)	15.78	(39.30)
	c) Excise Duty	-	-	126.39	110.53	480.12	110.53	480.12
	d) Employee benefits expense	111.15	131.46	102.69	491.89	451.57	491.89	451.57
	e) Finance costs	9.31	7.35	7.58	32.18	24.86	32.18	24.86
	f) Depreciation and amortisation expense	87.11	85.49	76.99	333.03	278.51	333.03	278.51
	g) Other Expenses	110.72	81.79	99.49	349.31	328.05	349.31	328.05
	Total Expenses	1,026.50	909.77	1,098.24	3,856.07	3,952.35	3,856.07	3,952.35
3	Total Profit before share of joint venture (1-2)	157.48	152.49	177.32	613.74	631.86	613.74	631.86
4	Add:-Share of Profit / (Loss) of Joint Venture	-	-	-	-	-	(38.37)	(184.00)
5	Profit Before Tax (3+4)	157.48	152.49	177.32	613.74	631.86	575.37	447.86
6	Tax Expense							
	(a) Current Tax	39.52	43.18	12.78	174.56	138.69	174.56	138.69
	(b) Deferred Tax	(30.20)	(16.87)	14.55	(31.49)	(3.99)	(31.49)	(3.99)
	Tax Expense	9.32	26.31	27.33	143.07	134.70	143.07	134.70
7	Net Profit after tax (5-6)	148.16	126.18	149.99	470.67	497.16	432.30	313.16
8	Other comprehensive income							
	(i) Items that will not reclassified to profit or loss							
	(a) Remeasurements of the defined benefit plans	37.19	(3.61)	12.39	26.36	(11.32)	26.36	(11.32)
	(b) Income tax relating to items that will not be reclassified to profit or loss	(12.87)	1.25	(4.29)	(9.12)	3.92	(9.12)	3.92
	(c) Share of other comprehensive income of joint venture accounted using equity method	-	-	-	-	-	0.06	(0.36)
	Total Other comprehensive income/(Loss)	24.32	(2.36)	8.10	17.24	(7.40)	17.30	(7.76)
9	Total comprehensive income(7+8)	172.48	123.82	158.09	487.91	489.76	449.60	305.40
10	Paid up Capital (Face Value : Rs 10 per share)	90.73	90.73	90.73	90.73	90.73	90.73	90.73
11	Other equity excluding revaluation reserve				3,695.42	3,294.87	2,914.72	2,552.48
12	Earnings per share (of Rs. 10/- each)							
	- Basic	16.33	13.91	16.53	51.87	54.79	47.65	34.51
	- Diluted	16.33	13.91	16.53	51.87	54.79	47.65	34.51



1	Notes:-		
2	The above Standalone results were reviewed by the Audit Committee and thereafter approved by the Board of Directors at their meeting held on May 30, 2018		
3	The Operations of the Company relates to two segments i.e. Automotive Components and Renewable Energy.		
4	First time adoption of Ind AS: The Company adopted Indian Accounting standard ("Ind AS") from April 1, 2017 and accordingly, the financial results for the quarter and year ended on 31, March 2018 have been prepared in accordance with the recognition and measurement principles prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. The date of transition to Ind AS is April 1, 2016. The impact of transition has been accounted in opening reserves and the comparative period results have been restated accordingly.		
5	Reconciliation of net profit after tax between previous GAAP and Ind AS for the quarter and year ended March 31, 2017 is as under:		
		Standalone	Consolidated
	Particulars	Quarter ended March 2017	Year ended March 2017 Year ended March 2017
	A) Net Profit after tax for the period as per previous GAAP	114.82	260.86
	B) Effects of transition to Ind-AS on statement of Profit and loss:		
	i) Impact of measuring investments (other than Investment in Joint Venture company) at Fair Value Through Profit or Loss(FVTPL)	26.69	38.60
	ii) Reclassification of actuarial gains/(losses), Arising in respect of defined benefit plans	(12.39)	11.32
	iii) Depreciation on machinery spares and dies reclassified to property, plant and equipment	(0.61)	(3.41)
	iv) Others	28.72	14.26
	v) Tax adjustments	(7.24)	(8.83)
	C) Net profit after tax for the period as per Ind AS	149.99	312.80
	D) Other comprehensive income (net of tax)	8.10	(7.40)
	E) Total comprehensive income	158.09	305.40
6	The Board of Directors have recommended a dividend of Rs. 8/- per share, Which is subject to the approval by the shareholders in the Annual General Meeting.		
7	Post applicability of Goods and services Tax (GST) w.e.f. 1 st July 2017, Revenue from operations are required to be disclosed net of GST in accordance with the requirement of Ind AS-18, (Revenue). Revenue for periods reported upto June 30,2017 are inclusive of excise duty. Accordingly, The Revenue for the current period are not strictly comparable to the corresponding previous periods/ year.		
8	Reconciliation of equity under Ind AS and report under pervious GAAP for the year ended March 31, 2017 are summarised as follows:		
	Particular	Standalone Year ended	Consolidated Year ended
	Total equity (Shareholder's fund) as per previous GAAP	3240.80	2498.41
	Ind AS Adjustments:		
	- Impact of measuring investments (other than investment in joint venture company) at FVTPL	163.76	163.76
	- Impact of capitalisation of spares to fixed assets	2.04	2.04
	- Others	(7.18)	(7.18)
	- Impact of deferred tax on the above adjustments	(13.82)	(13.82)
	Total adjustments	144.80	144.80
	Total equity as per Ind AS	3385.60	2643.21
9	The figures for the last quarter of the current year and of the previous year are the balancing figures between the audited standalone figures in respect of full financials year and the published year-to date figures up to third quarter.		
	 ZF STEERING GEAR (INDIA) LIMITED  Utkarsh Munot Chief Executive Officer		
	Pune: May 30, 2018		

Standalone and Consolidated Audited Segment wise Revenue, Result and Capital Employed for the Quarter /Year ended March 31,2018

(Rs.In million)

Sr.No.	PARTICULARS	Standalone				Consolidated		
		Audited	Unaudited	Audited	Audited	Audited	Audited	
		Quarter Ended			Year Ended		Year Ended	
		Three months ended	Three months ended	Corresponding Three months ended in the previous year	Year ended	Corresponding Year ended in the previous year	Year ended	Corresponding Year ended in the previous year
	31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	
1	Segment Revenue							
	a. Auto Components	1,159.83	1,041.17	1,250.40	4,382.10	4,490.33	4,490.33	
	b. Renewable Energy	28.81	31.09	43.60	143.85	165.26	165.26	
	Total	1,188.64	1,072.26	1,294.00	4,525.95	4,655.59	4,655.59	
	Less- Inter-segment revenue	4.66	10.00	18.44	56.14	71.38	71.38	
	Total Income	1,183.98	1,062.26	1,275.56	4,469.81	4,584.21	4,584.21	
2	Segment Results							
	Profit/(Loss) before tax and finance costs from each segment							
	a. Auto Components	154.53	144.02	158.94	564.05	562.05	562.05	
	b. Renewable Energy	12.26	15.80	25.96	81.87	94.67	94.67	
	Total	166.79	159.82	184.90	645.92	656.72	656.72	
	Less- Finance Costs	9.31	7.33	7.58	32.18	24.86	24.86	
	Total Profit before share of joint venture	157.48	152.49	177.32	613.74	631.86	631.86	
	Add-Share of Profit / (Loss) of Joint Venture	-	-	-	-	(38.37)	(184.00)	
	Total Profit before tax	157.48	152.49	177.32	613.74	575.37	447.86	
3	Capital Employed							
	a. Auto Components	3,423.40	3,275.03	3,001.97	3,423.40	3,001.97	2,642.70	
	b. Renewable Energy	324.39	302.60	330.11	324.39	330.11	324.39	
	c. Unallocable assets less liabilities	38.36	36.05	53.52	38.36	53.52	53.52	
	Total Capital employed in the Company	3,786.15	3,613.68	3,385.60	3,786.15	3,385.60	2,643.21	

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



[Signature]

Utkarsh Munot
Chief Executive Officer

Pune : May 30, 2018

STATEMENT OF STANDALONE AND CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In million)

PARTICULARS	Standalone		Consolidated	
	Audited	Audited	Audited	Audited
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
A ASSETS				
1 Non-current assets				
a) Property, plant and equipment	1022.51	1183.63	1022.51	1183.63
b) Capital work in progress	7.01	3.18	7.01	3.18
c) Investment property	10.01	10.52	10.01	10.52
d) Intangible assets	27.18	15.95	27.18	15.95
e) Financial assets				
(i) Investments	2306.95	1896.86	1526.25	1154.47
(ii) Loans	6.05	7.66	6.05	7.66
(iii) Other financial assets	0.65	0.65	0.65	0.65
Other non-current assets	160.70	142.22	160.70	142.22
f) Tax assets	38.36	53.52	38.36	53.52
Total non-current assets	3579.42	3314.19	2798.72	2571.80
2 Current assets				
a) Inventories	397.00	391.18	397.00	391.18
b) Financial assets				
(i) Loans	0.83	0.96	0.83	0.96
(ii) Trade receivables	922.70	762.21	922.70	762.21
(iii) Cash and cash equivalents	40.99	16.52	40.99	16.52
(iv) Other financial assets	38.10	10.02	38.10	10.02
c) Other current assets	120.81	152.76	120.81	152.76
Total current assets	1520.43	1333.65	1520.43	1333.65
TOTAL ASSETS	5099.85	4647.84	4319.15	3905.45
B EQUITY AND LIABILITIES				
1 EQUITY				
a) Equity share capital	90.73	90.73	90.73	90.73
b) Other equity				
(i) Reserves and surplus	3695.42	3294.87	2914.72	2552.48
Total Equity	3786.15	3385.60	3005.45	2643.21
2. LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
(i) Borrowings	146.34	157.65	146.34	157.65
b) Provisions	22.45	26.77	22.45	26.77
c) Other non current liabilities	1.01	1.47	1.01	1.47
d) Deferred tax liabilities (Net)	5.80	28.17	5.80	28.17
Total non-current liabilities	175.60	214.06	175.60	214.06
Current liabilities				
a) Financial liabilities				
(i) Borrowings	420.03	409.67	420.03	409.67
(ii) Trade payables	509.92	445.50	509.92	445.50
(iii) Other financial liabilities	112.83	106.17	112.83	106.17
b) Provisions	15.21	55.92	15.21	55.92
c) Other current liabilities	80.11	30.92	80.11	30.92
Total current liabilities	1138.10	1048.18	1138.10	1048.18
Total liabilities	1313.70	1262.24	1313.70	1262.24
TOTAL EQUITY AND LIABILITIES	5099.85	4647.84	4319.15	3905.45

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



Utkarsh Munot
 Chief Executive Officer

M G M & Company

Chartered Accountants

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

www.ca-mgmco.in

INDEPENDENT AUDITORS' REPORT

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

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Z F STEERING GEAR (INDIA) LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2018, Statement of Profit and Loss, including Other Comprehensive Income, Cash Flow Statement and the statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant Rules issued thereunder.

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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.



We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company has disclosed the impact of pending litigations on its financial position in the aforesaid financial statements – Refer Note 33 to the financial statements;
 - II. The company did not have any long term contract including derivative contracts for which there were any material foreseeable losses.
 - III. There is no amount due to be transferred to Investor Education and Protection Fund by the company.

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

Mangesh Katariya

Mangesh Katariya
Partner
Membership No. 104633

Place: Pune
Date : 30th May 2018



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

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

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

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

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. 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.
3. During the year, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. 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.
5. No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder have been accepted by the Company.
6. According to the information and explanations given to us, the Central Government under sub-section (1) of Section 148 of the Act has not prescribed maintenance of cost records in respect of the activities carried out by the company.
7. a) According to the information and explanations given to us and on the basis of our examination, the Company is generally regular in depositing undisputed statutory dues



including Provident Fund, Employees' State Insurance, Income Tax, GST, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.

- b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Forum where the dispute is pending	Financial Year	Amount (Rs. in Millions)
MVAT Act 2002 & CST Act.	Assessed VAT dues by AO	Dy. Commissioner of Sales Tax	FY 2010-11	3.19
Income Tax Act, 1961	Assessment dues	CIT (Appeal), Pune	FY 2012-13	4.45
Income Tax Act, 1961	Assessment dues	CIT (Appeal), Pune	FY 2013-14	4.61
Income Tax Act, 1961	Assessed TDS Dues by CPC	CIT (Appeal), Pune	FY 2009-10	0.30
MVAT Act 2002 & CST Act.	Assessed VAT dues by AO	Dy. Commissioner of Sales Tax	FY 2012-13	0.75

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



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

Place: Pune
Date: 30th May 2018

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



Mangesh Katariya
Partner
Membership No. 104633



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

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

We have audited the internal financial controls over financial reporting of Z F Steering Gear (India) Ltd. (“the Company”) as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Pune
Date: 30th May 2018

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



Mangesh Katariya
Partner
Membership No. 104633



M G M & Company

Chartered Accountants

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

www.ca-mgmco.in

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated IND AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Z F STEERING GEAR (INDIA) LIMITED** ("the Holding Company") and its Joint Venture Company, which comprises the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, including the Statement of Other Comprehensive Income, Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its jointly controlled entity in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 control, 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, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.



Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable pronouncements issued by The Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence by us and the audit evidence obtained by the other auditors referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of its jointly controlled entity, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Jointly controlled entity as at March 31, 2018, their consolidated profits including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.



Other Matters

We did not audit the financial statements and other financial information of the jointly controlled entity; whose Ind AS financial statements include group's share of net loss of Rs. 38.37 Million for the year ended 31st March, 2018, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this Joint Venture Company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid Joint Venture Company, is based solely on the reports of the other auditor.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
 - b) In our opinion, proper books of account as required by law relating to the preparation of the consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - e) On the basis of the written representations received from the directors of the holding company as on 31st March, 2018 taken on record by the Board of Directors of the holding company and the reports of the statutory auditor of its Joint Venture Company,



none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls of Holding Company and its Joint Venture Company refer to our separate report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the Joint Venture Company, as noted in the 'Other matter' paragraph:
- I. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, and its Joint Venture Company – Refer Note 33 to the Consolidated Ind AS financial statements;
 - II. The Group and its Joint Venture Company did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018;
 - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its Joint Venture Company incorporated in India during the year ended March 31, 2018.

Place: Pune
Date : 30th May 2018

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



Mangesh Katariya
Partner
Membership No. 104633



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

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

In conjunction with our audit of the consolidated IND AS financial statements of the Company for the year ended on 31st March, 2018, we have audited the internal financial controls over financial reporting of ZF Steering Gear (India) Ltd. (“the Holding Company”) and its Joint Venture Company, which are incorporated in India, as on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of



internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of its Jointly Controlled entity, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanation given to us, the Holding Company and its Joint Venture Company, 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 31st March 2018, based on the internal control over financial reporting criteria established by the Company and its Jointly Controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to jointly controlled company, is based on the corresponding report of the auditor of the Jointly Controlled entity.

Place: Pune
Date: 30th May 2018

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



Mangesh Katariya
Partner
Membership No. 104633

